

**CITY OF REDONDO BEACH
CITY COUNCIL AGENDA
Tuesday, April 6, 2021**

415 DIAMOND STREET, REDONDO BEACH

**THIS VIRTUAL MEETING IS HELD PURSUANT TO EXECUTIVE ORDER N-29-20 ISSUED
BY GOVERNOR NEWSOM ON MARCH 17, 2020.**



**Bill Brand, Mayor
Nils Nehrenheim, Councilmember, District 1
Todd Loewenstein, Councilmember, District 2
Christian Horvath, Councilmember, District 3
Zein Obagi, Jr., Councilmember, District 4
Laura Emdee, Councilmember, District 5**

**Michael W. Webb, City Attorney
Eleanor Manzano, City Clerk
Steven Diels, City Treasurer**

AGENDA AND SUPPORTING MATERIALS - An agenda packet is available 24 hours a day at the Redondo Beach Police Department and at www.redondo.org on the City Clerk page. Agenda packets are available during Library hours, at the reference desks at the Redondo Beach Main Library and Redondo Beach North Branch Library. During City Hall hours, agenda packets are available for review in the Office of the City Clerk, Door 1.

AGENDA POSTING NOTIFICATION - If you would like to receive notification of the agenda availability, please subscribe to our eNotify list at www.redondo.org/services/subscribe.asp. You will receive notification when the agenda is available for viewing on the website and you may view and/or print a copy of the agenda.

DOCUMENTS DISTRIBUTED FOLLOWING THE POSTING OF THE AGENDA (BLUE FOLDER ITEMS) - Any writing that relates to an agenda item for an open session that is distributed within 72 hours of the meeting is available for public inspection at the City Clerk's Office, 415 Diamond Street, Door 1, Redondo Beach. In addition, such writings and documents will be posted on the City's website at www.redondo.org

PUBLIC COMMENT - The public is encouraged to address the City Council on any matter posted on the agenda or on any other matter within its jurisdiction. If you wish to address the City Council on non-agenda items, you may do so during the **PUBLIC PARTICIPATION ON NON-AGENDA ITEMS** section on the agenda. Each person is allotted three (3) minutes to speak.

Pursuant to provisions of the Brown Act, no action may be taken on a matter unless it is listed on the agenda, or unless certain emergency or special circumstances exist. The City Council may direct staff to investigate and/or schedule certain matters for consideration at a future City Council meeting.

AMERICANS WITH DISABILITIES ACT - It is the intention of the City of Redondo Beach to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the City will attempt to accommodate you in every reasonable manner. Please contact the City Clerk's Office at (310) 318-0656 at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

**CITY OF REDONDO BEACH
CITY COUNCIL AGENDA
Tuesday, April 6, 2021**

415 DIAMOND STREET, REDONDO BEACH

**THIS VIRTUAL MEETING IS HELD PURSUANT TO EXECUTIVE ORDER N-29-20 ISSUED BY
GOVERNOR NEWSOM ON MARCH 17, 2020.**

**4:30 PM - CANCELLED CLOSED SESSION - ADJOURNED REGULAR
MEETING**

6:00 PM - OPEN SESSION - REGULAR MEETING

**ALL COUNCILMEMBERS ARE PARTICIPATING BY VIRTUAL MEETING.
MEMBERS OF THE PUBLIC MAY ONLY PARTICIPATE BY ZOOM,
eCOMMENT OR EMAIL.**

City Council meetings are broadcast live through Spectrum Cable, Channel 8, and Frontier Communications, Channel 41 and/or rebroadcast on Wednesday at 3PM and Saturday at 3PM following the date of the meeting. Live streams and indexed archives of meetings are available via internet. Visit the City's office website at www.Redondo.org/rbtv.

TO WATCH MEETING LIVE ON CITY'S WEBSITE:

<https://redondo.legistar.com/Calendar.aspx>

*Click "In Progress" hyperlink under Video section of meeting

TO WATCH MEETING LIVE ON YOUTUBE:

<https://www.youtube.com/c/CityofRedondoBeachIT>

TO JOIN ZOOM MEETING (FOR PUBLIC INTERESTED IN SPEAKING. OTHERWISE,
PLEASE SEE ABOVE TO WATCH/LISTEN TO MEETING):

Register in advance for this meeting:

https://us02web.zoom.us/webinar/register/WN_kFCdXz_PR8K7p1AHWhyN1A

After registering, you will receive a confirmation email containing information about joining the meeting.

If you are participating by phone, be sure to provide your phone # when registering. You will be provided a Toll Free number and a Meeting ID to access the meeting. Note; press # to bypass Participant ID. Attendees will be muted until the public participation period is opened. When you are called on to speak, press *6 to unmute your line. Note, comments from the public are limited to 3 minutes per speaker.

eCOMMENT: COMMENTS MAY BE ENTERED DIRECTLY ON WEBSITE AGENDA PAGE:

- 1) Public comments can be entered before and during the meeting.
- 2) Select a SPECIFIC AGENDA ITEM to enter your comment;
- 3) Public will be prompted to Sign-Up to create a free personal account (one-time) and then comments may be added to each Agenda item of interest.
- 4) Public comments entered into eComment (up to 2200 characters; equal to approximately 3 minutes of oral comments) will become part of the official meeting record. Comments may be read out loud during the meeting.

EMAIL: TO PARTICIPATE BY WRITTEN COMMUNICATION BEFORE 3:00PM DAY OF MEETING (EMAILS WILL NOT BE READ OUT LOUD): Written materials pertaining to matters listed on the posted agenda received after the agenda has been published will be added as supplemental materials under the relevant agenda item. Public comments may be submitted by email to cityclerk@redondo.org. Emails must be received before 3:00 p.m. on the date of the meeting to ensure Council and staff have the ability to review materials prior to the meeting.

6:00 PM - OPEN SESSION - REGULAR MEETING

A. CALL TO ORDER

B. ROLL CALL

C. SALUTE TO THE FLAG AND INVOCATION

D. PRESENTATIONS/PROCLAMATIONS/ANNOUNCEMENTS

D.1. [PRESENTATION OF THE KEY TO THE CITY AND RECOGNITION OF OUTGOING COUNCIL MEMBER JOHN GRAN](#)

D.2. [ADMINISTRATION OF OATH OF OFFICE BY CITY CLERK ELEANOR MANZANO TO RE-ELECTED MAYOR BILL BRAND](#)

D.3. [ADMINISTRATION OF OATH OF OFFICE BY CITY CLERK ELEANOR MANZANO TO RE-ELECTED COUNCILMEMBER NILS NEHRENHEIM FOR DISTRICT 1](#)

D.4. [ADMINISTRATION OF OATH OF OFFICE BY CITY CLERK ELEANOR MANZANO TO RE-ELECTED COUNCILMEMBER TODD LOEWENSTEIN FOR DISTRICT 2](#)

D.5. [ADMINISTRATION OF OATH OF OFFICE BY CITY CLERK ELEANOR MANZANO TO NEWLY-ELECTED COUNCILMEMBER ZEIN OBAGI, JR. FOR DISTRICT 4](#)

D.6. [ADMINISTRATION OF OATH OF OFFICE BY CITY CLERK ELEANOR MANZANO TO RE-ELECTED CITY ATTORNEY MICHAEL W. WEBB](#)

E. APPROVE ORDER OF AGENDA

F. AGENCY RECESS

F.1. [REGULAR MEETING OF THE COMMUNITY FINANCING AUTHORITY](#)

CONTACT: MARNI RUHLAND, FINANCE DIRECTOR

F.2. [PARKING AUTHORITY - REGULAR MEETING - CANCELLED](#)

CONTACT: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT DIRECTOR

G. BLUE FOLDER ITEMS- ADDITIONAL BACK UP MATERIALS

Blue folder items are additional back up material to administrative reports and/or public comments received after the printing and distribution of the agenda packet for receive and file.

G.1. [For Blue Folder Documents Approved at the City Council Meeting](#)

H. CONSENT CALENDAR

Business items, except those formally noticed for public hearing, or those pulled for discussion are assigned to the Consent Calendar. The Mayor or any City Council Member may request that any Consent Calendar item(s) be removed, discussed, and acted upon separately. Items removed from the Consent Calendar will be taken up under the "Excluded Consent Calendar" section below. Those items remaining on the Consent Calendar will be approved in one motion. The Mayor will call on anyone wishing to address the City Council on any Consent Calendar item on the agenda, which has not been pulled by Council for discussion. Each speaker will be permitted to speak only once and comments will be limited to a total of three minutes.

H.1. APPROVE AFFIDAVIT OF POSTING FOR THE CITY COUNCIL REGULAR MEETING OF APRIL 6, 2021

CONTACT: ELEANOR MANZANO, CITY CLERK

H.2. APPROVE MOTION TO READ BY TITLE ONLY AND WAIVE FURTHER READING OF ALL ORDINANCES AND RESOLUTIONS LISTED ON THE AGENDA.

CONTACT: ELEANOR MANZANO, CITY CLERK

H.3. APPROVE THE FOLLOWING CITY COUNCIL MINUTES: A. AUGUST 18, 2020 SPECIAL AND REGULAR MEETING B. OCTOBER 20, 2020 REGULAR MEETING C. OCTOBER 29, 2020 ADJOURNED REGULAR MEETING

CONTACT: ELEANOR MANZANO, CITY CLERK

H.4. PAYROLL DEMANDS CHECKS 27238-27268 IN THE AMOUNT OF \$51,749.53, PD. 03/19/2021 DIRECT DEPOSIT 232986-233459 IN THE AMOUNT OF \$1,893,696.44, PD.03/19/2021 EFT/ACH \$6,925.49, PD. 03/19/2021 (PP2106) EFT/ACH \$354,550.68, PD. 03/18/2021 (PP2106)

ACCOUNTS PAYABLE DEMANDS
CHECKS 98275-98436 IN THE AMOUNT OF \$2,103,473.66
EFT BARINGS MULTIFAMILY CAPITAL \$222,981.00
DIRECT DEPOSIT 100004630-100004736, \$100,363.25, PD. 4/1/2021

CONTACT: MARNI RUHLAND, FINANCE DIRECTOR

H.5. APPROVE CONTRACTS UNDER \$35,000:

1. APPROVE FIRST AMENDMENT TO THE AGREEMENT WITH GRANICUS LLC FOR CIVICA WEBSITE HOSTING AND MAINTENANCE FOR AN ADDITIONAL AMOUNT OF \$3,279.37 AND EXTEND THE TERM TO DECEMBER 31, 2021.

2. APPROVE AGREEMENT WITH TILLMANN FORENSIC INVESTIGATIONS LLC FOR LATENT FINGERPRINT IDENTIFICATION SERVICES IN AN AMOUNT NOT TO EXCEED \$16,000 FOR THE TERM APRIL 6, 2021 TO APRIL 5, 2022.

3. APPROVE AMENDED AGREEMENT WITH WALKER PARKING CONSULTANTS/ENGINEERS, INC. PREVIOUSLY APPROVED ON MARCH 9, 2021, FOR WATERPROOFING CONSULTING FOR THE REDONDO BEACH TRANSIT CENTER TO INCLUDE MODIFIED CONTRACT LANGUAGE APPROVED BY THE

CITY ATTORNEY'S OFFICE AND TO INCREASE THE NOT TO EXCEED AMOUNT FROM \$20,000 TO \$30,000 FOR THE EXISTING TERM TO DECEMBER 31, 2022.

CONTACT: MARNI RUHLAND, FINANCE DIRECTOR

- H.6.** APPROVE FIRST AMENDMENT TO THE AGREEMENT WITH COM-STRAT, LLC FOR LOCAL AREA NETWORK AND WIRELESS LAN SWITCHING AND ROUTING INFRASTRUCTURE EQUIPMENT REPLACEMENT PHASE IV IMPLEMENTATION AND PROJECT MANAGEMENT SERVICES FOR AN ADDITIONAL AMOUNT NOT TO EXCEED \$35,025 AND EXTEND THE TERM TO MARCH 31, 2022.

CONTACT: CHRISTOPHER BENSON, INFORMATION TECHNOLOGY DIRECTOR

- H.7.** ADOPT BY TITLE ONLY, RESOLUTION NO. CC-2104-026, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, ORDERING THE CITY ENGINEER TO PREPARE AND FILE A REPORT PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972 SECTIONS 22500 ET SEQ. OF THE CALIFORNIA STREETS AND HIGHWAYS CODE DESCRIBING THE MAINTENANCE AND IMPROVEMENT OF STREET LIGHTS AND LANDSCAPING IN THE CITY OF REDONDO BEACH, CALIFORNIA, FOR THE FISCAL YEAR COMMENCING JULY 1, 2021, AND ENDING JUNE 30, 2022

CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR

- H.8.** ADOPT BY TITLE ONLY ORDINANCE NO. 3213-21, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, AMENDING MUNICIPAL CODE TITLE 5, CHAPTER 10, SECTION 5-10.05 TO CLARIFY REGULATIONS REGARDING THE SALE, DISTRIBUTION AND USE OF CERTAIN BALLOONS IN THE CITY OF REDONDO BEACH, FOR SECOND READING AND ADOPTION

CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR

- H.9.** ADOPT BY TITLE ONLY RESOLUTION NO. CC-2104-027, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO BOARDWALK WORLDWIDE, LLC, DBA THE DINGHY DELI, A LIMITED LIABILITY COMPANY

APPROVE A LEASE WITH BOARDWALK WORLDWIDE, LLC, DBA THE DINGHY DELI FOR THE PREMISES AT 160 INTERNATIONAL BOARDWALK FOR A MONTHLY AMOUNT OF \$2,050.00 FOR THE TERM APRIL 6, 2021 - APRIL 5, 2026

CONTACT: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT DIRECTOR

- H.10.** ADOPT BY TITLE ONLY RESOLUTION NO. CC-2104-028, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO MJD LANDING LLC, DBA REDONDO BEACH SPORTFISHING & WHALE WATCH, A LIMITED LIABILITY COMPANY

APPROVE A LEASE WITH MJD LANDING LLC, DBA REDONDO BEACH SPORTFISHING & WHALE WATCH FOR THE PREMISES AT 140 INTERNATIONAL BOARDWALK FOR A MONTHLY AMOUNT OF \$787.50 FOR THE TERM APRIL 6, 2021 - APRIL 5, 2026

CONTACT: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT DIRECTOR

- H.11. ADOPT BY TITLE ONLY RESOLUTION NO. CC-2104-029, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO ESPERANZA DEESE, AN INDIVIDUAL

APPROVE A LEASE WITH ESPERANZA DEESE FOR THE PREMISES AT 113 W. TORRANCE BLVD. FOR A MONTHLY AMOUNT OF \$1,003.50 FOR THE TERM APRIL 6, 2021 - APRIL 5, 2026

CONTACT: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT DIRECTOR

- H.12. ADOPT BY TITLE ONLY RESOLUTION NO. CC-2104-030, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO FIRSTSTEPS FOR KIDS, INC A CALIFORNIA CORPORATION

APPROVE A LEASE WITH FIRSTSTEPS FOR KIDS, INC. FOR THE PREMISES AT 109 W. TORRANCE BLVD., SUITES 101 AND 102 AND 105 W. TORRANCE BLVD., SUITE 200 FOR A MONTHLY AMOUNT OF \$10,542 FOR THE TERM APRIL 6, 2021 - JUNE 5, 2026

CONTACT: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT DIRECTOR

- H.13. ADOPT BY TITLE ONLY RESOLUTION NO. CC-2104-031, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO TONY TRAN, AN INDIVIDUAL, DBA MINI CHINESE RESTAURANT

APPROVE A LEASE WITH TONY TRAN, AN INDIVIDUAL, DBA MINI CHINESE RESTAURANT FOR THE PREMISES AT 204 FISHERMANS WHARF FOR A MONTHLY AMOUNT OF \$1,618.76 FOR THE TERM APRIL 6, 2021 - APRIL 5, 2026

CONTACT: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT DIRECTOR

- H.14. APPROVE PLANS AND SPECIFICATIONS FOR THE CITYWIDE SLURRY SEAL PROJECT, PHASE 2, JOB NO. 41140 AND AUTHORIZE THE CITY CLERK TO ADVERTISE THE PROJECT FOR COMPETITIVE BIDS

CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR

- H.15. ACCEPT AS COMPLETE THE RESIDENTIAL STREET REHABILITATION PROJECT, CYCLE 2, PHASE 1 & 2, JOB NO. 40190, AND AUTHORIZE THE CITY ENGINEER TO FILE A NOTICE OF COMPLETION FOR THE PROJECT WITH THE LOS ANGELES COUNTY RECORDER AND RELEASE THE FINAL RETENTION PAYMENT OF \$226,502.13 TO PALP INC., DBA EXCEL PAVING COMPANY, UPON EXPIRATION OF THE 35-DAY LIEN PERIOD AFTER SAID RECORDATION AND NO CLAIMS BEING FILED UPON THE PROJECT

CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR

H.16. ADOPT BY TITLE ONLY RESOLUTION NO. CC-2104-032, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO RDR PROPERTIES, LLC

APPROVE THE 2ND AMENDMENT TO THE MASTER LEASE BETWEEN THE CITY OF REDONDO BEACH AND RDR PROPERTIES, A CALIFORNIA LLC, FOR THE LEASEHOLD COMMONLY KNOWN AS THE REDONDO PIER APPROACH LOCATED AT 100 FISHERMAN'S WHARF TO MODIFY THE CALCULATION OF PERCENTAGE RENT FOR SPACES 100 "I" AND 100 "J" FISHERMAN'S WHARF

CONTACT: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT DIRECTOR

H.17. EXCUSE ABSENCES OF VARIOUS COMMISSIONERS FROM VARIOUS COMMISSION MEETINGS

CONTACT: ELEANOR MANZANO, CITY CLERK

I. EXCLUDED CONSENT CALENDAR ITEMS

J. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

This section is intended to provide members of the public with the opportunity to comment on any subject that does not appear on this agenda for action. This section is limited to 30 minutes. Each speaker will be afforded three minutes to address the Mayor and Council. Each speaker will be permitted to speak only once. Written requests, if any, will be considered first under this section.

J.1. For eComments and Emails Received from the Public

K. EX PARTE COMMUNICATIONS

This section is intended to allow all elected officials the opportunity to reveal any disclosure or ex parte communication about the following public hearings

L. PUBLIC HEARINGS

L.1. PUBLIC HEARING TO CONSIDER COMMUNITY DEVELOPMENT BLOCK GRANT DRAFT 2020-2025 CONSOLIDATED PLAN AND DRAFT 2021-2022 ACTION PLAN

PROCEDURES:

a. Open Public Hearing, take testimony; and

b. Continue Public Hearing to May 4, 2021

CONTACT: LAURIE KOIKE, INTERIM COMMUNITY SERVICES DIRECTOR

M. ITEMS CONTINUED FROM PREVIOUS AGENDAS

N. ITEMS FOR DISCUSSION PRIOR TO ACTION

N.1. DISCUSSION AND POSSIBLE ACTION REGARDING CALENDAR SCHEDULE FOR MEETINGS TO DISCUSS THE CITY OF REDONDO BEACH DRAFT LAND USE PLAN AND MAP AND THE DRAFT HOUSING ELEMENT

CONTACT: BRANDY FORBES, COMMUNITY DEVELOPMENT DIRECTOR

N.2. DISCUSSION AND POSSIBLE ACTION REGARDING CONTRACTS FOR

ENVIRONMENTAL REVIEW ASSOCIATED WITH THE ZONING AND PARKING AMENDMENTS TO BEGIN IMPLEMENTATION OF THE ARTESIA AVIATION CORRIDORS AREA PLAN (AACAP).

APPROVE CONSULTING SERVICES AGREEMENT WITH RINCON CONSULTANTS, INC. FOR PREPARATION OF CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) ENVIRONMENTAL DOCUMENTS FOR AMENDMENTS TO THE REDONDO BEACH MUNICIPAL CODE TO IMPLEMENT THE ARTESIA AND AVIATION CORRIDORS AREA PLAN (AACAP) FOR AN AMOUNT NOT TO EXCEED \$53,491 FOR THE TERM OF APRIL 6, 2021 THROUGH JANUARY 31, 2022.

APPROVE CONSULTING SERVICES AGREEMENT WITH RINCON CONSULTANTS, INC. FOR PREPARATION OF CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) ENVIRONMENTAL DOCUMENTS FOR PREPARATION OF THE PARKING STUDY AND RECOMMENDED REVISIONS TO PARKING REGULATIONS RELATED TO AACAP AND THE CORRESPONDING CEQA ENVIRONMENTAL REVIEW FOR AN AMOUNT NOT TO EXCEED \$84,065 FOR THE TERM OF APRIL 6, 2021 THROUGH JANUARY 31, 2022.

CONTACT: BRANDY FORBES, COMMUNITY DEVELOPMENT DIRECTOR

O. CITY MANAGER ITEMS

O.1. DISCUSSION AND POSSIBLE ACTION REGARDING THE CITY'S LOCAL EMERGENCY PERTAINING TO COVID-19

CONTACT: JOE HOEFGEN, CITY MANAGER

P. MAYOR AND COUNCIL ITEMS

Q. MAYOR AND COUNCIL REFERRALS TO STAFF

R. CLOSED SESSION

S. RECONVENE TO OPEN CLOSED SESSION

T. ADJOURNMENT

The next meeting of the City Council of the City of Redondo Beach will be an Adjourned Regular meeting to be held at 4:30 p.m. (Closed Session) and a Regular meeting to be held at 6:00 p.m. (Open Session) on Tuesday, April 13, 2021, in the Redondo Beach City Hall Council Chamber, 415 Diamond Street, Redondo Beach, California, via teleconference.



Administrative Report

D.1., File # 21-2261

Meeting Date: 4/6/2021

TITLE

PRESENTATION OF THE KEY TO THE CITY AND RECOGNITION OF OUTGOING COUNCIL
MEMBER JOHN GRAN



Administrative Report

D.2., File # 21-2253

Meeting Date: 4/6/2021

TITLE

ADMINISTRATION OF OATH OF OFFICE BY CITY CLERK ELEANOR MANZANO TO RE-ELECTED MAYOR BILL BRAND



Administrative Report

D.3., File # 21-2254

Meeting Date: 4/6/2021

TITLE

ADMINISTRATION OF OATH OF OFFICE BY CITY CLERK ELEANOR MANZANO TO RE-ELECTED COUNCILMEMBER NILS NEHRENHEIM FOR DISTRICT 1



Administrative Report

D.4., File # 21-2255

Meeting Date: 4/6/2021

TITLE

ADMINISTRATION OF OATH OF OFFICE BY CITY CLERK ELEANOR MANZANO TO RE-ELECTED COUNCILMEMBER TODD LOEWENSTEIN FOR DISTRICT 2



Administrative Report

D.5., File # 21-2256

Meeting Date: 4/6/2021

TITLE

ADMINISTRATION OF OATH OF OFFICE BY CITY CLERK ELEANOR MANZANO TO NEWLY-ELECTED COUNCILMEMBER ZEIN OBAGI, JR. FOR DISTRICT 4



Administrative Report

D.6., File # 21-2257

Meeting Date: 4/6/2021

TITLE

ADMINISTRATION OF OATH OF OFFICE BY CITY CLERK ELEANOR MANZANO TO RE-ELECTED CITY ATTORNEY MICHAEL W. WEBB



Administrative Report

F.1., File # 20-1887

Meeting Date: 4/6/2021

TITLE

REGULAR MEETING OF THE COMMUNITY FINANCING AUTHORITY

**THIS VIRTUAL MEETING IS HELD PURSUANT TO
EXECUTIVE ORDER N-29-20 ISSUED BY GOVERNOR
NEWSOM ON MARCH 17, 2020**

**AGENDA
REGULAR MEETING
REDONDO BEACH COMMUNITY FINANCING AUTHORITY
TUESDAY, APRIL 6, 2021 - 6:00 P.M.
REDONDO BEACH CITY COUNCIL CHAMBERS
415 DIAMOND STREET**

The Community Financing Authority, a joint powers authority was formed on January 31, 2012, for the purpose of assisting in providing financing, for purposes which are authorized by law and which could finance, lease, own, operate and maintain public capital improvements for any of its members, or to be owned by any of its members.

CALL MEETING TO ORDER

ROLL CALL

A. APPROVAL OF ORDER OF AGENDA

B. ADDITIONAL ITEMS FOR IMMEDIATE CONSIDERATION

B1. BLUE FOLDER ITEMS

Blue folder items are additional back up material to administrative reports and/or public comments received after the printing and distribution of the agenda packet for receive and file.

C. CONSENT CALENDAR

Business items, except those formally noticed for public hearing, or those pulled for discussion are assigned to the Consent Calendar. The Authority Members may request that any Consent Calendar item(s) be removed, discussed, and acted upon separately. Items removed from the Consent Calendar will be taken up under the "Excluded Consent Calendar" section below. Those items remaining on the Consent Calendar will be approved in one motion following Oral Communications.

C1. APPROVAL OF AFFIDAVIT OF POSTING for the Regular Community Financing Authority meeting of April 6, 2021.

C2. APPROVAL OF MOTION TO READ BY TITLE ONLY and waive further reading of all Ordinances and Resolutions listed on the agenda.

C3. APPROVAL OF MINUTES:
a. Regular Meeting of March 9, 2021.

C4. APPROVAL OF CHECK NUMBER 000474 IN THE AMOUNT OF \$2,957.06.

D. EXCLUDED CONSENT CALENDAR ITEMS

E. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

This section is intended to provide members of the public with the opportunity to comment on any subject that does not appear on this agenda for action. This section is limited to 30 minutes. Each speaker will be afforded three minutes to address the Community Financing Authority. Each speaker will be permitted to speak only once. Written requests, if any, will be considered first under this section.

F. EX PARTE COMMUNICATIONS

G. PUBLIC HEARINGS

H. OLD BUSINESS

I. NEW BUSINESS

J. MEMBERS ITEMS AND REFERRALS TO STAFF

K. ADJOURNMENT

The next meeting of the Redondo Beach Community Financing Authority will be a regular meeting to be held at 6:00 p.m. on Tuesday, May 4, 2021, in the Redondo Beach City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

It is the intention of the City of Redondo Beach to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant of this meeting you will need special assistance beyond what is normally provided, the City will attempt to accommodate you in every reasonable manner. Please contact the City Clerk's Office at (310) 318-0656 at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis. An Agenda Packet is available 24 hours a day at www.redondo.org under the City Clerk and during City Hall hours. Agenda Packets are also available for review in the Office of the City Clerk.

Any writings or documents provided to a majority of the members of the Authority regarding any item on this agenda will be made available for public inspection at the City Clerk's Counter at City Hall located at 415 Diamond Street during normal business hours



Eleanor Manzano
City Clerk

415 Diamond Street, P.O. Box 270
Redondo Beach, California 90277-0270
www.redondo.org

tel 310 318-0656
fax 310 374-0220

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)
CITY OF REDONDO BEACH) SS

AFFIDAVIT OF POSTING

In compliance with the Brown Act, the following materials have been posted at the locations indicated below.

Legislative Body	Community Financing Authority
Posting Type	Regular Meeting Agenda
Posting Locations	415 Diamond Street, Redondo Beach, CA 90277 ✓ City Hall Kiosk
Meeting Date & Time	April 6, 2021 6:00 p.m. Open Session

As City Clerk of the City of Redondo Beach, I declare, under penalty of perjury, the document noted above was posted at the date displayed below.

Eleanor Manzano, City Clerk
Redondo Beach Community Financing Authority

Date: April 2, 2021

MOTION TO READ BY TITLE ONLY

and waive further reading of all
Ordinances and Resolutions on the Agenda.

Recommendation - Approve

CALL TO ORDER

Via Teleconference, a Regular Meeting of the Community Financing Authority was called to order by Chairman Brand at 6:20 p.m. in the City Hall Council Chamber, 415 Diamond Street.

ROLL CALL

Members Present: Nehrenheim, Loewenstein, Horvath, Gran, Emdee, Chairman Brand
Members Absent: None
Officials Present: Eleanor Manzano, City Clerk
Michael Webb, City Attorney
Joe Hoefgen, City Manager
Vickie Kroneberger, Chief Deputy City Clerk

A. APPROVAL OF ORDER OF AGENDA

The Authority approved the Order of Agenda with no objections.

B. ADDITIONAL ITEMS FOR IMMEDIATE CONSIDERATION – NONE

B1. BLUE FOLDER ITEMS – NONE

C. CONSENT CALENDAR

C1. APPROVE AFFIDAVIT OF POSTING for the Regular Community Financing Authority meeting of March 9, 2021.

C2. APPROVE MOTION TO READ BY TITLE ONLY and waive further reading of all Ordinances and Resolutions listed on the agenda.

C3. APPROVE THE FOLLOWING MINUTES:

a. Regular Meeting of February 2, 2021.

C4. APPROVE CHECK NUMBERS 000471 THROUGH 000473 IN THE TOTAL AMOUNT OF \$134,630.52.

Chairman Brand called for public comment via eComment and Zoom. There being no comments, Chairman Brand closed the public comment period.

Motion by Member Horvath, seconded by Member Gran, to approve Items C1 through C4. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

D. EXCLUDED CONSENT CALENDAR ITEMS - NONE

E. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

Chairman Brand called for public comment via eComment and Zoom.

There being no comments, Chairman Brand closed the public comment period.

F. EX PARTE COMMUNICATIONS – NONE

G. PUBLIC HEARINGS – NONE

H. OLD BUSINESS – NONE

I. NEW BUSINESS – NONE

J. MEMBERS ITEMS AND REFERRALS TO STAFF – NONE

K. ADJOURNMENT: 6:25 p.m.

Motion by Member Gran, seconded by Member Horvath, to adjourn at 6:25 p.m. Motion carried unanimously, with no objections.

The next meeting of the Redondo Beach Community Financing Authority will be a regular meeting to be held at 6:00 p.m. on Tuesday, April 6, 2021, in the Redondo Beach City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

Respectfully submitted,

Eleanor Manzano, City Clerk



Administrative Report

Authority Action Date: April 6, 2021

**To: CHAIRMAN & MEMBERS OF THE COMMUNITY FINANCING
AUTHORITY**

From: MARNI RUHLAND, FINANCE DIRECTOR

Subject: CHECK APPROVAL

RECOMMENDATION

Approve check number 000474 in the amount of \$2,957.06.

EXECUTIVE SUMMARY

The attached Summary Check Register lists check number 000474 in the amount of \$2,957.06. Check 000474 is a reimbursement to the City for expenses paid by the City on behalf of the Community Financing Authority.

BACKGROUND

The Redondo Beach Public Financing Authority ("PFA"), a joint powers authority, was formed on June 25, 1996, to provide financing for capital improvement projects. The former Redevelopment Agency of the City Redondo Beach, now known as the Successor Agency ("Agency"), joined with the City to form the PFA. The PFA operated rental property and issued bonds to provide funds for public capital improvements. The PFA has the same governing board as the City, which also performs all accounting and administrative functions for the PFA. With the elimination of the City's Redevelopment Agency, the Public Financing Authority has been renamed the Community Financing Authority ("CFA").

In 1997, the City leased the Pier pad known as 500 Fisherman's Wharf to the PFA. The PFA leased the site and acts as building owner and landlord to its tenant, RUI One Corp. ("RUI" dba Kincaid's). In negotiating the lease, the City was to own the building, but did not have the funding available to build the building. RUI had the ability to build the restaurant building at a lower cost than the City, and the PFA was able to obtain a loan to purchase the building. Thus, RUI built the restaurant building and the PFA utilized loan funds to purchase the building from RUI at completion.

Per the lease agreement, the City will be responsible for the cost of monthly service costs for water, sewer, and trash; possessory interest taxes; common area expenses as defined; and the repairs to the structural portions of the Building. On a monthly basis, the City is reimbursed for such expenses by the CFA.

Administrative Report

April 6, 2021

Check Approval

Page 2

The payment to the City of Redondo Beach on check number 000474 in the amount of \$2,957.06 is for the reimbursement of March 2021 expenditures made by the City on the Community Financing Authority's behalf.

COORDINATION

Disbursement of the check will be coordinated with Financial Services.

FISCAL IMPACT

Check number 000474 in the amount of \$2,957.06.

Submitted by:
Marni Ruhland, Finance Director

Approved for forwarding by:
Joe Hoefgen, City Manager

dkaku

Attachment:

- Summary Check Register

COMMUNITY FINANCING AUTHORITY
Summary Check Register

DATE	CHECK NO	AMOUNT	PAYEE	DESCRIPTION
04/06/21	000474	\$ 2,957.06	City of Redondo Beach	Reimbursement - March 2021
		<u>\$ 2,957.06</u>		



Administrative Report

F.2., File # 21-2260

Meeting Date: 4/6/2021

TITLE

PARKING AUTHORITY - REGULAR MEETING - CANCELLED

NOTICE OF CANCELLED MEETING PARKING AUTHORITY

NOTICE IS HEREBY GIVEN THAT THE REGULAR PARKING AUTHORITY MEETING SCHEDULED FOR APRIL 6, 2021 AT 6:00 P.M. HAS BEEN CANCELLED DUE TO LACK OF BUSINESS.

ELEANOR MANZANO

City Clerk



Administrative Report

G.1., File # 21-2233

Meeting Date: 4/6/2021

TITLE

For Blue Folder Documents Approved at the City Council Meeting



Administrative Report

H.1., File # 21-2232

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL
From: ELEANOR MANZANO, CITY CLERK

TITLE

APPROVE AFFIDAVIT OF POSTING FOR THE CITY COUNCIL REGULAR MEETING OF APRIL 6, 2021

EXECUTIVE SUMMARY

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF REDONDO BEACH)

AFFIDAVIT OF POSTING

In compliance with the Brown Act, the following materials have been posted at the locations indicated below.

Legislative Body	City Council
Posting Type	Regular Agenda
Posting Locations	415 Diamond Street, Redondo Beach, CA 90277 ✓ City Hall Kiosk
Meeting Date & Time	APRIL 6, 2021 6:00 p.m. Open Session

As City Clerk of the City of Redondo Beach, I declare, under penalty of perjury, the document noted above was posted at the date displayed below.

Eleanor Manzano, City Clerk

Date: April 2, 2021



Administrative Report

H.2., File # 21-2231

Meeting Date: 4/6/2021

TITLE

APPROVE MOTION TO READ BY TITLE ONLY AND WAIVE FURTHER READING OF ALL ORDINANCES AND RESOLUTIONS LISTED ON THE AGENDA.



Administrative Report

H.3., File # 21-2269

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL

From: ELEANOR MANZANO, CITY CLERK

TITLE

APPROVE THE FOLLOWING CITY COUNCIL MINUTES:

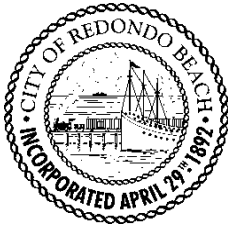
- A. AUGUST 18, 2020 SPECIAL AND REGULAR MEETING
- B. OCTOBER 20, 2020 REGULAR MEETING
- C. OCTOBER 29, 2020 ADJOURNED REGULAR MEETING

EXECUTIVE SUMMARY

Approval of Council Minutes

APPROVED BY:

Eleanor Manzano, City Clerk



A. CALL MEETING TO ORDER

Via teleconference, a Special Meeting of the Redondo Beach City Council was called to order by Mayor Brand at 4:30 p.m. in the City Hall Council Chamber, 415 Diamond Street, Redondo Beach, California.

B. ROLL CALL

Councilmembers Present: Nehrenheim, Loewenstein, Horvath, Gran, Emdee, Mayor Brand
Councilmembers Absent: None
Officials Present: Joe Hoefgen, City Manager
Vickie Kroneberger, Chief Deputy City Clerk

C. SALUTE TO THE FLAG AND INVOCATION - NONE

D. BLUE FOLDER ITEMS – ADDITIONAL BACK UP MATERIALS – NONE

E. PUBLIC COMMUNICATIONS ON CLOSED SESSION ITEMS AND NON-AGENDA ITEMS

Mayor Brand called for comments via eComment or Zoom. There being no comments, Mayor Brand closed the public comment period.

F. RECESS TO CLOSED SESSION at 4:31 p.m.

F.1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION - The Closed Session is authorized by the attorney-client privilege, Government Code Section 54956.9(d)(1).

Name of case:

Jason Johnson v. City of Redondo Beach, et al
Case Number: 19STCV45100

F.2. CONFERENCE WITH REAL PROPERTY NEGOTIATOR – The Closed Session is authorized by the Government Code Section 54956.8

AGENCY NEGOTIATOR:

Joe Hoefgen, City Manager
Mike Witzansky, assistant City Manager
Stephen Proud, Waterfront and Economic Development Director

PROPERTY:

136 N. International Boardwalk, Redondo Beach, CA 90277
140 N. International Boardwalk, Redondo Beach, CA 90277
124 N. International Boardwalk, Redondo Beach, CA 90277
109 Torrance Blvd., #100, Redondo Beach, CA 90277
209 N. Harbor Drive, Redondo Beach, CA 90277
102 N. International Boardwalk, Redondo Beach, CA 90277
206 Fisherman's Wharf, Redondo Beach, CA 90277

605 N. Harbor Dr., Redondo Beach, CA 90277
230 Portofino Way, Redondo Beach, CA 90277
105 W Torrance Blvd., Redondo Beach, CA 90277
111 W. Torrance Blvd. #100, Redondo Beach, CA 90277
500 Fisherman's Wharf, Redondo Beach, CA 90277
108 N. International Boardwalk, Redondo Beach, CA 90277
154 N. International Boardwalk, Redondo Beach, CA 90277
140 N. International Boardwalk, Redondo Beach, CA 90277
202 Fisherman's Wharf, Redondo Beach, CA 90277
210 Fisherman's Wharf, Redondo Beach, CA 90277
129 W. Torrance Blvd., Redondo Beach, CA 90277
164 N. International Boardwalk, Redondo Beach, CA 90277
122 N. International Boardwalk, Redondo Beach, CA 90277
105 W. Torrance Blvd, Suite 100, Redondo Beach, CA 90277
203 Fisherman's Wharf, Redondo Beach, CA 90277
160 N. International Boardwalk, Redondo Beach, CA 90277
260 Portofino Way, Redondo Beach, CA 90277
130 International Boardwalk, Redondo Beach, CA 90277
179 North Harbor Drive, Redondo Beach, CA 90277
400 N. Harbor Dr., Redondo Beach, CA 90277
140 N. International Boardwalk, Redondo Beach, CA 90277
245 N. Harbor Drive, Redondo Beach, CA 90277
207 N. Harbor Drive, Redondo Beach, CA 90277
119 W. Torrance Blvd., Redondo Beach, CA 90277
655 N. Harbor Dr., Redondo Beach, CA 90277
201 Fisherman's Wharf, Redondo Beach, CA 90277
119 W. Torrance Blvd., Suite 3, Redondo Beach, CA 90277
134 N. International Boardwalk, Redondo Beach, CA 90277
201 Fisherman's Wharf #103, Redondo Beach, CA 90277
125 W. Torrance Blvd., Redondo Beach, CA 90277
120 N. International Boardwalk, Redondo Beach, CA 90277
140 N. International Boardwalk, Redondo Beach, CA 90277

NEGOTIATING PARTY:

Jessica Lo Ibarra, Basq Kitchen
Anthony Le, Betty-G
Kim, Boardwalk Candy
Joey Shanahan, Cancer Support Community
George Loren, Captain Kidd's
Eswin Corado, El Baja Chef
Craig Wright, Hot Dog on a Stick
Brad Howard, Jackbilt
Michael Kelly, KRG JCS Redondo Beach, LLC
Shinoi Osuka, Juca
Carl Kulman, Kuhlman
Jeff Cantwell & Lisa Saracene, Landry's
Joy Corradetti, Mystical Joy
Jim Trevellen, Naja's
Jacob Moreno, Navegante
Ed Castro, New Starboard Attitude
Reggie Fong, Old Tony's
Michael Le Coz, Ozobot
Patrick Webb, Paddlehouse

Parin Demel, Pier Bakery
 Piero Quinci, Aloha Braces
 Robert Borgese, Pizza on the Pier
 Terry Turk, Polly's on the Pier
 Jake Donoghue, Portofino Hotel
 Jeff Jones, Quality Seafood
 George Loren, R10
 Van Wong, Redondo Beach Hotel
 Jake Mark, Redondo Sportfishing and Whale Watching
 John Fisher, Ruby's
 George Moussalli, Sambas
 Joelle Adkins, Savoir Faire Language Institute
 Michael, Zislis, Shade Hotel
 Lillian Taylor, Slightly Different
 Ron Spohn, Spohn Design
 Jean Pierre de Melo, Spybase
 Sione & Adrienne Taufa, T's Toe Rings & Gifts
 Sumet Tungchoothongchai, The Shrimp Lover
 Rashel Mereness, The Slip
 John Kukawsky, Tradewinds & Pineapple Alley

UNDER NEGOTIATION: Both Price and Terms

Motion by Councilmember Emdee, seconded by Councilmember Loewenstein, to recess at 4:31 p.m. to conduct Closed Sessions attended by City Manager Joe Hoefgen, City Attorney Mike Webb, Assistant City Attorney Cheryl Park, Outside Legal Counsel Phil Toomey, Waterfront/Economic Development Director Stephen Proud, Human Resources Director Diane Strickfaden, and Fire Chief Bob Metzger. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
 NOES: None
 ABSENT: None

G. RECONVENE TO OPEN CLOSED SESSION: 6:00 p.m.

H. ROLL CALL

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
 NOES: None
 ABSENT: None

I. ANNOUNCEMENT OF CLOSED SESSION ACTIONS – NONE

J. ADJOURN TO REGULAR MEETING

Motion by Councilmember Loewenstein, seconded by Councilmember Nehrenheim, to adjourn at 6:00 p.m. to a regular meeting. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
 NOES: None
 ABSENT: None

6:00 PM – OPEN SESSION – REGULAR MEETING

A. CALL TO ORDER

Via Teleconference, a Regular Meeting of the Redondo Beach City Council was called to order by Mayor Brand at 6:00 p.m. in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

B. ROLL CALL

Councilmembers Present:	Nehrenheim, Loewenstein, Horvath, Gran, Emdee, Mayor Brand
Councilmembers Absent:	None
Officials Present:	Eleanor Manzano, City Clerk Michael Webb, City Attorney Joe Hoefgen, City Manager Vickie Kroneberger, Chief Deputy City Clerk

C. SALUTE TO THE FLAG AND INVOCATION

At the request of Mayor Brand, the audience and Councilmembers rose to salute the flag followed by a moment of silence.

D. PRESENTATIONS/PROCLAMATIONS/ANNOUNCEMENTS

Councilmember Nehrenheim announced his last meeting at Alta Vista Park which went very well. He also thanked Public Works for the bike racks in the Riviera Village, supported the community gardens, and announced his virtual community meeting taking place next week.

Councilmember Loewenstein announced his virtual community meeting taking place on August 26 at 6:30 to 8 p.m. on Zoom. He also asked that everyone complete the census.

Councilmember Horvath also supported that people fill out their census form online which will prevent census takers coming to your home. He also reminded that the next Planning Commission meeting will include the Artesia/Aviation Corridor Area Plan.

Councilmember Gran thanked Public Works for trimming the trees on Grant, curb cuts, the North Redondo Beach Bike Path and landscaping, and also announced that the next Planning Commission meeting will include the Artesia/Aviation Corridor Area Plan.

Councilmember Emdee stated today is the 100th year anniversary allowing women to vote, suggested everyone register to vote, and said there will be drop boxes available for ballots.

Mayor Brand spoke on the blackouts, stated he spoke to the Water Board regarding the retirement of the AES Power Plant and the hearing will take place on September 1, spoke on the housing bills which will circumvent CEQA or strip local control, and encouraged people to write their state representatives opposing the bills. He also announced that people can still register to vote at www.lavote.net, and thanked the City Clerk's Office and IT Department regarding the virtual meetings.

E. APPROVAL OF ORDER OF AGENDA

Motion by Councilmember Horvath, seconded by Councilmember Loewenstein, to approve the agenda as presented. Motion carried unanimously, with the following roll call vote:

AYES:	Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES:	None
ABSENT:	None

F. AGENCY RECESS: NONE

G. BLUE FOLDER ITEMS – ADDITIONAL BACK UP MATERIALS

Motion by Councilmember Emdee, seconded by Councilmember Horvath, to receive and file additional materials for Items J.1, L.1, N.1, N.2, and N.5. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

H. CONSENT CALENDAR

H.1. APPROVE AFFIDAVIT OF POSTING FOR THE CITY COUNCIL SPECIAL MEETING (CLOSED SESSION) AND REGULAR MEETING OF AUGUST 18, 2020

CONTACT: ELEANOR MANZANO, CITY CLERK

H.2. APPROVE MOTION TO READ BY TITLE ONLY AND WAIVE FURTHER READING OF ALL ORDINANCES AND RESOLUTIONS LISTED ON THE AGENDA.

CONTACT: ELEANOR MANZANO, CITY CLERK

H.3. PAYROLL DEMANDS

CHECKS 26801-26825 IN THE AMOUNT OF \$45,494.36, PD. 8/7/2020

DIRECT DEPOSIT 225689-226128 IN THE AMOUNT OF \$1,660,487.47, PD. 8/7/2020

EFT/ACH \$7,477.52, PD. 8/6/2020 (PP2016)

EFT/ACH \$353,719.08, PD. 8/6/2020 (PP2015)

EFT/ACH \$343,511.38, PD. 8/6/2020 (PP2016)

ACCOUNTS PAYABLE DEMANDS

CHECKS 95518-95717 IN THE AMOUNT OF \$1,641,872.03

REPLACEMENT DEMANDS 95516-95517

CONTACT: MARNI RUHLAND, FINANCE DIRECTOR

H.4. APPROVE CONTRACTS UNDER \$35,000:

1. APPROVE FIRST AMENDMENT TO THE AGREEMENT WITH SPOHN RANCH, INC. FOR CONSULTING SERVICES FOR AN ADDITIONAL AMOUNT OF \$7,500 FOR THE EXISTING TERM.

2. APPROVE AGREEMENT WITH SUEZ WTS SERVICES USA, INC. FOR MOBILE WATER CONDITIONING EQUIPMENT AND MAINTENANCE AT FIRE STATION 1 IN AN AMOUNT NOT TO EXCEED \$15,000 FOR THE TERM AUGUST 18, 2020 TO AUGUST 17, 2023.

3. APPROVE AGREEMENT WITH SUEZ WTS SERVICES USA, INC. FOR MOBILE WATER CONDITIONING EQUIPMENT AND MAINTENANCE AT FIRE STATION 2 IN AN AMOUNT NOT TO EXCEED \$15,000 FOR THE TERM AUGUST 18, 2020 TO AUGUST 17, 2023.

CONTACT: MARNI RUHLAND, FINANCE DIRECTOR

H.5. APPROVE THE FIRST AMENDMENT TO THE AGREEMENT FOR CONSULTING SERVICES WITH MUNISERVICES, LLC. FOR UTILITY USERS TAX FOR AN ADDITIONAL BUDGETED AMOUNT OF \$74,000 AND TO EXTEND THE TERM TO AUGUST 30, 2022

CONTACT: STEVEN DIELS, CITY TREASURER

H.6. AUTHORIZE THE PURCHASE OF ONE ADVANCE RIDER SWEEPER FROM TOTAL CLEAN, IN THE AMOUNT OF \$45,140, FOR USE BY THE PUBLIC WORKS DEPARTMENT AT THE HARBOR.

CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR

- H.7. APPROVE THE EMERGENCY REPAIR OF A SINKHOLE AT THE INTERSECTION OF TORRANCE BOULEVARD AND CATALINA AVENUE BY MIKE PRlich AND SONS, INC. FOR A COST TO THE WASTEWATER FUND NOT TO EXCEED \$65,000
CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR**
- H.8. PULLED BY COUNCILMEMBER NEHRENHEIM FOR FURTHER DISCUSSION.**
- H.9. PULLED BY COUNCILMEMBER NEHRENHEIM FOR FURTHER DISCUSSION.**
- H.10. APPROVE AND AUTHORIZE THE CITY ENGINEER TO EXECUTE CHANGE ORDER NO. 4 IN THE AMOUNT OF \$79,005.80; AND ACCEPT AS COMPLETE THE PIER PARKING STRUCTURE REPAIRS AND RAILING REHABILITATION PROJECT, JOB NO. 70610, AND AUTHORIZE THE CITY ENGINEER TO FILE A NOTICE OF COMPLETION FOR THE PROJECT WITH THE LOS ANGELES COUNTY RECORDER AND RELEASE FINAL RETENTION PAYMENT OF \$105,026.39 TO SLATER WATERPROOFING, INC. UPON EXPIRATION OF THE 35-DAY LIEN PERIOD AFTER SAID RECORDATION AND No CLAIMS BEING FILED UPON THE PROJECT
CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR**
- H.11. ADOPT BY TITLE ONLY RESOLUTION NO. CC-2008-059, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, AWARDDING A CONTRACT TO MIKE PRlich & SONS, INC., A CALIFORNIA CORPORATION, IN THE AMOUNT OF \$673,870 FOR CONSTRUCTION OF SANITARY SEWER REHAB - 2020 UPGRADES TO PCH/VISTA DEL MAR, JOB. 50150
CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR**

Mayor Brand called for public comment via eComment or Zoom. There being no comments, Mayor Brand closed the public comment period.

Motion by Councilmember Nehrenheim, seconded by Councilmember Emdee, to approve Consent Calendar items H.1 through H.11, with the exclusion of Items H.8 and H.9. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

City Clerk Manzano read all Ordinances and Resolutions by title only which were included on the Consent Calendar.

I. EXCLUDED CONSENT CALENDAR ITEMS

- H.8. ANNUAL REVIEW AND ADOPTION OF CITY'S STATEMENT OF INVESTMENT POLICY, AS AMENDED
CONTACT: STEVEN DIELS, CITY TREASURER**
- H.9. RECEIVE AND FILE THE CITY TREASURER'S FOURTH QUARTER 2019-2020 REPORT.
CONTACT: STEVEN DIELS, CITY TREASURER**

In response to Councilmember Nehrenheim, City Treasurer Diels gave a report and stated the City is a buy and hold fixed income portfolio investment style which is reviewed every quarter. He also said the City would have to sell instruments early potentially at a loss depending on the market rate if poor planning of cash flow or large expenditures take place. He said the City generally has a portfolio in excess of \$80M but it's not a

reserve fund. He said running out of money would require dipping into the reserves, the size is decided by Council and at that point, the money would be kept liquid, with about three months of spending power.

City Manager Hoefgen also explained that the City would have approximately a two- to three-month time period when all reserves are added together.

In response to Councilmember Nehrenheim, City Treasurer Diels stated sales could take place early if cash flow requires it, but this rarely takes place. He also said safety, liquidity and yields are important.

Councilmember Nehrenheim asked about the companies used to buy bonds and how they are chosen. City Treasurer Diels stated credit ratings are checked first, then the maturity timeline and delivering the highest yield possible. He also said Council would set the policy regarding investing in companies. He said they are looking ahead regarding budgeting in the years to come with dropping revenues, noting the revenues and expenses are very tight right now. He also reviewed the amendments regarding the City's Statement of Investment Policy, with the major change recommending not investing in Cal Trust.

City Manager Hoefgen noted there are limited reserves with more budget challenges ahead.

Chief Deputy City Treasurer Nilesh Mehta reviewed the changes made to the Investment Policy to include the Cal Trust, negotiable CD's, and other minor changes.

Councilmember Loewenstein asked about who would make recommendations regarding selling. City Treasurer Diels stated there are thresholds regarding credit ratings, keeping the policy consistent, and liquidating securities. He said when yield goes up, bonds go down, but this would be in the marketplace, and noted the City is generally a buy and hold. He also pointed out that the yields have both gone up and down during COVID.

FHN Financial, President & CIO Rick Phillips explained that every security in the portfolio is an unrealized gain currently, with approximately a \$3M unrealized gain on the total portfolio right now. He also said that treasuries can be laddered and reinvested.

Mayor Brand called for public comment via eComment and Zoom. There being no comments, Mayor Brand closed the public comment period.

Motion by Councilmember Nehrenheim, seconded by Councilmember Horvath, to approve the City's Statement of Investment Policy, as amended, and to receive and file the City Treasurer's Fourth Quarter 2019-2020 report. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

J. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

Mayor Brand called for public comment via eComment and Zoom.

Dr. Andrew Lesser thanked the City Clerk and IT for the virtual meetings, thanked the police, fire, City Attorney, city prosecutor and Public Works for keeping the City safe, thanked the Mayor and Council and City Manager for their support of Public Safety, and reminded people to wear the masks covering the nostrils and the mouth, not a mask with a valve/vent, and noted a worldwide epidemic is taking place.

Wayne Craig, District 1, expressed concern with the housing bills, and supported the 100th anniversary for women voting.

Chief Deputy City Clerk Vickie Kroneberger read the following eComment comments:

Warren Chun asked that Council consider visiting Harbor City Skatepark, Franklin Park, and Anderson Park at 5 p.m. and 9 p.m. regarding a skatepark.

Zein Obagi Jr. supported Redondo Together and Black Lives Matter.

There being no further comments, Mayor Brand closed the public comment period.

K. EX PARTE COMMUNICATIONS

Councilmember Nehrenheim disclosed speaking with Councilmember Loewenstein and the public.

Councilmember Loewenstein disclosed speaking with Councilmember Nehrenheim and the public.

Councilmember Horvath disclosed speaking with the public.

Councilmember Gran disclosed speaking with the public.

Councilmember Emdee disclosed speaking with the public.

Mayor Brand disclosed speaking with the public.

L. PUBLIC HEARINGS

L1. PUBLIC HEARING TO CONSIDER ADOPTION OF AN AMENDMENT TO TITLE 4, CHAPTER 35 (PARKS AND RECREATION FACILITIES) OF THE MUNICIPAL CODE TO AMEND THE RULES PERTAINING TO DOGS IN PARKS

INTRODUCE BY TITLE ONLY ORDINANCE NO. O-3204-20, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, AMENDING TITLE 4, CHAPTER 35 OF THE REDONDO BEACH MUNICIPAL CODE TO ALLOW DOGS IN SPECIFIED PARKS UNDER IMPOSED CONDITIONS FOR INTRODUCTION AND FIRST READING.

PROCEDURES:

- A. Open Public Hearing, take testimony, and**
 - B. Close Public Hearing; and**
 - C. Introduce for the first reading by title only Ordinance No. 3204-20**
- CONTACT:** JOHN LA ROCK, COMMUNITY SERVICES DIRECTOR

Motion by Councilmember Horvath, seconded by Councilmember Emdee, to open the public hearing. Motion carried unanimously.

Community Services Director John La Rock gave a report and discussed the following:

- Certain parks to allow dogs
- Municipal Code Amendment – Regulations
- Public Works to install and apply dog waste dispensers
- Community Services Department – educational campaign
- First reading and introduce by title only Ordinance No. O-3204-20

In response to Councilmember Gran regarding having this go into effect for one year and then reassess at that time, Senior Deputy City Attorney Jillian Martins stated Council can include a sunset provision into the

ordinance which would indicate it is effective for one year. She also said a referral to staff could be considered regarding any amendments or being repealed in full, not requiring a change of the ordinance.

Community Services Director La Rock referred to the education campaign taking place and costs, and suggested including at the next Strategic Plan Session a six-month objective to revisit the status and impact of the modified ordinance regarding dogs in parks.

Councilmember Gran expressed concern with enforcement not taking place.

Councilmember Nehrenheim asked about dog friendly and what it means. Community Services Director La Rock stated this would include where dogs are allowed and the rules are being followed.

Councilmember Nehrenheim also supported dog licensing revenue.

Councilmember Horvath suggested passing this tonight with direction that staff come back in a year.

Mayor Brand called for public comment via eComment and Zoom.

Dr. Andrew Lesser supported the ordinance and capturing license fees for dogs.

Chief Deputy City Clerk Kroneberger read the following eComment comments:

Linda Witteman supported the amendment to Title 4 of Chapter 35 to allow dogs in Redondo Beach parks.

There being no further comments, Mayor Brand closed the public comment period.

Councilmember Gran stated the code will be changed with an ordinance and supported having a sunset clause, bringing the public into the process.

Motion by Councilmember Horvath, seconded by Councilmember Nehrenheim to close the public hearing. Motion carried unanimously.

Motion by Councilmember Horvath, seconded by Councilmember Loewenstein, to introduce by title only Ordinance No. O-3204-20 and to come back to Council in one year from the effective date of the ordinance for reevaluation. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

City Clerk Manzano read by title only Ordinance No. O-3204-20.

M. ITEMS CONTINUED FROM Pervious AGENDAS – NONE

N. ITEMS FOR DISCUSSION PRIOR TO ACTION

N.1. DISCUSSION AND POSSIBLE ACTION REGARDING THE TEMPORARY TRAFFIC CIRCLES INSTALLED AT THE INTERSECTIONS OF FIRMONA AVENUE AT FISK LANE, SPRECKELS LANE, AND ARMOUR LANE.

CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR

City Traffic Engineer Kim gave a report and discussed the following:

- Background

- Firmona Avenue Average 85th Percentile Speed Data
- Firmona Avenue Average Daily Traffic Data
- Questionnaire Responses and Results
- Firmona Avenue Corridor Temporary Traffic Circles Evaluation – Fiscal Impact and Recommendation

Mayor Brand called for public comment via eComment and Zoom.

Roberto Fonseca supported all way stop signs which is consistent with the graphic shown before and would address safety in the neighborhood.

April Kubachkia, 2718 Spreckels Lane, noted concerns with the safety of children crossing safely and supported an all way stop.

Ian Phillips expressed concern with safety of the children and the overall speed of traffic.

Sally Marshall, Armour Lane, opposed a traffic circle and stated Firmona is a very small street. She said traffic has not slowed down, does not go around the circle, goes through the traffic circle, parking is impacted, and she suggested an all way stop.

Chief Deputy City Clerk Kroneberger read the following eComment comments:

Kim Binegar opposed the traffic circle which has caused an increase in car speeds, impacts to intersection safety for all pedestrians, reduction of parking, and she supported a 4-way stop and gradual speed bumps.

Adriana Fonseca, Spreckels Lane and Firmona Avenue, noted since the removal of the stop sign, there has been yelling from drivers, speeding, people taking the wrong direction, fire trucks and moving trucks getting stuck and her RV getting stuck. She said pedestrians cannot be seen and expressed concern with the loss of parking. She expressed concern with more impacts from the new development in the 190th area and supported all way stop signs on Firmona Avenue at three crossings – Armour Lane, Spreckels Lane and Fisk Lane; no turn signs on 190th Street and Firmona Avenue at a given timeframe; and speed bumps on Fisk Lane and Ralston Lane.

Gena Dix, 2731 Spreckels Lane, stated the traffic circle does not slow traffic, expressed concern with the safety of children crossing the street, and stated cars do not stop for pedestrians. She also noted 190th cut through traffic and supported 4-way stop signs at each intersection with clearly designated crosswalks, and signage stating no cut through from high traffic hours into the neighborhood. She also supported signage designating children are at play, reduce speed and to have police presence.

Janet Lindquist supported removing the traffic circles immediately which have caused problems in the neighborhood and have become a target of vandalism.

Fernando Garcia, Fisk Lane, expressed concern with driving in the neighborhood being more hazardous since cars are no longer required to stop and entering the roundabout at high speeds. He also expressed concern with the safety of pedestrians and cars not stopping. He supported 4 way stops at all intersections which are safer.

Brenda Garcia, Fisk Lane, opposed the traffic circles which have not improved safety, noting confusion on who has the right-of-way. She said traffic does not slow down and the roundabouts produce a false sense of safety and take up space. She requested the traffic circles be removed.

Aubrey Neilson stated the traffic circles have not been effective slowing traffic down and stated stop signs at the corners of Fisk Lane, Spreckels Lane and Armour Lane would have a greater impact on the safety of their neighborhood.

Dana Matsuno, corner of Spreckels and Firmona, stated the traffic circles have made the street more dangerous due to confusion. She supported the removal of the circles and adding 4-way stops to each intersection, speed bumps at Armour and Spreckels and a 4-way stop at Fisk Lane as was originally in place. She expressed concern with the safety of children and others and noted unsafe driving and speeding. She reviewed her concerns and opposed turning restrictions leaving the neighborhood southbound and Firmona turning left on 190th.

Will Binegar, Firmona Avenue and Spreckels Lane, supported removal of the traffic circles which have increased the risk to vehicles and pedestrians, speeding traffic north and south not stopping, maintaining speed and wiggling into the crosswalk area, and right of way being a confusion for drivers. He also expressed concern with the loss of parking which will worsen. He supported 4-way stops at each intersection, which will allow crosswalks to be normalized, vehicles will slow, vehicular safety would be increased and he did not support time of day restrictions or the light.

There being no further comments, Mayor Brand closed the public comment period.

Councilmember Horvath thanked the residents, noted an entire neighborhood study and the traffic circles were just one of the traffic calming measures, and pointed out that major concern was cut through traffic. He suggested keeping the traffic circles, noting speeds and volumes have dropped significantly, suggested proper signage and striping, and addressing the safety concerns.

Public Works Director Semaan stated the driver component is a significant part of the safety and vigilance is the key at the intersections, but also noted that unmarked crosswalks could be addressed.

City Traffic Engineer Kim also stated it is important that awareness should be exercised by the driver but signage and other alternatives could be considered when going to a more permanent construction.

Councilmember Horvath suggested keeping the traffic circle in place since it's working, but a 4-way stop at each of the intersections could be considered per the request of the respondents tonight.

In response to Councilmember Horvath regarding collecting speed and data on an ongoing basis, Public Works Director Semaan stated staff could return in six months after the installation with some data.

Councilmember Horvath thanked Public Works Director Semaan and City Traffic Engineer Kim for their time and energy on this project.

Councilmember Gran noted the numbers dropping significantly yet the neighborhood is not agreeing. City Traffic Engineer Kim explained the counts and collecting data and said Firmona Avenue did see a drop in volume.

Public Works Director Semaan believed that traffic counts dropped on Firmona Avenue due to traffic staying on the major streets versus going through the traffic circle.

Councilmember Loewenstein supported traffic circles but it is obvious the circles are not working when hearing the concerns of the residents who live there.

Councilmember Horvath suggested obtaining tests before the speed humps and turning restriction signs are installed.

Motion by Councilmember Loewenstein, seconded by Councilmember Horvath, to install all-way stop controls on Firmona Avenue at Fisk Lane, Spreckels Lane and Armour Lane, and have staff come back with a report in one year after the installation. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

**N.2. DISCUSSION AND POSSIBLE ACTION REGARDING THE TEMPORARY TRAFFIC CIRCLE
INSTALLED AT THE INTERSECTION OF RUBY STREET AND GERTRUDA AVENUE.
CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR**

City Traffic Engineer Kim gave a report and discussed the following:

- Background
- Ruby Street Average 85th Percentile Speed Data
- Ruby Street Average Daily Traffic Data
- Questionnaire Responses
- Fiscal Impact
- Firmona Avenue Corridor Temporary Traffic Circles Evaluation – Recommendation

Councilmember Nehrenheim reviewed the concerns and asked if a 4-way stop sign would help reduce the speed. Public Works Director Semaan stated that stop signs are not considered speed control devices, noting traffic sometimes pickup speed in between the stop signs.

In response to Councilmember Nehrenheim, City Traffic Engineer Kim stated Ruby at Francisca was considered for a traffic circle which is existing as an all-way stop, the intersection at Helberta and Ruby couldn't be considered due to sight visibility, and Pearl and Gertruda wasn't a location considered as part of the initial traffic circle program. He also said another location to consider would be Pearl and Lucia.

Mayor Brand called for public comment via eComment and Zoom.

Dr. Andrew Lesser expressed concern with a traffic circle at Ruby and Gertruda, and Pearl and Gertruda would be even worse. He said Ruby has become more dangerous and people are speeding, noting some of the volume has gone to Pearl. He said an all-way stop would only cost \$3500 and supported an all-way stop at Ruby and Gertruda and a stop sign on Pearl in both directions at Gertruda and to just enforce them.

Deputy City Clerk Kroneberger read the following eComment comments:

CeeCee Murphy noted a hazardous situation from the circle at Ruby and Gertruda and suggested replacing the two-way stop signs or ideally install a four-way stop. He supported removing the traffic circle.

Wayne Craig observed confusion from the sign markings and sight impacts from the sun and recommended a traffic study to show if cars are actually slowing down.

There being no further comments, Mayor Brand closed the public comment period.

Motion by Councilmember Nehrenheim, seconded by Councilmember Loewenstein, to remove the temporary traffic circle at S. Gertruda and Ruby and replace it with an all-way stop control, and to come back to the Public Works Commission with a report for alternate locations for a traffic circle installation to be followed up to Council for final approval. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

N.3. DISCUSSION AND POSSIBLE ACTION ON THE USE OF FORCE POLICY OF THE REDONDO BEACH POLICE DEPARTMENT.

CONTACT: KEITH KAUFFMAN, CHIEF OF POLICE

Chief Kauffman gave a presentation and discussed the following:

- Use of Force Policy
- Established in Federal Law by the US Supreme Court (case Brennon v. Conner)
- Force – objectively reasonable
- Force – Tennessee v. Gardner
- Each state force policies also established by state law (AB392)
- SB230
- Certification
- Force can be used if objectively reasonable given the totality of the circumstance as perceived by the officer at the time
- Factors when looking at the level of force
- Deadly force
 - Protect him/herself or others
 - Apprehend of a person threatened by death or serious bodily injury
- Reporting system
- Level of transparency – force usage posted on website
- 67,000 police incidents a year in Redondo Beach – 180 uses of force on average over last three years
- One use of force out of policy, five required additional training, six officer involved shootings over the last five years (three not in Redondo Beach)
- Communication to public and public feedback
- People trust the police in Redondo Beach – gone up by 6 points since May
- Training of officers (force huge focus)
- Training based on de-escalation
- Mental illness/disabilities/homelessness taken very seriously
- Creation of a policy/change of force polity problematic if have not gone through the legislative process
- Concern – policies changed and impacting officers the ability to do their jobs

Mayor Brand noted things happen fast and split-second decisions have to take place, along with training, discipline and constant vigilance.

Mayor Brand referred to SB230 which passed last year but didn't get signed into law. Chief Kauffman stated it involves training, and time is needed to wrap up the policies and train the officers to this standard. He said it was done in conjunction with 392 at the request of law enforcement and becomes enacted January 2021.

Councilmember Emdee asked about the 900 hours of training over six months compared to other police departments. Chief Kauffman stated this is on the high level of the standard but noted this is just the police academy. He said an additional few weeks of pre-academy training takes place and then training again for about five or six additional months learning the job. He believed the City is operating within the absolute best practices and the standard set is very high.

Councilmember Emdee suggested having a more diverse group of people in the training videos and their reactions. Chief Kauffman stated the technology is 20 years old and supported a newer system going forward. He also said they have implicit bias training.

Councilmember Loewenstein supported keeping track of the stats and suggested a better job displaying them to include use of force and demographics. Chief Kauffman stated they are working with IT to change the formatting, and also noted there is a transparency link.

Councilmember Loewenstein asked about the investigation of a serious incident and having a civilian review board. Chief Kauffman stated they review every use of force in the City and anything out of policy prompts an additional internal affairs investigation which is done by the Police Department. He noted not many internal affair complaints are from the public, noting half are generated inside. He also referred to SB1421 regarding the violation of a force policy and all information would have to be given to the public. He further referred to the process of discipline, and a large city would have a dedicated full-time independent review panel. He said if the City has a significant use of force, it would be turned over to another agency with a third party review and district attorney investigation.

Councilmember Loewenstein stated money is going toward mental health, especially with the homeless, employing mental health experts. Chief Kauffman stated the officers on the street police the community with absolute compassion.

Councilmember Nehrenheim thanked Chief Kauffman and supported the use of force policy and asked about the policy regarding letting out a video. Chief Kauffman stated California legislative has determined the law which has affected the City's policy. He said SB1421 addresses the additional checks and balances of release of information and said there is a sister bill addressing the release of video, specifically with respect to a specific incident. He said the general rule is having 45 days to release a video and is posted online, being as transparent as possible.

Councilmember Nehrenheim asked about the de-escalation training. Chief Kauffman referred to 309.9 in the Use of Force Policy which is a section on de-escalation prior to the use of a taser, and said it is important not to create an impossible standard for officers not being able to react. He also said they report force-related activity to the state directly and death-related officer involved shooting statistics go directly to the FBI. He explained there is no form of process necessary regarding personnel complaints which goes directly to internal affairs. He encouraged any issues with a police officer should be addressed after the incident takes place. He agreed that cities due have civilian oversight commissions but reminded that objective reasonableness is determined by a reasonable officer at the scene at the time. He also explained there is a policy in place regarding using an outside agency handling an investigation.

Councilmember Horvath asked how people can get involved to gain a more intimate understanding of what makes the Redondo Beach Police Department safe compared to other police departments. Chief Kauffman reviewed their outreach resources, encouraged community engagement and supported being proactive and transparent and having resident interaction.

Councilmember Horvath announced a COG board meeting this Thursday night from 6 to 8 p.m. with discussions regarding elected official interactions and police chiefs.

Mayor Brand supported engaging more closely with police officers and the department, outreach and openness.

Mayor Brand called for public comment via eComment and Zoom.

Dr. Andrew Lesser supported Chief Kauffman and the Police Department and being compassionate regarding the homeless. He also informed of 252 use of force applications in 2019 with only one out of policy. He also suggested filing complaints as needed rather than arguing with a police officer.

Chief Deputy City Clerk Kroneberger read the following eComment comments:

Gigi Ramirez expressed concern with lack of trust between citizens and police, excessive and unreasonable use of force, and not being transparent. She asked what tactics have been adjusted over the last eight years and the results, training, forceful techniques, investigations, citizen oversight committee, forces out of policy and charges, and weapons/devices.

Peter Aziz asked about the training and level of tactics, expressed concern with impacts to Arab and Muslim communities and use of force, and supported transparency regarding salaries.

There being no further comments, Mayor Brand closed the public comment period.

In response to Mayor Brand, Chief Kauffman supported transparency and reviewed the training for de-escalation and force situations.

Mayor Brand encouraged people to get involved with the Police Academy.

N.4. DISCUSSION AND POSSIBLE ACTION REGARDING PROVIDING BUILDING DIVISION APPLICANT WITH OPTION OF THIRD PARTY BUILDING PLAN CHECKING SERVICES
CONTACT: BRANDY FORBES, COMMUNITY DEVELOPMENT DIRECTOR

Community Development Director Brandy Forbes gave a report regarding an expedited plan check process to include the following:

- Background of the process
- Building Plan Check Background on Process and Staffing
- Building Plan Check Current Fee Schedule and Past Practice
- Building Plan Check Expediting Impacts to Fee Schedule and Contracts
- Coordination and Fiscal Impact

In response to Councilmember Horvath regarding the Manhattan Beach/El Segundo 50% fee versus Torrance, Community Development Director Brandy Forbes supported the 50% fee which she believed is appropriate and is in the current Fee Schedule already. She also supported the competitive process which would be beneficial to the City obtaining reasonable rates and to restructure the contract with outside consulting firms.

Mayor Brand called for public comment via eComment and Zoom. There being no comments, Mayor Brand closed the public comment period.

Motion by Councilmember Horvath, seconded by Councilmember Emdee, to direct staff to follow the Manhattan Beach/El Segundo extra 50% fee and to go out for an RFP to find firms willing to do expedited plan checks.

Amended Motion by Councilmember Nehrenheim to include the fee structure from Torrance and Manhattan Beach regarding residential versus commercial. Councilmembers Nehrenheim and Emdee accepted the amendment.

Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

N.5. DISCUSSION AND POSSIBLE ACTION REGARDING SUPPLEMENTAL CODE ENFORCEMENT SERVICES.
CONTACT: BRANDY FORBES, COMMUNITY DEVELOPMENT DIRECTOR

Community Development Director Forbes gave a report on supplemental code enforcement services and discussed the following:

- Background

- Code enforcement background on process and staffing
- Current code enforcement staffing and budget
- Comparison of outside contract, part time employment, and overtime for supplemental enforcement – targeting leaf blowers
 - Current enforcement of leaf blower ordinance
 - Training requirements
 - Costs of additional leaf blower ordinance enforcement
 - Revenues
- Coordination
- Fiscal impact

In response to Mayor Brand, Community Development Director Forbes stated the first offense is \$100.

City Attorney Webb stated the City revenue is approximately 15% but there are no costs covered. He suggested using a part-time person and also looking at the citation section in the muni code. He also cautioned regarding use of force when someone refuses to comply.

Mayor Brand suggested using an outside agency for a month or two such as 40 hours a week for two months. Community Development Director Forbes stated this would cost \$41,600. City Attorney Webb also noted there would be court costs.

Councilmember Loewenstein noted only having one enforcement officer for the whole City, expressed concern with lack of enforcement, and suggested outsourcing.

City Attorney Webb suggested a misdemeanor for a second offense.

Councilmember Gran believed a two-month temporary enforcement would not solve the problem and supported an opportunity to enforce it and making homeowners responsible for allowing a leaf blower on their property.

Councilmember Horvath supported Council passing the leaf blower ban and plastic ban, trying to change policy and shift the direction of the City. He expressed concern with having only two enforcement officers for a city of 67,000 residents and suggested bringing back a conversation regarding bolstering the Code Enforcement Division in the City. He also noted other potential resources to gain revenue from those not in compliance.

Councilmember Emdee suggested that this item be brought back at a future Council meeting for further discussion.

Mayor Brand called for public comment via eComment and Zoom.

Chief Deputy City Clerk Kroneberger read the following eComment comments:

Deborah Sieker supported the leaf blower ban and stated citations should be issued when violations are witnessed. She also suggested an arrest and firearms training course for staff.

Elaine Sieker supported issuing citations to property owners which would incentivize hiring gardeners that would comply with the ban ordinance.

Dana Matsuno opposed the leaf blower ban and suggested the City use time, money and resources in much better areas.

David Waldner encouraged having an outside contractor which would allow them to demonstrate their effectiveness on a trial basis for a period of one year.

Peter Aziz asked about incentives for the penalty and impacts to local gardeners. He supported giving an incentive rather than penalizing the small gardening businesses.

There being no further comments, Mayor Brand closed the public comment period.

Councilmember Nehrenheim asked about the penalty for not having a business license. City Attorney Webb stated it is a misdemeanor not having a business license.

Councilmember Nehrenheim expressed concern with lack of enforcement in the City and enforcement should not be held up due to cost recovery. He also suggested focusing in on issues such as on the Esplanade.

N.6. DISCUSSION AND POSSIBLE ACTION REGARDING CARES ACT BUSINESS ASSISTANCE GRANTS.

CONTACT: MARNI RUHLAND, FINANCE DIRECTOR

Finance Director Marni Ruhland gave a report and discussed the following:

- Reimbursement Agreement
- Clarification requested:
 - What costs should be reimbursable – outdoor dining, COVID-related outdoor space or any COVID-related expenditure
 - Parties to be reimbursed – recommendation – reimburse whoever made the purchase
 - \$50K (RV) and \$20K (Artesia/Aviation) distributions if there are more requests in funding - first-come, first serve basis, request prioritize by expenditure type, or any other method

Councilmember Gran stated he visited the businesses on Artesia and Aviation and dropped off a flyer regarding expenses being reimbursed. He reviewed the businesses which all have expenses incurred. He reviewed the motion made at the last meeting which was focused on eating establishments. He stated all of the businesses that he visited were interested being reimbursed due to a variety of expenses. He said he visited at least 21 stores which all were different types of businesses that had some level of expenses to keep them in business.

City Attorney Webb suggested a discussion regarding the Riviera Village BID paying the businesses back.

Finance Director Ruhland suggested language regarding expenses to state “necessary expenditures incurred are due to the COVID 19 public health emergency.”

Councilmember Nehrenheim noted all activities are outdoors and all businesses should be included in the Riviera Village. He also suggested prioritizing future expenses first and then past expenses if there is money left over, and the BID to provide the City a receipt that they actually paid the money within 30 days.

City Attorney Webb stated prioritizing future expenses first is different from first-come, first-serve, and questioned how long the waiting period would be for any future expenses to come in before they are reimbursed. He suggested the money will be dispersed if the RV BID does an eligible application anytime between now and October 1 and if not, they can submit for past eligible expenses October 1 and after, which includes all City permitted outdoor-related issues.

In response to Finance Director Ruhland, City Attorney Webb clarified that nothing will be paid for anything done before today unless as of October 1, there is still money left of the \$50K which can be paid for any applications prior to August 18 expenses.

Mayor Brand called for public comment via eComment and Zoom. There being no comments, Mayor Brand closed the public comment period.

Motion by Councilmember Gran, seconded by Councilmember Nehrenheim, for the Artesia Boulevard and Aviation Boulevard corridor, that the program is capped at \$2500 for any one business, on a first-come, first-serve basis, and that the priority be on restaurants if a business goes over the \$2500 cap.

Senior Deputy City Attorney Martins read the details of the motion to include, with concurrence of mover/seconder, as follows:

Monies associated with the Artesia/Aviation corridor:

- Not to exceed cap of \$2500 per business
- Expansion of the parameters for reimbursement regarding “necessary expenditures incurred due to the COVID-19 public health emergency” – language from CARES Act agreement
- Submission to financial services
- First-come, first serve
- Direct reimbursement agreement for past expenses

Monies associated with Riviera Village area:

- Reimbursement for future expenses beginning today August 18, 2020 through October 1, 2020
- Proof of payment of the costs within 30 days of approval by the City
- Reimbursement for City-permitted outdoor uses for “necessary expenditures incurred due to the COVID-19 public health emergency” – language from CARES Act agreement
- Second priority would be after October 1, 2020
- Only through the BID
- City is reimbursing as soon as proof is shown that the expenditure took place

Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

Public Works Director Semaan informed that there are direct expenditures by the business owner not going through the BID.

O. CITY MANAGER ITEMS

O.1. DISCUSSION AND POSSIBLE ACTION REGARDING THE CITY’S LOCAL EMERGENCY PERTAINING TO COVID-19

RECEIVE AND FILE THE CITY’S CURRENT SUMMARY OF EMERGENCY ORDERS AND PROVIDE DIRECTION IF NEEDED

CONTACT: JOE HOEFGEN, CITY MANAGER

City Manager Hoefgen gave a report and discussed the restrictions in place. He suggested resuming enforcement of the parking related to street sweeping, issue warnings on August 24 and lift the restriction and start writing tickets on September 14. He also said the County of LA has satisfied 5 of the 6 state indicators for reopening except for the case rate per 100,000 over the course of 14 days which should be less than 100, and LA County is 295.

Councilmember Horvath suggested giving people at least a month's notice regarding warnings for parking and street sweeping.

Councilmember Nehrenheim supported parking enforcement coming back, noting noncompliance is taking place.

Mayor Brand called for public comment via eComment and Zoom.

Chief Deputy City Clerk Kroneberger read the following eComment comment:

Jeff Ginsburg stated the RVA supports Council and staff with their assistance with the outdoor dining and sidewalk sales, the \$50K of funds allocated to the RV parklets and hydrology study, and the bike racks. He said the RVA is hopeful that the special event permit can be extended through 03-31-21 and supported planning ahead for approval. He said their goal is to make it through COVID-19 as problem free as possible.

There being no further comments, Mayor Brand closed the public comment periods.

Motion by Councilmember Nehrenheim, seconded by Councilmember Gran, to receive and file the City's current summary of emergency orders. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

City Manager Hoefgen stated there will be an item at the next Council meeting regarding the next Strategic Planning session.

P. MAYOR AND COUNCIL ITEMS

P.1. DISCUSSION AND CONSIDERATION OF DESIGNATING THE VOTING DELEGATE AND ALTERNATE FOR 2020 LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE AND AUTHORIZE THE CITY CLERK TO FORWARD THE VOTING DELEGATE FORM

Motion by Councilmember Emdee, seconded by Councilmember Nehrenheim, to designate Councilmember Gran as the voting delegate and Councilmember Emdee as the alternate for 2020 League of California Cities Annual Conference and authorize the City Clerk to forward the voting delegate form. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

P.2. DISCUSSION AND CONSIDERATION REGARDING PROCESS OF SELECTING HARBOR COMMISSIONER FROM A LIST OF NAMES SUBMITTED BY THE HARBOR AND PIER LESSEES

City Attorney Webb gave a report and said the ordinance is in need of change to include removing the requirement, information from the harbor pier lessees or communicating to the lessees directly. He encouraged providing direction to modify the ordinance.

Councilmember Horvath referred to #B in the ordinance and asked if it applies to reappointments as well as a new appointment. City Attorney Webb believed it doesn't distinguish between the two and believed every time the term is up, an application would take place along with a submission of a list of not less than five names.

Councilmember Horvath suggested modifying the language to state something related to either the King Harbor Association, Pier Association and/or any future representative of the harbor and pier leases in conjunction with the Waterfront Development Director.

City Attorney Webb stated an organization can be chosen, to have the Waterfront Development Director ask all the master lessees as of July 1, picking five, or just do away with it. He did not support lumping them all together.

Waterfront and Economic Development Director Stephen Proud stated the only obligation under the leasehold is to be a member of one of the organizations which do not have to be tied geographically.

City Attorney Webb suggested naming two organizations as of July 1, requested by the Waterfront and Development Director of the King Harbor Association, and the Pier Association to submit no fewer than five names for the Mayor to consider subject to Council confirmation.

Councilmember Nehrenheim expressed concern with relying on outside third party organizations and suggested leaving it up to the Mayor. He supported removing the entire ordinance.

In response to Councilmember Gran, City Attorney Webb stated that HAPLA was never in the ordinance but was the mechanism of finding out the list that was approved by the majority of the lessees but the last letter wasn't even signed. He suggested a draft keeping the requirement intact either through the Association or making it at will.

Councilmember Loewenstein supported removing #B from the ordinance or this item could be tabled.

Councilmember Emdee agreed but said the idea is to have representation from all the different stakeholders in the area and this is lost when taken away from the leaseholders.

Waterfront and Economic Development Director Stephen Proud stated this is a referral made to determine whether HAPLA had standing and not specifically called out as part of the ordinance. He believed the list was not vetted by the Pier Association and was submitted by the King Harbor Association, but a discussion has not taken place yet due to COVID.

Mayor Brand suggested representation from the Harbor and Pier Lessees.

Councilmember Emdee supported some kind of representation and supported the lessees submit names.

City Attorney Webb stated the City will reach out to the Harbor and Pier Master Lessees, each submitting no more than three names to the Mayor by July 31 and the Mayor would pick any of the names. He said if there is a total of less than five names that qualify, it would become an at large position.

Mayor Brand called for public comment via eComment and Zoom.

Chief Deputy City Clerk Kroneberger read the following eComment comment:

Mark Hansen stated that in the past, the longtime President of the King Harbor Association, JoAnn Turk, would in consultation with the Pier Association, send the recommendation to the Mayor. He recommended vesting this duty with the KH Association, to get the representation of their leaseholders. Note that the recent President of the KH Association, Jeff Perkins, had to leave, and that probably slowed down the response.

There being no further comments, Mayor Brand closed the public comment period.

Motion by Councilmember Nehrenheim, seconded by Councilmember Horvath, to remove #B from the ordinance and make it a general appointment, that the City reach out to the Harbor and Pier Master Lessees as stated by the City Attorney, each submitting no more than three names to the Mayor by July 31 and the Mayor would pick any of the names, and if there is a total of less than five names that qualify, it would become an at large position.

Substitute Motion by Councilmember Gran, seconded by Councilmember Emdee, that the King Harbor Association, in consultation with the Pier Association, submit a list of five names total and if they submit less than five, the Mayor's appointment would become an at large position for that term.

Amended Motion carried, with the following roll call vote:

AYES: Horvath, Gran, Emdee
NOES: Nehrenheim, Loewenstein
ABSENT: None

P.3. DISCUSSION AND CONSIDERATION OF MAYOR APPOINTMENTS TO VARIOUS BOARDS AND COMMISSIONS

This item was continued.

Q. MAYOR AND COUNCIL REFERRALS TO STAFF

Motion by Councilmember Nehrenheim, seconded by Councilmember Loewenstein, to discuss investments such as Phillip Morris and other investments in the Investment Policy by the end of October. Motion carried with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran
NOES: Emdee
ABSENT: None

Motion by Councilmember Nehrenheim, seconded by Councilmember Loewenstein, to agendize a discussion item related to pursuing the public amenities in the waterfront before the Strategic Plan meeting. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

R. CLOSED SESSION – NONE

S. RECONVENE TO OPEN SESSION – NONE

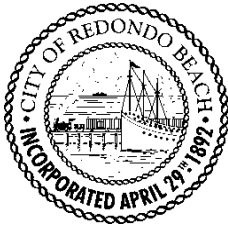
T. ADJOURNMENT: 12:55 A.M.

There being no further business to come before the City Council, Motion by Councilmember Horvath, seconded by Councilmember Loewenstein, to adjourn the meeting at 12:50 a.m., August 19, 2020 to an Adjourned Regular meeting to be held at 4:30 p.m. (Closed Session) and a Regular meeting to be held at 6:00 p.m. (Open Session) on Tuesday, September 1, 2020, in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California, via teleconference. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

Respectfully submitted,

Eleanor Manzano, City Clerk



A. CALL MEETING TO ORDER

Via teleconference, a Regular Meeting of the Redondo Beach City Council was called to order by Mayor Brand at 6:00 p.m. in the City Hall Council Chamber, 415 Diamond Street, Redondo Beach, California.

B. ROLL CALL

Councilmembers Present: Nehrenheim, Loewenstein, Horvath, Gran, Emdee, Mayor Brand
Councilmembers Absent: None
Officials Present: Eleanor Manzano, City Clerk
Joe Hoefgen, City Manager
Vickie Kroneberger, Chief Deputy City Clerk

C. SALUTE TO THE FLAG AND INVOCATION

At the request of Mayor Brand, the audience and Councilmembers rose to salute the flag followed by a moment of silence.

D. PRESENTATIONS/PROCLAMATIONS/ANNOUNCEMENTS

Councilmember Loewenstein announced his District 2 Community Meeting scheduled for October 28 from 6 to 7:30 p.m.

Councilmember Horvath reminded everyone to vote.

Councilmember Gran thanked the Public Works Department for the North Redondo Beach Bike Path maintenance and reminded everyone to vote.

Councilmember Emdee announced that tonight is the first game of the World Series for the Dodgers.

Mayor Brand stated October is Domestic Violence Month and noted Redondo Beach has a great program.

E. APPROVAL OF ORDER OF AGENDA

Mayor Brand pulled Item P.3. off the agenda.

Motion by Councilmember Horvath, seconded by Councilmember Gran, to approve the agenda with the exception of Item P.3. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

F. AGENCY RECESS: NONE

G. BLUE FOLDER ITEMS – ADDITIONAL BACK UP MATERIALS

Motion by Councilmember Emdee, seconded by Councilmember Horvath, to receive and file additional backup material for Items J.1, N.1, N.2, N.4, and H.22. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

H. CONSENT CALENDAR

H.1. APPROVE AFFIDAVIT OF POSTING FOR THE CITY COUNCIL REGULAR MEETING OF OCTOBER 20, 2020

CONTACT: ELEANOR MANZANO, CITY CLERK

H.2. APPROVE MOTION TO READ BY TITLE ONLY AND WAIVE FURTHER READING OF ALL ORDINANCES AND RESOLUTIONS LISTED ON THE AGENDA.

CONTACT: ELEANOR MANZANO, CITY CLERK

H.3. PAYROLL DEMANDS

**CHECKS 26913-26939 IN THE AMOUNT OF \$42,796.46, PD. 10/2/2020 DIRECT DEPOSIT 227482-227934 IN THE AMOUNT OF \$1,747,124.06, PD.10/2/2020
EFT/ACH \$7,477.52, PD. 10/2/2020 (PP2020)
EFT/ACH \$342,485.39, PD. 10/5/2020 (PP2020)**

ACCOUNTS PAYABLE DEMANDS

**CHECKS 96259-96474 IN THE AMOUNT OF \$3,153,358.17
EFT US BANK \$547,856.73**

CONTACT: MARNI RUHLAND, FINANCE DIRECTOR

H.4. APPROVE CONTRACTS UNDER \$35,000:

1. APPROVE SECOND AMENDMENT TO THE AGREEMENT WITH USI INSURANCE SERVICES LLC FOR INSURANCE BROKERAGE SERVICES RELATED TO THE CITY'S VISION SERVICE PLAN AT NO ADDITIONAL COST TO THE CITY FOR THE EXISTING TERM TO DECEMBER 31, 2021.

2. APPROVE AGREEMENT WITH NORSTAN COMMUNICATIONS, INC. DBA BLACK BOX NETWORK SERVICES FOR TELEPHONE SYSTEM HARDWARE AND SOFTWARE MAINTENANCE FOR AN AMOUNT NOT TO EXCEED \$31,574.14 FOR THE TERM OF NOVEMBER 1, 2020 TO OCTOBER 31, 2021.

3. APPROVE RENEWAL OF LICENSING AGREEMENT WITH KNOWBE4, INC. TO PROVIDE ONGOING SECURITY AWARENESS TRAINING FOR EMPLOYEES TO UNDERSTAND THE MECHANISMS OF SPAM, PHISHING, SPEAR PHISHING, MALWARE AND SOCIAL ENGINEERING FOR AN AMOUNT NOT TO EXCEED \$8,370 AND TO EXTEND THE TERM TO NOVEMBER 20, 2021.

4. APPROVE AGREEMENT WITH AUDIOCHECKS MOBILE HEARING AND RESPIRATORY TESTING LLC FOR FIT TESTING OF RESPIRATORY PROTECTION EQUIPMENT FOR THE POLICE DEPARTMENT FOR AN AMOUNT NOT TO EXCEED \$2,250 FOR THE TERM OF OCTOBER 20, 2020 TO JANUARY 30, 2021.

CONTACT: MARNI RUHLAND, FINANCE DIRECTOR

- H.5. EXCUSE ABSENCES OF VARIOUS COMMISSIONERS FROM VARIOUS COMMISSION MEETINGS**
CONTACT: ELEANOR MANZANO, CITY CLERK
- H.6. ADOPT BY TITLE ONLY RESOLUTION NO. CC-2010-075, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, CALLING AND GIVING NOTICE OF THE HOLDING OF AN ALL-MAILED BALLOT GENERAL MUNICIPAL ELECTION CONSOLIDATED WITH THE ELECTION OF THE BOARD OF EDUCATION OF THE REDONDO BEACH UNIFIED SCHOOL DISTRICT, TO BE HELD IN SAID CITY ON TUESDAY, MARCH 2, 2021, FOR THE ELECTION OF CERTAIN OFFICERS OF THE CITY AND MEMBERS OF THE BOARD OF EDUCATION OF SAID SCHOOL DISTRICT, AS REQUIRED BY THE PROVISIONS OF THE CHARTER OF THE CITY OF REDONDO BEACH;**
- ADOPT BY TITLE ONLY RESOLUTION NO. CC-2010-076, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO RENDER SPECIFIED SERVICES TO THE CITY RELATING TO CONDUCT AN ALL-MAILED BALLOT GENERAL MUNICIPAL ELECTION CONSOLIDATED WITH THE ELECTION OF MEMBERS TO THE BOARD OF EDUCATION OF THE REDONDO BEACH UNIFIED SCHOOL DISTRICT TO BE HELD ON TUESDAY, MARCH 2, 2021;**
- ADOPT BY TITLE ONLY RESOLUTION NO. CC-2010-077, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, ADOPTING REGULATIONS PERTAINING TO CANDIDATES' STATEMENTS SUBMITTED TO THE VOTERS AT A GENERAL MUNICIPAL ELECTION CONSOLIDATED WITH THE ELECTION OF MEMBERS TO THE BOARD OF EDUCATION OF THE REDONDO BEACH UNIFIED SCHOOL DISTRICT FOR THE ELECTION ON MARCH 2, 2021;**
AND
- APPROVE AGREEMENT WITH PRO DOCUMENT SOLUTIONS, INC. DBA PROVOTE SOLUTIONS FOR MARCH 2, 2021 GENERAL MUNICIPAL ELECTION BALLOT PRODUCTION, PRINT AND MAIL SERVICES IN AN AMOUNT NOT TO EXCEED \$90,000 FOR THE TERM OCTOBER 20, 2020 - OCTOBER 19, 2021**
CONTACT: ELEANOR MANZANO, CITY CLERK
- H.7. APPROVAL OF CONSENT TO AMENDMENT TO LEASE FOR FIVE INDIVIDUAL SUBLEASES BETWEEN RDR LIVING TRUST OF 1996, ROBERT DALE RESNICK, TRUSTEE AND:**
(1) HAWAIIAN BLENDS AND SMOOTHIES, INC., DBA BELLA GELATO;
(2) DONG KYU PARK AND SUNG EUN LEE, DBA JADE SNOW;
(3) JOOMI OH, DBA MERMAID'S DOWERY;
(4) PEGGY HIRAIZUMI, DBA KOBE PEARL; AND
(5) JAYANTHA I. DEMEL AND PARIN DEMEL AND VIVIKA BERNADETTE DEMEL AND SAMANTHA ANN DEMEL OM, DBA PIER BAKERY
CONTACT: STEPHEN PROUD, WATERFRONT AND ECONOMIC DEVELOPMENT DIRECTOR
- H.8. REGRETFULLY ACCEPT THE RESIGNATION OF COMMISSIONER JUSTIN ALMELEH FROM THE HISTORICAL COMMISSION AND AUTHORIZE THE CITY CLERK TO POST A VACANCY NOTICE**
CONTACT: ELEANOR MANZANO, CITY CLERK
- H.9. PULLED BY COUNCILMEMBER LOEWENSTEIN FOR FURTHER DISCUSSION.**
CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR

- H.10. APPROVE HISTORIC PROPERTY PRESERVATION AGREEMENT WITH MELDIA INVESTMENT REALTY OF AMERICA INC FOR THE PROPERTY LOCATED AT 224 - 226 S BROADWAY BEGINNING ON OCTOBER 20, 2020 FOR THE TERM OF TEN YEARS WITH AUTOMATIC RENEWAL EVERY YEAR THEREAFTER
CONTACT: BRANDY FORBES, COMMUNITY DEVELOPMENT DIRECTOR**
- H.11. ADOPT BY 4/5 VOTE AND BY TITLE ONLY RESOLUTION NO. CC-2010-078, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, MODIFYING THE BUDGET FOR FISCAL YEAR 2020-21 TO APPROPRIATE \$10,881 IN BUREAU OF JUSTICE ASSISTANCE FY20 EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM FUNDS

APPROVE THE AGREEMENT WITH U.S. DEPARTMENT OF JUSTICE, BUREAU OF JUSTICE ASSISTANCE FOR FY20 EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM FUNDS FOR THE AMOUNT NOT TO EXCEED \$10,881 FOR THE TERM OCTOBER 1, 2019 TO SEPTEMBER 30, 2021.
CONTACT: KEITH KAUFFMAN, CHIEF OF POLICE**
- H.12. APPROVE CONTRACT WITH VERONICA TAM & ASSOCIATES, INC. FOR CONSULTING SERVICES ASSOCIATED WITH THE HOUSING ELEMENT UPDATE AND THE PREPARATION OF AN INCLUSIONARY HOUSING ORDINANCE FOR THE TOTAL AMOUNT NOT TO EXCEED \$161,950 FOR THE TERM OF OCTOBER 20, 2020 THROUGH JUNE 30, 2022.
CONTACT: BRANDY FORBES, COMMUNITY DEVELOPMENT DIRECTOR**
- H.13. APPROVE A MEMORANDUM OF AGREEMENT BETWEEN LOS ANGELES POLICE DEPARTMENT INTERNET CRIMES AGAINST CHILDREN (ICAC) TASK FORCE AND THE REDONDO BEACH POLICE DEPARTMENT FOR THE TERM OCTOBER 20, 2020 UNTIL FEDERAL FUNDING FOR THE GRANT ENDS OR THE MOA IS CANCELLED BY EITHER PARTY UPON WRITTEN NOTICE DELIVERED TO BOTH AGENCY DIRECTORS.
CONTACT: KEITH KAUFFMAN, CHIEF OF POLICE**
- H.14. PULLED BY COUNCILMEMBER LOEWENSTEIN FOR FURTHER DISCUSSION.**
- H.15. AUTHORIZE THE EXTENSION OF THE SPECIAL EVENT PERMIT FOR RIVIERA VILLAGE ASSOCIATION WITH NEW CONDITIONS TO CONTINUE PARKLET DINING THROUGH THE WINTER SEASON
CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR**
- H.16. APPROVE AN AGREEMENT WITH BRETT DAVISON FOR LEGAL SERVICES AS NEEDED FOR THE TERM OF OCTOBER 21, 2020 UNTIL TERMINATED
CONTACT: MICHAEL W. WEBB, CITY ATTORNEY**
- H.17. INTRODUCE BY TITLE ONLY ORDINANCE NO. 3208-20 AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, AMENDING MUNICIPAL CODE ARTICLE 17 OF CHAPTER 7 TO TITLE 3 REGARDING PREFERENTIAL PARKING FEES. FOR INTRODUCTION AND FIRST READING.
CONTACT: MICHAEL W. WEBB, CITY ATTORNEY**
- H.18. ADOPT BY TITLE ONLY, RESOLUTION NO. CC-2010-079, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, APPOINTING AN ADVISORY BOARD IN CONNECTION WITH THE RIVIERA VILLAGE BUSINESS IMPROVEMENT DISTRICT AND DIRECTING THE PREPARATION OF A REPORT FOR FISCAL YEAR 2021;**

RECEIVE AND FILE THE ADVISORY BOARD'S ANNUAL REPORT FOR 2021;

ADOPT BY TITLE ONLY, RESOLUTION NO. CC-2010-080, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, APPROVING THE REPORT OF THE ADVISORY BOARD FOR FISCAL YEAR 2021 IN CONNECTION WITH THE RIVIERA VILLAGE BUSINESS IMPROVEMENT DISTRICT;

ADOPT BY TITLE ONLY, RESOLUTION NO. CC-2010-081, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DECLARING ITS INTENTION TO LEVY AN ASSESSMENT AGAINST BUSINESSES WITHIN THE RIVIERA VILLAGE BUSINESS IMPROVEMENT DISTRICT FOR FISCAL YEAR 2021 AND SETTING A TIME AND PLACE FOR HEARING OBJECTIONS THERETO; AND

SET DECEMBER 1, 2020 AT 6:00P.M. AS THE DATE AND TIME FOR THE PUBLIC HEARING ON THE LEVY OF THE PROPOSED ASSESSMENTS

CONTACT: STEPHEN PROUD, WATERFRONT AND ECONOMIC DEVELOPMENT DIRECTOR

H.19. APPROVE THE MEMORANDUM OF UNDERSTANDING BETWEEN SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES AND CITY OF REDONDO BEACH AGREEMENT #2020-030(B) FOR ENHANCED ACCESS PRIVILEGES TO DESIGNATED STAIRWELLS AND/OR STAFF ELEVATORS FOR THE DURATION OF THE PANDEMIC CAUSED BY COVID-19

CONTACT: MICHAEL W. WEBB, CITY ATTORNEY

H.20. APPROVE LICENSE AGREEMENT WITH HOUSING NETWORK, LLC D/B/A GOSECTION8.COM FOR A WEB-BASED RENT REASONABLE SYSTEM TO SUPPORT HOUSING AUTHORITY OPERATIONS IN THE AMOUNT NOT TO EXCEED \$3,000 PER YEAR AND A FIVE-YEAR TOTAL OF \$15,000 ALLOCATED FROM RESTRICTED SECTION 8 CARES ACT HOUSING ADMINISTRATION FUNDS FOR THE TERM OCTOBER 20, 2020 THROUGH JUNE 30, 2025

CONTACT: JOHN LA ROCK, COMMUNITY SERVICES DIRECTOR

H.21. APPROVE THE RESPONSE LETTER TO THE LOS ANGELES COUNTY GRAND JURY'S REPORT ENTITLED "A DIET FOR LANDFILLS: CUTTING DOWN ON FOOD WASTE.

CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR

H.22. PULLED BY COUNCILMEMBER NEHRENHEIM FOR FURTHER DISCUSSION.

H.23. PULLED BY COUNCILMEMBER GRAN FOR FURTHER DISCUSSION.

Mayor Brand called for public comment via eComment and Zoom.

Chief Deputy City Clerk Vickie Kroneberger read the following comments via eComment:

Eugene Solomon addressed item H.16 and asked for clarification of the search process for the hiring of the attorney. He also suggested selecting an attorney more geographically desirable.

There being no further comments, Mayor Brand closed the public comment period.

Motion by Councilmember Horvath, seconded by Councilmember Loewenstein, to approve Consent Calendar items H.1 through H.23 with the exclusion of H.9, H.14, H.22, and H.23. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee

NOES: None
ABSENT: None

City Clerk Eleanor Manzano read all Ordinances and Resolutions by title only which were included on the Consent Calendar.

I. EXCLUDED CONSENT CALENDAR ITEMS

H.9. RECEIVE AND FILE A STATUS REPORT ON THE CITY'S REQUEST TO REDUCE THE NUMBER OF TRANSIENT VESSEL MOORINGS FROM THE MAIN HARBOR CHANNEL CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR

In response to Councilmember Loewenstein, Public Works Director Semaan gave a report on the transient vessel moorings and said they were installed at the request from the state division from Boating and Waterways at \$25K which have been costly to maintain and only used on average only about 6%. He also said staff has heard back from the state regarding any reductions or credits which will be analyzed and brought back to the Harbor Commission and City Council.

Mayor Brand called for public comment via eComment and Zoom.

Chief Deputy City Clerk Vickie Kroneberger read the following comments via eComment:

Maricela Guillermo supported reducing the number of transient vessel moorings and keeping the area clean.

There being no further comments, Mayor Brand closed the public comment period.

Motion by Councilmember Loewenstein, seconded by Councilmember Horvath, to receive and file a status report on the City's request to reduce the number of transient vessel moorings from the main harbor channel. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

H.14. APPROVE PLANS AND SPECIFICATIONS FOR 190TH STREET KING HARBOR ENTRY SIGN AND PEDESTRIAN SIGNAL IMPROVEMENTS PROJECT, JOB NO. 10160/41200 AND AUTHORIZE THE CITY CLERK TO ADVERTISE THE PROJECT FOR COMPETITIVE BIDS CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR

In response to Councilmember Loewenstein, Public Works Director Semaan believed the project should be completed sometime next summer and asked to move the project forward and look for bids.

Mayor Brand called for public comment via eComment and Zoom. There being no comments, Mayor Brand closed the public comment period.

Motion by Councilmember Loewenstein, seconded by Councilmember Horvath, to approve plans and specifications for 190th Street King Harbor entry sign and pedestrian signal improvements project, Job No. 10160/41200 and authorize the City Clerk to advertise the project for competitive bids. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

**H.22. AUTHORIZATION TO PREPARE AND FILE AN APPEAL OF THE CITY OF REDONDO BEACH'S 6TH CYCLE REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) ALLOCATION OF 2,483 UNITS FROM THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG)
CONTACT: BRANDY FORBES, COMMUNITY DEVELOPMENT DIRECTOR**

Councilmember Nehrenheim asked about clarification of appealing the number and the study being the major components of the appeal. Community Development Director Brandy Forbes gave a report and stated the study has been included in the appeal which is a major component for consideration. She believed 419 units are to be considered unless the state number is revised. She also said she has no information regarding people moving to more rural areas.

Veronica Tam, Veronica Tam and Associates, gave a report and stated most communities are having difficulty with addressing this issue with limited opportunities and also said timing for litigation is difficult. She also said the appeal process itself does not provide a certainty of outcome, and also did not believe that HCD agreed with the double counting. She further said the deadline for the appeal is October 26, 2020.

In response to Councilmember Nehrenheim, Ms. Tam reviewed the Irving case.

City Attorney Webb suggested a referral to staff regarding a discussion on the Irving case with options open to Council.

Mayor Brand called for public comment via eComment and Zoom.

Chief Deputy City Clerk Vickie Kroneberger read the following comments via eComment:

Maricela Guillermo supported the appeal, noted that Redondo Beach is built out and required open spaces are needed. She also requested opposition by Council on any housing bill to Sacramento eliminating single family zoning.

There being no further comments, Mayor Brand closed the public comment period.

Motion by Councilmember Nehrenheim, seconded by Councilmember Loewenstein, to authorize to prepare and file an appeal of the City of Redondo Beach's 6th Cycle Regional Housing Needs Assessment (RHNA) allocation of 2,483 units from the Southern California Association of Governments (SCAG). Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

**H.23. REJECT ALL BIDS FOR THE GRANT AVENUE SIGNAL IMPROVEMENT PROJECT, JOB NO. 41090; AUTHORIZE THE USE OF PROJECT FUNDS TO PURCHASE TRAFFIC SIGNAL POLES AND RELATED EQUIPMENT; AND DIRECT STAFF TO RE-BID CONSTRUCTION OF THE REVISED PROJECT WITH ADDITIONAL FUNDING FROM THE TRAFFIC SIGNAL COMMUNICATION AND NETWORK SYSTEM PROJECT, JOB No. 41280
CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR**

Councilmember Gran asked for an update on the Grant Avenue Signal Improvement Project. Public Works Director Semaan gave a report and reviewed the project. He said the bids came in significantly higher than budget, and Metro has allowed moving forward with the project with the use of Measure M Funds and the budget funds to complete the project. He also reviewed the staff recommendation, and said the delay will be less than a year.

Mayor Brand called for public comment via eComment and Zoom. There being no comments, Mayor Brand closed the public comment period.

Motion by Councilmember Gran, seconded by Councilmember Emdee, to reject all bids for the Grant Avenue Signal Improvement Project, Job No. 41090; authorize the use of project funds to purchase traffic signal poles and related equipment; and direct staff to re-bid construction of the revised project with additional funding from the Traffic Signal Communications and Network System Project, Job No. 41280. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

J. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

Mayor Brand called for public comment via eComment and Zoom.

Barbara Epstein advocated for community gardens and asked Council to include this on the Strategic Planning process next week and direct staff to assist in selecting a site for their gardens.

Chief Deputy City Clerk Vickie Kroneberger read the following comments via eComment:

Brianna Egan, District 1, spoke on an initiative and their entity to establish the first community garden for Redondo Beach. She reviewed their proposal and supported green space and community involvement. She asked they be included in the Strategic Plan.

Mara Lang requested support for a community garden for Redondo Beach, reviewed their proposal and organization.

Dr. CM Chantal Toporow asked for support for the Redondo Beach Community Gardens efforts and reviewed the benefits.

Wayne Craig asked that the apron for the Reed family be addressed.

There being no further comments, Mayor Brand closed the public comment period.

K. EX PARTE COMMUNICATIONS – NONE

L. PUBLIC HEARINGS - NONE

M. ITEMS CONTINUED FROM PREVIOUS AGENDAS – NONE

N. ITEMS FOR DISCUSSION PRIOR TO ACTION

N.1. DISCUSSION AND POSSIBLE ACTION TO PROVIDE DIRECTION REGARDING DEVELOPMENT OF SKATING FACILITIES AT PAD 10 (FORMER OCTAGON BUILDING SITE) AND PERRY PARK

CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR

Vince Onel, Spohn Ranch Skateparks, gave a report and discussed the following:

- Visibility
- Accessibility

- Design Canvas
- Barriers to “Shovel-Ready”
- Amenities & Infrastructure
- Impact to Surrounding Environment
- Schematic Design
- Costs
- Timeline
- Summary Analysis

City Engineer Andy Winje discussed the following:

- Staff recommendation
- Next steps
- Perry Park and Pad 10 to move forward

Mayor Brand supported the proposal and taking a step in finding something that can work.

David Bernier discussed the following:

- Access to the park
- Limit skaters in the park
- Emergency response access
- Multiuse of the park
- Pushing items back against the wall to create more open space
- Aesthetics of the design
- Involve Public Art Commission
- \$25K in the Police Foundation account – earmarked for the skatepark/projects

Councilmember Loewenstein referred to the site analysis, reviewed noise issues and believed there shouldn't be a noise obstruction. He also recommended rail replacement around and above the park, noted a lot of public outreach has taken place and supported moving forward.

Councilmember Loewenstein pointed out that other elements could be added later.

In response to Councilmember Gran, Mr. Onel stated the truncated domes could be strategically placed in the correct locations to avoid skateboards. He also said the skateboards are not conducive on the asphalt, and also noted a stage territory is being pursued.

Councilmember Nehrenheim noted support from the Harbor Commission and he supported the park moving forward which will be popular year-round, bringing in another crowd.

Mayor Brand called for public comment via eComment and Zoom.

Rashel Mereness expressed concern with reducing community members at Parcel 10, increasing the danger to pedestrians, noted other events taking place in the area, safety issues from skateboards and suggested the truncated domes at International Boardwalk.

Mr. Onel said there will be new locations for the tables and supported concerts in the area which will be a non-skating night, and also supported eliminating safety concerns.

Zein Obagi Jr. supported the Perry Park design and approval.

Ilya Klinger thanked Council for moving forward with Perry Park which will be a great improvement but noted parking is limited.

Chief Deputy City Clerk Vickie Kroneberger read the following comments via eComment:

Maricela Guillermo supported green areas in the harbor such as Parcel 10 and suggested delegating the skatepark only at Perry Park.

Brianna Egan, District 1, supported the skateparks and also suggested approval of community gardens as well.

Lezlie Campeggi supported a skateboard park at Pad 10 along with mitigation and also addressing bicycle riders in the same area as well. She also opposed impacting more residential areas and supported leaving more green space at Perry Park.

Councilmember Loewenstein supported having a skatepark in South Redondo and North Redondo which is why two are proposed. He also supported moving forward with no delays.

There being no further comments, Mayor Brand closed the public comment period.

Motion by Councilmember Loewenstein, seconded by Councilmember Gran, to look at a design build process and to move forward with both Parcel 10, contingent on receive \$25K from the Police Foundation and Perry Park.

Friendly Amendment by Councilmember Emdee to state “conditional outside funding up to the amount of \$25K.” Councilmembers Loewenstein and Gran accepted the Friendly Amendment.

Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

N.2. DISCUSSION AND POSSIBLE ACTION REGARDING THE IMPLEMENTATION STATUS OF THE SOUTH BAY BICYCLE MASTER PLAN AND OPPORTUNITIES FOR INSTALLATION OF PROTECTED BIKE LANES IN THE CITY
CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR

City Engineer Andy Winje gave a presentation and discussed the following:

- Background and History
- Purpose
- Benefits
- SBBMP Existing and proposed Facilities
- Completed Facilities proposed by SBBMP
- Completed, in progress and on hold facilities proposed by SBBMP
- Work to Date
- Recommendation

Nicole Jules, Consulting Traffic Engineer, gave a presentation and discussed the following:

- Public Right of Way – Use of Space
- 6 Essential ROW Functions
- Competing Interests
- Major Arterial + Class III
- Major Arterial + Class II

- Major Arterial + Class IV
- Secondary Arterial + Class III
- Secondary Arterial + Class II
- Secondary Arterial + Class IV
- Collector Roadway + Class III
- Collector Roadway + Class II
- Collector Roadway + Class IV

Councilmember Loewenstein asked why the project has taken two decades to complete, expressed concern with a disjointed bike path at Catalina and Beryl, suggested the bike lanes be striped and painted, expressed concern with Redondo Beach having the highest mortality rate of the beach cities in the area for bicyclists, supported having a bike lane which is safer, and recommended this item be revisited at the Strategic Plan next week.

Councilmember Horvath supported striping of the bike lanes and the City being more bicycle friendly, supported being more creative and pushing back on some of the guidelines, pointed out that narrower lanes force drivers to drive slower, suggested putting in more protective features, supported Class IV which has delineation, suggested a Class II on the inside and separating with a protection of a parking lane, expressed concern with having a Class III on a major arterial with a 15-foot lane shared with the cyclist and car, observed that people want to be outdoors in a beach cities environment, and supported mobility.

In response to Councilmember Nehrenheim, City Engineer Winje referred to the to do list on Palos Verdes Boulevard and explained the configuration and status. He also referred to complete streets and said a road diet and getting rid of a lane to accommodate the bike lanes and other modes of transportation could be done. He also said there are three projects in design on arterials which each include the green paint on the transition areas and intersection areas.

Councilmember Nehrenheim also asked about flipping the sidewalk, bicycle lane, parked cars and vehicle lane configuration. Public Works Director Semaan stated this will be looked at to make sure it complies with the standards. He also reviewed the PCH and bicycle lane configuration.

Councilmember Nehrenheim thanked staff for the bike parking spots which are being used.

Councilmember Loewenstein noted people are changing their mode of transportation which he believed are long lasting trends and supported getting people out of their cars. He also suggested using reflectors to use as center dividers and delineation.

Public Works Director Semaan gave a staff report and direction from Council regarding the SBBMP.

In response to Mayor Brand regarding the status of Torrance Boulevard, City Engineer Winje said this is in design currently and noted a review for Council with any changes will be presented. Public Works Director Semaan supported being creative, and all lane modifications will be considered, but noted the biggest challenge is at PCH.

Councilmember Horvath informed of a grant from Cal Trans called the Local Travel Network creating a slow speed network through cities.

Mayor Brand called for public comment via Zoom and eComments.

Jacqueline Sun, Beach Cities Health District, supported moving forward with the SBBMP and added safety into the streets. She also gave a report on the increase in bike ridership.

Jim Hannon commented on the staff bikeway evaluation, noted a 33% increase in ridership over the last year in the beach cities, stated Redondo Beach has been identified as the second most dangerous place to ride a bike in the eight coastal communities in the South Bay and 70% higher in bike collisions. He also noted 6,000 children complete a youth pedestrian and bicycle education program and supported giving the children a safe place to ride their bikes. He supported safety and healthy activities, noted a nominal cost to the City with painting and requested that the BMP gets integrated into the 3 to 5-year plan option 3 multimodal objectives.

Ilya Klinger suggested connecting the bike path from the Galleria to the pier, and making the streets smaller, providing more room for bike lanes and slowing traffic.

Christopher Maloney supported the plan and bicycling, supported Classes II and IV, suggested the consideration of the major arterials east and west to and from the beach, low income workers in and out of the City and their parking needs, electric bikes and a pilot for a one-sided street (cycle cross).

Chief Deputy City Clerk Vickie Kroneberger read the following comments via eComment:

Grace Peng reviewed the pandemic and impacts, road collisions, Artesia/Aviation being the most dangerous area in the City, reviewed having safe streets throughout the community, active mobility benefits and having less cars.

Lara Duke supported adding bike lanes and Class II for exercise and running errands.

There being no further comments, Mayor Brand closed the public comment period.

Motion by Councilmember Nehrenheim, seconded by Councilmember Loewenstein, to receive and file the report and to include Council comments and direction. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

N.3. DISCUSSION AND POSSIBLE ACTION REGARDING REPORT ON REGIONAL WATER QUALITY CONTROL BOARD'S SETTLEMENT OFFER FOR ALLEGED 2016, 2017, 2018 & 2019 PERMIT WATER QUALITY VIOLATIONS
CONTACT: TED SEMAAN, PUBLIC WORKS DIRECTOR

Civil Engineer Geraldine Trivedi gave a background and discussed the following:

- No reporting requirements this year
- New permit 2017 for discharge
- Samples taken
- Add chlorine and take it out
- Very little treatment
- System is very aged
- Violations
- May 2018 – settlement offer – fine \$66K
- City contested
- Heard back and had a meeting – results requested a formal request
- Sent letter September 2019 requesting modifications to the permit
- Chlorine limit be reviewed
- March 2020 received a letter – total fine \$285K
- Cannot determine where metals are coming from
- Chlorine and bacteria violations

- Oil, grease, mercury violations
- City Council direction – response to settlement offer
- Request a supplemental environmental project be approved
- October 2019 – Council approved a contract with Pace Environmental to look at operations of the Lagoon
- Study – implementing a closed loop system – recirculate the water
- Use fine amount to hire Pace
- Supplemental Environmental System
- Unknown if this would be approved

City Attorney Webb explained the SEP and direction to staff, asking all of it be used and waive the right to hearing subject to approval.

Councilmember Horvath supported the SEP method but asked if it would be worth going a different route.

City Attorney Webb stated the Regional Water Board feels very restricted with what they can and cannot do and if the City exceeds the number, it's a fine. He also said nothing is done that puts mercury in the system.

Councilmember Nehrenheim also supported future planning with the money and showing the Board it's a regional facility.

Mayor Brand called for public comment via Zoom and eComments.

Zein Obagi Jr. suggested considering offering shutting down the Seaside Lagoon from March 2020 to January 2021 to allow for more time to look for and try another system.

City Attorney Webb stated the only way the City can escape getting fined is not operating until a closed system is obtained.

There being no further comments, Mayor Brand closed the public comment period.

Motion by Councilmember Horvath, seconded by Councilmember Gran, to direct staff to pursue an SEP as part of a settlement offer and a full usage of the funding, being a regional amenity that serves disadvantaged individuals. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
 NOES: None
 ABSENT: None

N.4. ADDITIONAL DISCUSSION AND POSSIBLE FURTHER DIRECTION TO STAFF REGARDING PALLET SHELTER TEMPORARY TRANSITIONAL HOUSING
CONTACT: MICHAEL W. WEBB, CITY ATTORNEY

City Attorney Webb gave a report and discussed the following:

- Homeless Court
- Transient related crimes have decreased
- Homeless concerns have decreased
- Can we pay for this without outside grant funding?
- Concerns about 24/7 security
- Concerns about the amount of the contingency
- Reserved up to \$300K of CDBG grant funds
- October meeting – Board of Supervisors approved unanimously setting aside enough for the budget for ongoing costs

- If contingency is fully needed, Council would need to come up with an additional \$75K
- Council will need to approve a location in order to come up with the final documents
- Site selection
- Programs with pluses and minuses
- City of Bellflower site, San Clemente site and Venice site and lawsuits
- Tent – must be taken down everyday
- Enforcement – last resort
- Meeting tomorrow with LA County – next steps
- Money in budget available to feed people in the shelter
- Problem will only be solved if each city and area does its part

Mayor Brand pointed out that the homeless problem will not go away and will continue to increase. He said different cities are taking different approaches and legal issues from either side. He noted cities are taking an individual approach and something has to be done in Redondo. He thanked everyone that's been involved and said there is a great team of professionals behind the scenes.

Councilmember Emdee noted a concern is becoming a magnet once opened but said there would be some kind of rule that has a connection to Redondo Beach.

City Attorney Webb said going forward, trading could take place with what works.

Councilmember Emdee asked about wraparound services. City Attorney Webb said there will be 24/7 resident aid available, addiction and mental health counseling. He noted a path to enforcement and said most of the homeless are individuals and will be small and only meals will be provided to the residents of the property.

Councilmember Emdee asked about mistakes made from Venice.

Lila Omura spoke on the following:

- Venice larger crisis bridge unit
- Same model as in San Pedro
- Concerns in Venice – new homeless encampment popped up on the same block as the large crisis bridge housing development
- Not operating at capacity
- San Pedro Beacon Street Crisis Bridge Housing – no encampments – open since July
- LAPD – cuts in funding

Councilmember Emdee supported a multi-prong approach and putting in ordinances that can be defended and help enforcement/mitigate any problems.

Councilmember Gran supported being on a path to allow for enforcement and being tied with homeless court. He suggested looking at projects to allow for changes and supported being able to shut it down if necessary, looking at different site options. He also noted a number of items that have to be worked on together, no one wants this in their neighborhood, suggested looking at a pilot program addressing issues quickly and finding the best solution for a temporary housing shelter, and getting past the fact that people don't want it near them.

Councilmember Gran also suggested considering the Seaside Lagoon site which will be locked down with COVID at least until March, the facility is ready to go, there are no homes in the vicinity, there is a bus line available, the homeless court is within walking distance, there are no businesses in the immediate vicinity, restaurants are in the process of closing, people will be kept behind the closed gates, the facility is already fenced and has bathrooms, expansion could take place, can be used four to five months before the normal

time the Lagoon will open up, the City knows the area, do as a pilot, could move to Kingsdale, and could be looked at as a stepped approach.

Councilmember Loewenstein suggested an ordinance to keep camping a certain distance from residential areas. City Attorney Webb said this could become restricted, forcing it into certain pockets within the City, leading to lawsuits and unintended consequences, but it can be reviewed.

In response to Councilmember Loewenstein, City Attorney Webb stated people in the pallet housing have to work with the housing advisor. He also said the difficulty has been getting people housing ready.

Councilmember Loewenstein noted an issue at Seaside Lagoon to include a number of houses in the area along with residents on their boats, businesses being nearby, and being near the hotels. He read a letter regarding homeless impacts and a loss of revenue from the surrounding hotels if the homeless encampment were put in the area. He also did not support Aviation Park as well and believed the only option is the Kingsdale location. He also expressed concern with impacts to the residents and supported privacy.

Councilmember Gran also said there are a number of residents equally opposed to the Kingsdale location and believed the Seaside Lagoon may be the best location for now.

Councilmember Nehrenheim suggested having 5 or 6 campers allowed to bring in their own equipment in addition to the 15 people in the shelters. City Attorney Webb said storage will have to be provided when going to homeless court. He also spoke on the meals provided but aired on the side of keeping the homeless inside as much as possible. He also spoke on a location in the Coastal Zone, and said a motion is needed for which site to allow for documents to be prepared.

Councilmember Emdee did not think Council will come up with a consensus on a location, reviewed her concerns and believed one should be located in both districts.

Motion by Councilmember Horvath, seconded by Councilmember Emdee, to receive and file and waive the reading of the comments via eComment. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee

NOES: None

ABSENT: None

Mayor Brand called for public comment via Zoom and eComment.

Brian Novak questioned what happens with overflow conversations and how are they accounted for, and recommended looking to solve the problem, creating mechanisms to give an exact prescription for an exact need in the facilities. He also said buffer zones are key for the overflow.

Kim Isaacs supported the unhoused people who need a place to live and said she would be in support of living near them and helping them.

Janelle Scales supported the unhoused community and being protected from the residents and her children helping them.

Tony Hart, Lanakila Outrigger Canoe Club on Mole B, stated any facility in the area would have to be taken down in case of an emergency, access would be needed for the emergency vehicles, and the Coastal Commission may require a boat ramp as well.

Scott Behrendt thanked staff for their help on this issue, referred to the Bellflower shelter and enforcement of the camping ordinance, stated residency restrictions are essential to its success, Whittier shelter also has

a residency requirement and camping ordinance, and stated San Clemente's homeless population decreased dramatically after the introduction of a designated camping spot. He suggested combining a designated camping site or place restrictions on camping, and a Coastal Development Permit could be considered.

John Calcagnini agreed with Councilmember Gran regarding using the Seaside Lagoon, stated a lot of the homeless population is already residing near the pier, the location is not near neighborhoods and there are bus lines. He also said the hotel industry has not been affected in Santa Monica and the Moonstone Park is a similar proximity. He also referred to the Venice example and said building shelters draw more of a problem with more loitering and warned not rushing into this item.

Sabrina Kiser supported the unhoused neighbors and noted the City is dense and it is difficult to find a good location. She also expressed concern with sending people back into the streets when they have been sheltered. She further said it is difficult to move the unhoused from city to city, noted people complaining about the homeless and said this is a chance to do something about it.

Lee Coller, Redondo Beach, stated he has a boat in the marina and opposed placing a shelter at Seaside Lagoon or Mole B. He said there is a park currently and putting in a homeless shelter would remove it. He also believed a shelter in that location would not be consistent with the Coastal Commission and pointed out that Moonstone Park is an emergency helicopter pad.

Phillip Jay stated he has been a boatowner in the King Harbor since the 1960's and opposed the project being located at Moonstone Park, supported Council's thoughtful approach, and said the project needs to be in the correct location. He said the harbor is the center of the City and proposing a homeless encampment in a park is a step in the wrong direction. He noted the park gets a lot of use and a homeless shelter would be incompatible with the area and recreational uses and did not support taking a park away from the citizens.

Zein Obagi, Jr. commended the Council and staff for helping with this issue but did not support rushing into it. He suggested bringing in the homeless officer as described in the citizens academy, and questioned if people would use the shelters, or attracting more than the City can handle.

Ronson Chu, Flagler and Clark, thanked Council for taking on this issue, supported having courage and helping homeless neighbors, offered a tour on other sites which blend into the community, and referred to the Venice example and San Pedro site which do not cause a problem.

Jeff Busch did not support rushing into this and did not see a clear plan or measurable goal. He suggested starting with a goal and working backwards.

Jodi Masters supported the unhoused population and did not see a safety issue, supported having a goal, supported creating a model we can all be proud of, stated the project is not going away and is a good opportunity.

Mark Hansen requested rejecting Moonstone Park and the Seaside Lagoon as potential sites for homeless shelters which are on the State Tidelands with an obligation to encourage low cost recreational boating. He also said the shelters would negatively impact numerous slip tenants. He said the breakwater and homeless shelters would increase injuries and drug use and the marine weather would encourage congregation inside the small shelters encouraging the spread of COVID 19. He said the waterfront is a crown jewel in the City and expressed concern with impacts to the businesses and the Master Plan, new boat ramp, and suggested using the expertise of the Harbor Commission and Recreation and Parks Commissions before going forward with any decisions.

Michael Garlan, District 3, suggested reading the comments in eComment and supported including everyone's input. He suggested looking for a suitable location outside of the City such as unused parking spaces at the Harbor Gateway Transit Center. He also said homeless problems are a regional issue.

Robbie Yrigoyen suggested more time to avoid lawsuits and to find the right location. She also said the harbor and Moonstone park is a family area and is not the place for people with a possible drug addiction. She supported helping the homeless but agreed the waterfront is not the right location. She also said there are many vacant facilities and rehab facilities that have infrastructure in place and willing to help.

Dennis Oellers stated he has a liveaboard in the harbor and did not support a homeless site 100 yards from his home. He also stated the area needs to get revived rather than having a blight in the middle of the harbor. He also said many of the homeless bring in dangerous conditions and suggested helping them such as at a facility.

There being no further comments, Mayor Brand closed the public comment period.

Councilmember Horvath noted rushing concerns and advised people to look at the Homeless Plan with strategies, believed the City is a model in the South Bay helping the homeless, and said this is just a first step as transitional housing. He supported more affordable and permanent housing in the City, and said the measurable goal is to continue to help people, noted concerns with stress and anxiety taking place right now, reviewed the statistics of the homeless, reviewed Project Room Key and the process to get people to accept services, and did not see this item as a rush which is an emergency and need. He also noted a team effort and working on a regional level, and all the cities are trying to work on this issue. He further noted the enhanced pilot project and helping people in one location will help expedite a more permanent situation. He said staff is constantly looking for funding sources for the homeless and pointed out that the programs and strategies have a direct impact on the quality of life for the residents. He referred to the Seaside Lagoon which is an interesting suggestion, and said he didn't have an issue with Moonstone Park or Kingsdale. He supported having something in both North and South Redondo, and believed if it is managed right, there will not be a problem. He believed that Moonstone Park has been underutilized for some time and supported this 13-month plan moving forward tonight.

Councilmember Gran said that something needs to be done, suggested a compromise or setting up the program so that it is successful, having the ability to take care of any variables, taking this as a proof of concept and that it works. He suggested looking at this in two different phases to include handling the residents coming out of Project Room Key, consider the Seaside Lagoon site for six months, consider the Kingsdale site, and a six month start of the program.

Public Works Director Semaan stated the site grades are not amenable at Kingsdale and there is no access available onto the site.

Councilmember Nehrenheim summarized Moonstone Park which is an actual cost and directly on the water, and stated the pallets would not be protective enough with the elements and weather. He also said Moonstone Park is a helicopter landing pad and LA County Fire Department uses it all the time. He also pointed out that there are no grocery stores close by for people with Cal Cards. He stated the Kingsdale location has great access to freeways and other service locations and suggested looking at Dominguez Park near the Public Works Yard which is away from residential. He also pointed out that the City is spending \$700K on the project voluntarily and being proactive.

Councilmember Emdee stated Dominguez Park is right by residential and noted Moonstone Park is a mile away from residential but questioned if the pallet housing would be able to withstand the weather. She said the waterfront areas won't be as impactful right now due to COVID for six months which can be moved over to Kingsdale over the second seven months. She also said Kingsdale is close to residential.

City Attorney Webb stated four votes will be needed to allow for a budget modification.

Councilmember Horvath asked how the locations were chosen. Public Works Director Semaan stated sites were being considered that were readily available with minimal prep work.

Councilmember Loewenstein expressed concern with impacts to the liveaboard residents in the harbor from Moonstone Park. He also pointed out that the Kingsdale site borders on a railroad track and cemetery and houses are out of view and suggested it be considered.

Councilmember Nehrenheim stated this is not a wedge issue between North and South Redondo and said it is impossible to find a location that is out of sight, out of mind. He expressed concern with homeless people living on the street in both North and South Redondo and supported creating a good location that is the least impactful to the residential. He did not support Moonstone Park as being an appropriate site location due to lack of available services and the weather elements, and supported Kingsdale being a good location.

Councilmember Horvath pointed out that wedge issue is heard a lot from the North Redondo residents, agreed that Moonstone Park elements would be impactful, and supported the compromised approach but also supported a 4-1 or 5-0 tonight.

Councilmember Gran stated the motion is a compromise and stated there is nothing going on at the Seaside Lagoon currently for the first six months, and supported getting the program running and started.

Mayor Brand opposed Moonstone Park as a consideration which is busy with residents and activities and the weather is bad. He stated using the Seaside Lagoon for six months would foreclose on many items with impacts to the hotels and residents. He also believed the Verizon site is the best spot which is more of an industrial area.

Motion by Loewenstein, seconded by Councilmember Nehrenheim, to consider the Kingsdale location near Verizon for the first six months and consider new sites after six months or terminate the program.

Amended Motion by Councilmember Gran, seconded by Emdee, to designate the Seaside Lagoon for the first six months of the program and Kingsdale as the second seven months.

Amended Motion failed with the following roll call vote:

AYES: Gran, Emdee
NOES: Nehrenheim, Loewenstein, Horvath
ABSENT: None

Original Motion carried with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath
NOES: Gran, Emdee
ABSENT: None

Councilmember Loewenstein noted concerns regarding Moonstone Park.

Councilmember Gran supported a compromise but stated the motion is backwards, and suggested supporting a facility in the harbor area first since the City is currently under lockdown.

Councilmember Horvath believed the best site all around is Kingsdale but expressed concern with an abrupt halt in six months and believed that 13 months would have a much more dramatic effect.

City Manager Hoefgen stated there is no funding available to move the facility at this time.

Motion by Councilmember Emdee, seconded by Councilmember Nehrenheim, to have the facility for six months at Kingsdale and then move it to Moonstone Park for six months and if it can't be moved, to shut the program down. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee

NOES: None

ABSENT: None

O. CITY MANAGER ITEMS

City Manager Hoefgen stated that the City facilitator for the Strategic Planning Retreat will be reaching out to the Councilmembers for input.

P. MAYOR AND COUNCIL ITEMS

P.1. DISCUSSION AND POSSIBLE ACTION REGARDING NOMINATION FORMS RELATING TO THE CODE OF FAIR CAMPAIGN PRACTICES IN CONSIDERATION OF ADDING THE PLEDGE OF POSITIVE CAMPAIGNING

City Clerk Manzano gave a report and discussed the Fair Campaign Practices provided to all candidates and Pledge of Positive Campaigning.

Councilmember Gran supported voting on a positive note and expressed concern with negative campaigning in the City. He supported signing the Pledge of Positive Campaigning which should be part of the package. He also said Council is responsible for the people that support them.

Councilmember Nehrenheim asked about personal lawsuits, personal attacks, and asked if this could be enforced.

Councilmember Gran noted lawsuits are part of the problems and supported getting to positive campaigns, being a step in the right direction.

Councilmember Nehrenheim asked how this would be defined.

Mayor Brand questioned what is considered positive or negative campaigning which can be based on interpretation.

Mayor Brand called for public comment via Zoom and eComments. There being no comments, Mayor Brand closed the public comment period.

Motion by Councilmember Horvath, seconded by Councilmember Loewenstein to add the Pledge of Positive Campaigning form to the nomination papers. Motion passed with the following roll call vote:

AYES: Loewenstein, Horvath, Gran

NOES: Nehrenheim, Emdee

ABSENT: None

[Mayor Brand vetoed the Council action by letter;10/22/2020]

P.2. CONSIDERATION AND APPROVAL OF APPOINTMENTS TO FILL THE YOUTH MEMBERS OF THE REDONDO BEACH YOUTH COMMISSION FOR 2020-2021

Mayor Brand called for public comment via Zoom and eComment. There being no comments, Mayor Brand closed the public comment period.

Motion by Councilmember Horvath, seconded by Councilmember Gran, to approve appointments to fill the Youth Members of the Redondo Beach Youth Commission for 2020-2021. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

P.3. DISCUSSION AND CONSIDERATION OF MAYOR'S APPOINTMENT TO FILL AN UNSCHEDULED VACANCY ON THE PLANNING COMMISSION AND APPOINTMENT TO THE PRESERVATION COMMISSION

This item was continued to a future Council meeting.

Q. MAYOR AND COUNCIL REFERRALS TO STAFF

Councilmember Loewenstein noted complaints about mosquitos which should be addressed with Vector Control. He also suggested that community gardens be reviewed and also suggested that Council provide a brief biography letter about themselves.

Motion by Councilmember Loewenstein, seconded by Councilmember Gran, to request staff to come back with a report from Vector Control about the mosquito population. Motion carried, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran
NOES: Emdee
ABSENT: None

Councilmember Gran asked about the status of the Cannabis Task Force. City Manager Hoefgen stated this will be an objective carrying forward into the next Strategic Plan.

Mayor Brand asked about the status of the inclusionary zoning for affordable housing. City Manager Hoefgen stated this should come back on November 17, 2020.

In response to Councilmember Loewenstein regarding the Reed's apron, Councilmember Nehrenheim stated a meeting is to take place with himself, staff and the Mayor.

R. CLOSED SESSION – NONE

S. RECONVENE TO OPEN SESSION – NONE

T. ADJOURNMENT: 1:40 a.m.

T.1. ADJOURN IN MEMORY OF PABLO & TERESA URISTA, PARENTS OF CITY EMPLOYEE JAVIER URISTA

T.2. ADJOURN IN MEMORY OF COLE MICHAEL KEENER, BROTHER OF CITY EMPLOYEE RYAN TUCKER

T.3. ADJOURN IN MEMORY OF PAUL CONNOLLY, FORMER REDONDO BEACH CITY MANAGER

T.4. ADJOURN IN MEMORY OF AL ARIZMENDEZ, REDONDO BEACH COMMISSIONER

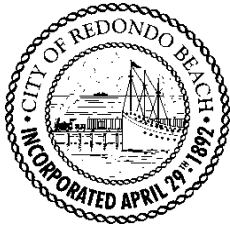
T.5. ADJOURN IN MEMORY OF AMINA KHATUN, SISTER OF CITY EMPLOYEE DIDAR KHANDKER

There being no further business to come before the City Council, Motion by Councilmember Emdee, seconded by Councilmember Loewenstein, to adjourn the meeting at 1:40 a.m., October 21, 2020 to an Adjourned Regular meeting to be held at 1:00 p.m. (Strategic Planning Session) on Thursday, October 29, 2020, in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California, via teleconference. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

Respectfully submitted,

Eleanor Manzano, City Clerk



A. CALL MEETING TO ORDER

Via teleconference, a Regular Meeting of the Redondo Beach City Council was called to order by Mayor Brand at 1:00 p.m. in the City Hall Council Chamber, 415 Diamond Street, Redondo Beach, California.

B. ROLL CALL

Councilmembers Present: Nehrenheim, Loewenstein, Horvath, Gran, Emdee, Mayor Brand
Councilmembers Absent: None
Officials Present: Eleanor Manzano, City Clerk
Joe Hoefgen, City Manager
Vickie Kroneberger, Chief Deputy City Clerk

C. SALUTE TO THE FLAG AND INVOCATION

At the request of Mayor Brand, the audience and Councilmembers rose to salute the flag followed by a moment of silence.

D. PRESENTATIONS/PROCLAMATIONS/ANNOUNCEMENTS

Councilmember Nehrenheim encouraged everyone to vote.

Councilmember Loewenstein announced his Community Meeting that took place last night, and announced that the Planning Commission is taking recommendations on the Municipal Code Updates related to zoning/planning and Residential Design Guidelines.

Councilmember Gran encouraged everyone to vote and noted an opening available on the Planning Commission for District 5.

Mayor Brand announced Domestic Violence Month with services available in Redondo Beach.

E. APPROVAL OF ORDER OF AGENDA

Motion by Councilmember Nehrenheim, seconded by Councilmember Loewenstein, to approve the agenda and to move Item N2 prior to N1. Motion failed, with the following roll call vote:

AYES: Nehrenheim, Loewenstein
NOES: Horvath, Gran, Emdee
ABSENT: None

Motion by Councilmember Horvath, seconded by Councilmember Gran, to approve the agenda as presented. Motion carried, with the following roll call vote:

AYES: Horvath, Gran, Emdee
NOES: Nehrenheim, Loewenstein
ABSENT: None

F. AGENCY RECESS: NONE

G. BLUE FOLDER ITEMS – ADDITIONAL BACK UP MATERIALS

Motion by Councilmember Emdee, seconded by Councilmember Horvath, to receive and file additional backup material for Items N1, N2 and P1. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

H. CONSENT CALENDAR

H.1. APPROVE AFFIDAVITS OF POSTING FOR THE CITY COUNCIL ADJOURNED REGULAR MEETING AND POSTING OF THE REVISED AGENDA OF THE ADJOURNED REGULAR MEETING OF OCTOBER 29, 2020

CONTACT: ELEANOR MANZANO, CITY CLERK

H.2. APPROVE MOTION TO READ BY TITLE ONLY AND WAIVE FURTHER READING OF ALL ORDINANCES AND RESOLUTIONS LISTED ON THE AGENDA.

CONTACT: ELEANOR MANZANO, CITY CLERK

Mayor Brand called for public comment via eComment and Zoom. There being no comments, Mayor Brand closed the public comment period.

Motion by Councilmember Emdee, seconded by Councilmember Gran, to approve Consent Calendar items H.1 and H.2 Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee
NOES: None
ABSENT: None

I. EXCLUDED CONSENT CALENDAR ITEMS – NONE

J. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

Mayor Brand called for public comment via eComment and Zoom. There being no comments, Mayor Brand closed the public comment period.

K. EX PARTE COMMUNICATIONS – NONE

L. PUBLIC HEARINGS - NONE

M. ITEMS CONTINUED FROM PREVIOUS AGENDAS – NONE

N. ITEMS FOR DISCUSSION PRIOR TO ACTION

N.1. DISCUSSION AND POSSIBLE ACTION REGARDING THE CITY OF REDONDO BEACH CITY COUNCIL STRATEGIC PLAN MISSION, VISION, VALUES, GOALS, AND OBJECTIVES

Mayor Brand called for public comment via eComment and Zoom.

Jim Hannon, South Bay Bicycle Coalition, stated the cycling community is expanding with a need to accommodate new modes of transportation, supported the City's multimodal objectives, asked the City to include the Bicycle Master Plan and Beach Cities Living Streets Design Manual into the micro-mobility objectives, asked that the painting on the ground be included within the resurfacing project along with bicycle parking and signage, stated the CIP projects are underway, and suggested looking at large Class I Lane projects within a ten year period. He supported Safe Routes to School, and walking and bicycle routes connecting the neighborhood, and thanked Council for making the City more healthy and active.

Sheila Lamb stated great communities are partnerships of the government, private sector, community based organizations, and residents geographically connected, reviewed the nine faucets, and encouraged Council to include community engagement goals for the next six month plan and ten year plan. She said the Police Department is leading the way by establishing a community engagement committee which can be one of the goals or from other departments. She said the skateboard plan and community garden plan are excellent examples of resident-generated community improvements.

Mara Lane thanked Council for including the expansion of the urban tree canopy and enacting a tree ordinance on the ten year goals and supported a tree city USA for the City. She also suggested creating a Tree Canopy Committee made up of community members discussing the tree ordinance and other matters involving planting trees and community outreach.

Mark Hansen noted the hard work of the Harbor Commission regarding recommendations for short term, mid term and long term goals, and supported carrying over a location for the white sea bass facility and options for a boat ramp. He also referred to the three to five year goals regarding a plan for Mole B.

Motion by Councilmember Gran, seconded by Councilmember Loewenstein, to extend Mr. Hansen's time. Motion carried unanimously.

Mr. Hansen also supported zero depth entry at the hand launch, mast up dry storage, and to extend the southeastern break wall.

Chief Deputy City Clerk Vickie Kroneberger read the following comments via eComment:

Deidre Brand referred to the South Bay Park Land Conservancy and supported a tree ordinance and appropriate tree canopy in the City. She suggested forming a subcommittee addressing this issue.

There being no further comments, Mayor Brand closed the public comment period.

City Manager Hoefgen gave a report and said the focus today is the three year goals that fit within the ten year goals.

Facilitator Kathleen Terry spoke on the following:

- Redondo Beach City Council Strategic Planning Session – Shaping Our Future
- Ten year goals - develop three year goals and six month objectives
- Virtual meeting challenges
- Technical check – microphone/video, chat, providing input, Department heads video
- Building consensus – one thumb at a time – reaching an agreement
- Mission/Vision
- Redondo Beach City Core Values
- Where we were/where we are now
- Ten Year Goals (2016-2019)
- Three Year Goals (2016-2019)
- 10 Year Goals October 13, 2020
- Status Review of six month objectives (October-April 2020)
- Agenda for Evening
- Goals and Objectives
- Suggested Process
- Three Year Goals
 - Modernize City Communications Systems: Done
 - Revised Modernize City Communications Systems

- IT Director Chris Benson, Finance Director Marni Ruhland and Community Development Director Brandy Forbes gave a report and discussed the revised modernize City Communications Systems
 - In response to Councilmember Nehrenheim, IT Director Chris Benson gave a report on staffing issues.
 - In the response to Councilmember Loewenstein, IT Director Chris Benson clarified the SB fiber network
 - Vitalize the Waterfront, Artesia Corridor, Riviera Village and South Bay Galleria
 - Councilmember Loewenstein asked when the water filling stations would be completed. Public Works Director Semaan stated the City applied for grant and received the funding, and noted a process of installing.
 - Assess, prioritize, and plan for park/open space acquisition and for reconstruction of major City facilities and infrastructure
 - In response to Mayor Brand regarding the Wyland Mural Archiving, Community Services Director John La Rock stated that the Public Art Commission will provide input.
 - Ensure sustainability, livability, and health by completing the General Plan update and by implementing environmentally responsible programs
 - Mayor Brand asked about the regional housing needs allocation and appealing. Community Development Director Forbes explained that this is ongoing.
 - Maintain a high level of public safety with public engagement
 - Chief Kauffman gave an update on the RCC quote.
 - Councilmember Loewenstein stated the Fire Department review with a third party should not be listed as done.
 - Other Objectives
 - Followup on Moss Adams Internal Controls Recommendations
 - Creating Our New Three Year Goals
 - What are your goals for the next 3 years
 - The Process
 - 10 year Goals
 - Past three year goals (2016-2019)
-

Community Development:

- Need to be moving on AACAP aspects and revisiting every 6-12 months
- Need to revisit CAP as well
- Create a draft plan for increasing canopy in near and long term
- Revise code to require that new businesses install bike rack parking OR contribute to fund to accomplish that
- Finalize allowances/limits/regulations for potential cannabis retail operation
- Budget-willing - explore improving / enhancing code enforcement

Public Works

- Advocate at state level for vehicle code flexibility for 20mph residential speed limit
- Create some policies to help alleviate so many traffic calming requests. Possibly look into edge line striping on certain roadways automatically? Possibly also create more 1 way streets in NRB?
- Begin signal sync plan for major arterials in concert with surrounding cities
- Municipal Broadband - study potential ways the city can invest / finance and then leverage the SBFN to offer greater services to residents and businesses as well as own the underlying infrastructure.
- Invest in laying conduit on arterials and collectors within the parkways / require analysis?

- Explore modification of curb alignments in RV and on Artesia
- Restroom Facility upgrades in parks / public spaces
- Solar at city facilities
- Clean up muni code related to purchase & acquisition process

Community Services

- Examine ADU evolution as strategy for our Section 8 program
- Need action by LA County related to Beach Bike Path to create separate Pedestrian lanes
- ADA mat for beach access to water
- Explore alternative non-fixed route solutions for local transit / micro-transit
- Partner with BCHD on Streets For All Educational safety component

Economic Development / Infrastructure

- Artesia - code amendments / forward steps for implementation
- Parking studies for both Artesia and RV
- CEQA reviews if necessary?
- Advocate with CA Coastal Commission re: RV parking restrictions
- Online electronic service improvements for city
- Cannabis sales tax?
- Begin exploring trial projects in NRB related to reimagining the neighborhoods

IT

- Staffing and Resources study of IT - need a better functional analysis (as part of succession planning)
- Focus on leveraging SBFN and using any existing infrastructure

Safety

- Look at Public Safety as a whole - what is the future of our Public Safety services
- Explore newer models for service(s) including standalone and combo/cross trained models
- Reconsider no-host ordinance
- Continue Homelessness Strategies and push for expansion of Measure H guidelines to include flexibility for local government / public safety aspects
- Improve drone program and look for other creative applications with other departments
- Conduct an Audit / evaluation of FD (much like we did with PD)

Library

- Should we look into privatizing or using LA County services to expand?

DISCUSSION OF THE THREE YEAR GOALS:

1. Ensure Long-Term Financial Sustainability through Robust Economic Development, Public Infrastructure Investments and Other Strategies.

1. Leasing of the waterfront site
2. Infrastructure improvements, including getting street PCIs above 75, park improvements and expansions (along with deferred maintenance), Move forward Public Amenities Plan i.e. review the options for Seaside Lagoon and other aquatic facilities, Artesia walk streets, skateparks, city facility renovations and construction
3. Implementation of AACAP next steps
 - i. Community engagement regarding South Bay Galleria use of impact fee funding
 - ii. Bring back a report examining the best funding mechanisms for Artesia and Galleria area (EIFD, CFD, BIS, Parking Districts, etc).
4. Finalize allowances/limits/regulations for potential cannabis retail operation and explore options re: local cannabis sales tax
5. Expand usage of broadband for government and residents and business/commerce (SBFN) - Provide status update on SBFN
 - i. Begin signal sync plan for major arterials in concert with surrounding cities
 - ii. Municipal Broadband - study potential ways the city can invest /finance and then leverage the SBFN to offer greater services to residents and businesses as well as own the underlying infrastructure.
 - iii. Invest in laying conduit on arterials and collectors within the parkways/require analysis?
 - iv. Private as well, including 5G
6. Explore modification of curb alignments in Riviera Village (e.g. permanent outdoor dining).
7. Parking study for both Riviera Village, and Coastal Commission dialogue re: coastal parking restrictions.

2. Ensure Environmental Sustainability, Livability, Public Health & Safety by evaluating all policy and operational decisions through the lens of a Climate Emergency.

1. City facilities powered by renewable energy either through investment in solar or Clean Power Alliance
2. Increase tree canopy and tree planting to combat heat island effect/tree ordinance
3. Analyze urban forestation plan for Redondo Beach (i.e. plant palette)
4. Establishment and completion of plan for city water saving measures
 - i. 3-Year: Engage West Basin and Galleria to create plan for recycled water usage at Galleria and North Redondo Beach
 - ii. 1-Year: Re-Engage West Basin and other entities to find recycled water grants
5. Report on status of Climate Action Plan initiatives
6. Work with LA County to implement ADA mat for beach access to water
7. Partner with BCHD on Streets for All Educational safety component
8. Begin exploring trial projects in NRB related to reimagining the neighborhoods
9. Identify sites for Community Gardens

3. Enact an Enhanced Multi-modal Mobility & Connectivity Plan

1. Completion of X% of South Bay Bicycle Plan by 2025, and where appropriate eliminate unattainable tasks
 - i. 3-Year: Engage Galleria to fund study to extend NRB Bike Path to the Galleria.
 - ii. 1-year goal: Extend NRB Bike Path to Inglewood
 - iii. Need action by LA County related to Beach Bike Path to create separate Pedestrian lanes
2. Review the City's Living Streets Policy and consider strengthening it to help alleviate traffic calming requests.
 - i. Making neighborhoods measurably much safer for pedestrians; Reduce pedestrian injuries and fatalities by X%.

- ii. Create some policies to help alleviate so many traffic calming requests. Possibly look into edge line striping on certain roadways automatically? Possibly also create more 1 way streets in NRB?
 - iii. Begin signal sync plan for major arterials in concert with surrounding cities
3. Increase the number of charging stations for electric vehicle infrastructure grid by X %
 4. Provide a report on the possibility of revising the code to require that new businesses install bike rack parking OR contribute funding to accomplish that.
 5. Advocate at state level for vehicle code flexibility for 20 mph residential speed limit
 6. Explore alternative non-fixed route solutions for local transit / micro-transit (PLACEHOLDER - CH to expand)
- 4. Create and Execute innovative and cost-effective Public Safety, Health/Well Being and Quality of Life Policy Initiatives**
1. Completion of studies for joining the RCC
 2. Explore shared South Bay Fires Services
 3. Review the City's current Emergency Response Plan, including CERT
 4. Report on status of Public Safety operations and have conversation about its future. (e.g Explore newer models for service(s) including standalone and combo/cross trained models)
 5. Explore ability to contract with LA County or other to provide stroke and mental health services
 6. Reconsider no-host ordinance
 7. Continue Homelessness Strategies and push for expansion of Measure H guidelines to include flexibility for local government / public safety aspects
 8. Expand drone program and look for other creative applications with other departments
 9. Revisit the BRR on FD assessment options
- 5. Streamline Governmental Processes with Improved Efficiency, Resilience, Responsiveness, Transparency & Accessibility**
1. All public facing city services moved to online services (where possible) to cut back on inefficiency and to improve service (i.e. permits, licenses)
 2. Review and updating of outdated and ambiguous city ordinances
 3. Revisit the report to increase code enforcement capabilities through either full or part time assistance
 4. Provide a report for options for either privatizing or using LA County to provide library services in order to achieve savings and/or services.
 5. Provide a report on options for completing a Staffing and Resources study of the IT department
 6. Update muni code related to purchase & acquisition process
 7. 1-Year: Provide a report for options to Create a Business Friendly "Plan Concierge" service for Planning Department.
 8. Provide a report on the process to amend the Charter.
- 6. Create Long-Term Planning, Housing & Equity Policies that preserve or enhance future quality of life for ALL residents**
1. Determine if ADUs can be used as housing for our Section 8 Program
 2. 1-Year: Conclude the GPAC process, get to General Plan Update vote and passage
 3. Fight the state on housing policies that will destroy local authority on zoning decisions.
 4. Develop inclusionary housing policies to fight the rising rents and housing prices

Recess: 3:45 p.m.

Reconvene: 3:55 p.m.

Mayor Brand called for public comment via eComment and Zoom.

Barbara Epstein requested community gardens be included for the next six months of strategic planning including the Community Gardens Committee and tree canopies.

Motion by Councilmember Loewenstein, seconded by Councilmember Gran, to extend Ms. Epstein's time. Motion carried unanimously.

Ms. Epstein also requested including connectivity for bike paths and urban trails.

Chief Deputy City Clerk Vickie Kroneberger read the following comment via eComment:

Mark Nelson discussed the BCHD and CPRA responses incapable of tracking program costs. He suggested the City provide no funding unless the City is willing to step in as a fiduciary for the taxpayer funds.

There being no further comments, Mayor Brand closed the public comment period.

Motion by Councilmember Loewenstein, seconded by Councilmember Emdee, to continue this item to April 27 at 3 p.m. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee

NOES: None

ABSENT: None

N.2. DISCUSSION AND POSSIBLE ACTION TO DIRECT STAFF TO EVALUATE THE SEA LAB PROPERTY AT 1021 N. HARBOR DRIVE AS A POSSIBLE ALTERNATIVE SITE FOR PALLET SHELTER TEMPORARY TRANSITIONAL HOUSING.

City Manager Hoefgen gave a report and discussed the following:

- Potential site for Pallet Shelter Transitional Housing
- County funding availability and CARES Act Fund
- 13-month operation program – 15 units
- Timing restraints regarding county funding
- Direction needed tonight

City Attorney Webb discussed the following:

- County okay with Council direction regarding discretion to end program at any time
- County moved deadline up - properties have to be occupied with at least one individual by December 30
- Money allocated will only cover nine months of the program but believed money can be found for additional four months per Supervisor Han
- Fire cannot identify an alternative site for emergency helicopter landing – Moonstone Park cannot be recommended
- Mr. Leo Pustilnikov, owner at Sea Lab, indicated the City can enter into an agreement for the first six to nine months
- Looked at City control locations

Councilmember Loewenstein believed the City isn't ready for this program, noting North and South Redondo impacts and City division issues, people not wanting it in their neighborhood, and also not being able to talk to the landowner.

Motion by Councilmember Loewenstein to table this and the directive from the October 20 meeting to make the Kingsdale location for six months and Moonstone Park for six months afterwards and to look for alternative locations outside the City. Motion failed with no second.

Mayor Brand noted a unanimous vote last week, questioned the ownership of the Sea Lab, noted impacts taking place such as the homeless living on park strips, and stated there is no good site.

Councilmember Horvath stated there will never be a good time for this, and noted people feel strongly both ways. He pointed out that Council focuses on ensuring public safety, public health and quality of life, trying to prevent issues from ever coming to the City, noted there is an issue and the City is working on it proactively. He supported the ability to shut it down if it doesn't work out, he did not believe there is division, stated there is really no good site, and suggested trying it out and seeing how it works. He also said he is open to exploring the program at the Sea Lab as a start and did not support tabling this item.

In response to Mayor Brand, Public Works Director Semaan stated Public Works needs to do a site prep first and a timeframe is unknown at this time, and time for the Kingsdale site is getting very constraint. He also said the pallet unit availability is still unknown, noting there are many variables.

Mr. Leo Pustilnikov reviewed the ownership being a sole member LLC, and the 25,000 square feet is a dirt lot in the SW corner of the site which is available and is ready to go. He also explained there was no deal for \$2M per acre and the City did not sign any agreement for this, and pointed out the proposed site should be ready to go in the next month. He also explained that there were many nonbinding letters.

Councilmember Gran supported the pilot program moving forward, and supported Kingsdale for six months, said he reached out to Mr. Leo Pustilnikov and suggested looking at the site. However, the project solves only one small piece for the homeless. He also thanked Mr. Pustilnikov for offering the site.

In response to Councilmember Nehrenheim, Mr. Pustilnikov said he is willing to provide ½ acre of land for a temporary emergency homeless shelter. He also said the City needs to provide him indemnification and insurance.

Councilmember Nehrenheim supported moving forward with the project.

Mayor Brand called for public comment via eComment and Zoom.

Ronson Chu noted many residents support the shelters but do not attend Council meetings, noted the shelters will make the homeless issues more safe, and supported the program moving forward.

Zein Obagi Jr. expressed concern with Mr. Pustilnikov not respecting the Mayor and did not support the City working with him for this project, noted support from Supervisor Hahn, and supported the Mayor and Councilmembers leadership and addressing concerns and accommodations.

Dennis Oellers supported a six-month agreement which will allow time to investigate other possibilities, stated the Sea Lab site is on the bike path which will be impactive and said it's an inappropriate location.

Mark Hansen thanked Mr. Pustilnikov for making the outreach, sponsoring the boat parade and free space for the waterfront education program. He did not support a homeless shelter in the waterfront or at the Sea Lab, noted the marine layer and weather issue, King Harbor Youth Foundation presented a letter of concern, and suggested referring this to the Harbor Commission for their input.

There being no further public comments, Mayor Brand closed the public comment period.

Motion by Councilmember Nehrenheim to use the Kingsdale site for the first six months and look elsewhere afterwards including the Sea Lab location, Beach Cities Health District, and any other locations. Motion failed with no second.

Councilmember Emdee stated Council is just asking staff to look at the sites and then Council can make a decision. She also said there has always been a divide between north and south and said 40% want to do something, 40% don't and 20% "not in my backyard." She suggested looking at all the different options at this point.

Motion by Councilmember Emdee, seconded by Councilmember Gran, to direct staff to evaluate the Sea Lab property at 1021 N. Harbor Drive as a possible alternative site for pallet shelter temporary transitional housing.

Public Works Director Semaan and City Attorney Webb reviewed the security for the site.

Councilmember Loewenstein did not support the location which is not big enough and expressed concern with impacts to residents.

City Manager Hoefgen pointed out that a 4/5 budget resolution will be needed to appropriate the funds to make the program work.

City Attorney Webb reviewed all documents that will come back to Council on the 10th or 17th.

Motion carried with the following roll call vote:

AYES: Nehrenheim, Horvath, Gran, Emdee

NOES: Loewenstein

ABSENT: None

O. ADJOURNMENT: 7:40 p.m.

There being no further business to come before the City Council, Motion by Councilmember Emdee, seconded by Councilmember Loewenstein, to adjourn the meeting at 7:40 p.m. to an Adjourned Regular meeting to be held at 4:30 p.m. (Closed Session) and a Regular meeting to be held at 6:00 p.m. (Open Session) on Tuesday, November 10, 2020, in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California, via teleconference. Motion carried unanimously, with the following roll call vote:

AYES: Nehrenheim, Loewenstein, Horvath, Gran, Emdee

NOES: None

ABSENT: None

Respectfully submitted,

Eleanor Manzano, City Clerk



Administrative Report

H.4., File # 21-2274

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL
From: MARNI RUHLAND, FINANCE DIRECTOR

TITLE

PAYROLL DEMANDS

CHECKS 27238-27268 IN THE AMOUNT OF \$51,749.53, PD. 03/19/2021
DIRECT DEPOSIT 232986-233459 IN THE AMOUNT OF \$1,893,696.44, PD.03/19/2021
EFT/ACH \$6,925.49, PD. 03/19/2021 (PP2106)
EFT/ACH \$354,550.68, PD. 03/18/2021 (PP2106)

ACCOUNTS PAYABLE DEMANDS

CHECKS 98275-98436 IN THE AMOUNT OF \$2,103,473.66
EFT BARINGS MULTIFAMILY CAPITAL \$222,981.00
DIRECT DEPOSIT 100004630-100004736, \$100,363.25, PD. 4/1/2021

EXECUTIVE SUMMARY

Approval of Payroll and Accounts Payable

ATTACHMENTS

04062021_RECOMMENDATION_TO_APPROVE
04062021_VENDOR_INVOICE_LIST

**RECOMMENDATION TO APPROVE
PAYROLL AND ACCOUNTS PAYABLE
COUNCIL MEETING APRIL 6, 2021**

a. Payroll Demands

- Checks 27238-27268, \$51,749.53, Pd.03/19/2021
- Direct Deposit 232986-233459, \$1,893,696.44, Pd.03/19/2021
- EFT/ACH \$6,925.49, Pd.03/19/2021 (PP2106)
- EFT/ACH \$354,550.68, Pd.03/18/2021 (PP2106)

b. Accounts Payable Demands

- Checks 98275-98436, \$2,103,473.66
- EFT Barings Multifamily Capital \$222,981.00
- Direct Deposit 100004630-100004736, \$100,363.25, Pd. 4/1/2021

I hereby approve and authorize for payment the above demands.

Joe Hoefgen
City Manager

CITY OF REDONDO BEACH



VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
4 1736 FAMILY CRISIS CENTER										
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CHECK DATE: 04/06/2021										
11012020		03/09/2021	10256546	04062021	98275	928.00	04/06/2021	INV	PD	CDBG NOV 2020
CHECK DATE: 04/06/2021										
122020		03/09/2021	10256547	04062021	98275	182.00	03/09/2021	INV	PD	CDBG DEC 2020
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012021		03/09/2021	10256548	04062021	98275	875.00	03/09/2021	INV	PD	CDBG - JAN 2021
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45 ACCO ENGINEERED SYSTEMS INC										
20056805		03/16/2021	10256742	04062021	98276	2,743.00	03/16/2021	INV	PD	CITY MANAGER'S AC UNIT AT
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20052352		03/16/2021	10256743	04062021	98276	873.00	03/16/2021	INV	PD	FS2 A/C UNIT RESET
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56 ACTION BLUEPRINT										
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5820 ADMINISURE										
14041		03/15/2021	10256832	04062021	98278	12,200.00	03/22/2021	INV	PD	GL & WC APRIL 2021
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12200 AGA ENGINEERS, INC.										
02150-IN 4977		02/28/2021	10256702	04062021	98279	1,665.00	04/06/2021	INV	PD	On-CallContract.KingHarbo
CHECK DATE: 04/06/2021										
134 ALTEC INDUSTRIES, INC.										
11592565		03/18/2021	10256847	04062021	98280	600.20	03/18/2021	INV	PD	WO350 FILTERS FOR CARNE T
CHECK DATE: 04/06/2021										
144 AMERICAN CITY PEST CONTROL INC.										
542872		03/11/2021	10256618	04062021	98281	64.00	03/11/2021	INV	PD	PARKS YARD BAIT STATIONS
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542875		03/11/2021	10256619	04062021	98281	48.00	03/11/2021	INV	PD	PARKS YARD BAIT STATIONS
CHECK DATE: 04/06/2021										
540120		03/11/2021	10256620	04062021	98281	68.00	03/11/2021	INV	PD	101 TORR BLVD BAIT STATIO
CHECK DATE: 04/06/2021										
540141		03/11/2021	10256621	04062021	98281	200.50	03/11/2021	INV	PD	101 TORR BLVD PEST CONTR
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545390		03/11/2021	10256622	04062021	98281	47.50	03/11/2021	INV	PD	280 MARINA WAY PEST CONTR
CHECK DATE: 04/06/2021										
545389		03/11/2021	10256624	04062021	98281	47.50	03/11/2021	INV	PD	280 MARINA WAY BAIT STATI
CHECK DATE: 04/06/2021										

VENDOR INVOICE LIST

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544487		03/11/2021	10256783	04062021	98281	52.00	03/11/2021	INV	PD	PD WAREHOUSE PEST CONTROL
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544488		03/11/2021	10256785	04062021	98281	52.00	03/11/2021	INV	PD	PD WAREHOUSE BAIT STATION
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545867		03/11/2021	10256777	04062021	98281	42.50	03/11/2021	INV	PD	TEEN SC BAIT STATIONS 3/9
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545862		03/11/2021	10256780	04062021	98281	25.50	03/11/2021	INV	PD	PERRY SC BAIT STATIONS 3/
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543374		03/11/2021	10256758	04062021	98281	93.50	03/11/2021	INV	PD	VET SC PEST AND BAIT CONT
CHECK DATE: 04/06/2021										
543366		03/11/2021	10256759	04062021	98281	102.00	03/11/2021	INV	PD	100 TORR BLVD BAIT STATIO
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546467		03/11/2021	10256772	04062021	98281	58.50	03/11/2021	INV	PD	SCOUT HOUSES PEST CONTROL
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546469		03/11/2021	10256773	04062021	98281	42.50	03/11/2021	INV	PD	SCOUT HOUSES BAIT STATION
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4157 AMERON POLE PRODUCTS, INC.						1,439.50				
118690		03/17/2021	10256824	04062021	98282	3,280.97	03/17/2021	INV	PD	TC DAMAGE IN PARKING LOT
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4280 AMIRICORP										
313733151526		03/30/2021	10257187	04062021	98283	40.00	03/30/2021	INV	PD	BUSINESS LICENSE REFUND
CHECK DATE: 04/06/2021										
193 ANGEL'S SANDBLASTING										
PERMIT # E-2020-147		08/06/2020	10256732	04062021	98284	295.00	04/06/2021	INV	PD	Refund Permit # E-2020-14
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8624 ARTHUR J. GALLAGHER & CO.										
3700521		12/30/2020	10256833	04062021	98285	187.86	03/22/2021	INV	PD	Additional Premiums 19/20
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3700619		12/30/2020	10256834	04062021	98286	63.54	03/22/2021	INV	PD	Additional Premiums 18/19
CHECK DATE: 04/06/2021										

CITY OF REDONDO BEACH



VENDOR INVOICE LIST

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04022021-9447		03/16/2021	10256717	04062021	98287	59.60	03/16/2021	INV	PD	MONTHLY SERVICE
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8045 AVALON ROOFING, INC.										
3467	5187	03/11/2021	10256766	04062021	98288	50,000.00	03/11/2021	INV	PD	MORRELL HOUSE ROOF REPLAC
CHECK DATE:	04/06/2021									
12319 BADAWY, MICHAEL										
2507RalstonRefund		03/19/2021	10256889	04062021	98289	3,000.00	03/19/2021	INV	PD	Demo Refund for 2507 Rals
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291 BAKER & TAYLOR										
2035794473		03/09/2021	10256796	04062021	98290	37.65	03/17/2021	INV	PD	BOOKS
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2035807163		03/09/2021	10256797	04062021	98290	768.60	03/17/2021	INV	PD	BOOKS
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H54570670		03/09/2021	10256799	04062021	98290	32.84	03/17/2021	INV	PD	AUDIOVISUAL MATERIALS
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2035827458		03/08/2021	10256800	04062021	98290	112.24	03/17/2021	INV	PD	BOOKS
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H54516700		03/05/2021	10256801	04062021	98290	16.42	03/17/2021	INV	PD	AUDIOVISUAL MATERIAL
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H54493630		03/03/2021	10256802	04062021	98290	20.51	03/17/2021	INV	PD	AUDIOVISUAL MATERIAL
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H54445760		03/02/2021	10256803	04062021	98290	65.63	03/17/2021	INV	PD	AUDIOVISUAL MATERIAL
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2035812447		03/01/2021	10256804	04062021	98290	38.63	03/17/2021	INV	PD	BOOKS
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2035807045		03/01/2021	10256805	04062021	98290	316.72	03/17/2021	INV	PD	BOOKS
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2035832138		03/10/2021	10257000	04062021	98290	60.07	03/19/2021	INV	PD	BOOKS
CHECK DATE:	04/06/2021									
						1,525.68				
384 BILL'S SOUND SYSTEMS, INC.										
38537		03/15/2021	10256688	04062021	98291	442.00	03/15/2021	INV	PD	ALTAVISTA FIRETEST/INSPEC

VENDOR INVOICE LIST

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CHECK DATE: 04/06/2021										
						338.22				
3121 BLUE DIAMOND										
2132090		03/11/2021	10256615	04062021	98293	620.40	03/11/2021	INV	PD	STREETS SHEET ASPHALT
CHECK DATE: 04/06/2021										
2137118		03/11/2021	10256791	04062021	98293	382.57	03/11/2021	INV	PD	STREETS SHEET ASPHALT
CHECK DATE: 04/06/2021										
						1,002.97				
10417 BPR, INC.										
20189164	4836	03/17/2021	10256789	04062021	98294	100,498.29	03/17/2021	INV	PD	SIDEWALK GRINDING SERVICE
CHECK DATE: 04/06/2021										
12363 BROWN, CHANTILLY										
PERMIT # E-2020-29		05/06/2020	10256740	04062021	98295	583.00	04/06/2021	INV	PD	Refund Permit # E-2020-29
CHECK DATE: 04/06/2021										
4075 CALIFA GROUP										
4387		03/11/2021	10256806	04062021	98296	4,986.23	03/17/2021	INV	PD	ELECTRONIC RESOURCES
CHECK DATE: 04/06/2021										
4343		03/05/2021	10256808	04062021	98296	3,242.58	03/17/2021	INV	PD	CENIC BROADBAND
CHECK DATE: 04/06/2021										
						8,228.81				
577 CALIFORNIA WATER SERVICE										
9779295077030121		03/17/2021	10256814	04062021	98297	19,017.33	03/17/2021	INV	PD	9779295077 03/01/2021
CHECK DATE: 04/06/2021										
8810 CANON SOLUTIONS AMERICA, INC.										
4035531913		03/16/2021	10256720	04062021	98298	32.26	03/16/2021	INV	PD	MAINTENANCE COPIER
CHECK DATE: 04/06/2021										
4035531915		03/16/2021	10256721	04062021	98298	51.90	03/16/2021	INV	PD	MAINTENANCE COPIER
CHECK DATE: 04/06/2021										
4035531912		03/16/2021	10256722	04062021	98298	204.87	03/16/2021	INV	PD	MAINTENANCE COPIER
CHECK DATE: 04/06/2021										
4035531917		03/16/2021	10256724	04062021	98298	15.69	03/16/2021	INV	PD	MAINTENANCE COPIER
CHECK DATE: 04/06/2021										
4035531914		03/16/2021	10256725	04062021	98298	21.54	03/16/2021	INV	PD	MAINTENANCE COPIER
CHECK DATE: 04/06/2021										
4035531916		03/16/2021	10256727	04062021	98299	111.31	03/16/2021	INV	PD	MAINTENANCE COPIER
CHECK DATE: 04/06/2021										

CITY OF REDONDO BEACH



VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
621 CASNER, CRAIG						437.57				
PERMIT # E-2020-57		06/01/2020	10256730	04062021	98300	444.00	04/06/2021	INV	PD	Refund Permit #E-2020-57,
CHECK DATE: 04/06/2021										
705 CITY OF REDONDO BEACH										
03/12/2021		03/12/2021	10256831	04062021	98301	53,176.60	03/22/2021	INV	PD	WC 3/1/2021-3/12/2021 #10
CHECK DATE: 04/06/2021										
03192021		03/19/2021	10257130	04062021	98302	70.07	03/21/2021	INV	PD	PETTY CASH REPLENISHMENT
CHECK DATE: 04/06/2021										
725 CLEAN ENERGY						53,246.67				
CE12374889	5033	03/12/2021	10256663	04062021	98303	14,052.73	03/12/2021	INV	PD	LAX & TORRANCE CNG USAGE
CHECK DATE: 04/06/2021										
729 CLEARY, DIANE										
7157		02/23/2021	10256861	04062021	98304	1,050.00	03/18/2021	INV	PD	CITY COUNCIL MEETINGS- 2/
CHECK DATE: 04/06/2021										
10074 CODE 5 GROUP, LLC										
3121		03/19/2021	10257031	04062021	98305	337.00	03/19/2021	INV	PD	Slap On tracker 4G Replac
CHECK DATE: 04/06/2021										
4810 COHEN, TODD										
WINTER2021		03/15/2021	10256696	04062021	98306	1,680.00	03/15/2021	INV	PD	WINTER2021 TENNIS TODD 57
CHECK DATE: 04/06/2021										
8889 COMMLINE, INC.										
0237751-IN		08/10/2020	10256868	04062021	98307	2,510.00	03/18/2021	INV	PD	Equip for Laptop Alternat
CHECK DATE: 04/06/2021										
842 COUNTY OF LOS ANGELES										
1166P		03/11/2021	10256790	04062021	98308	100.00	03/11/2021	INV	PD	FINE MISSED SIGNED STIPU
CHECK DATE: 04/06/2021										
3648 COUNTY OF L.A. DEPT. OF PUBLIC WORKS										
IN210000682		03/11/2021	10256787	04062021	98309	722.55	03/11/2021	INV	PD	TRAFF SIG AT MARINE AND R
CHECK DATE: 04/06/2021										
IN210000686		03/11/2021	10256788	04062021	98309	308.77	03/11/2021	INV	PD	TRAFF SIG @AVIATION AND M
CHECK DATE: 04/06/2021										
RE-PW-21030805065		03/17/2021	10256825	04062021	98309	8,129.47	03/17/2021	INV	PD	SHARE OF TRAFFIC SIGNAL M
CHECK DATE: 04/06/2021										

VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
						9,160.79				
12490 CREME REDONDO LLC										
CC031621CR		03/30/2021	10257198	04062021	98310	2,000.00	03/30/2021	INV	PD	COVID-19 GRANT AGREEMENT
CHECK DATE: 04/06/2021										
10855 CROWN CASTLE USA INC.										
PERMIT # E-5444		02/20/2020	10256736	04062021	98311	292.00	04/06/2021	INV	PD	Refund Permit #E-5444,Rec
CHECK DATE: 04/06/2021										
8043 D & R OFFICE WORKS INC										
0120349-IN	5124	03/21/2021	10257079	04062021	98312	15,638.63	03/21/2021	INV	PD	D&R Shelving (CARES ACT)
CHECK DATE: 04/06/2021										
954 DELL MARKETING L.P.										
10470123896		03/16/2021	10256714	04062021	98313	4,271.83	03/16/2021	INV	PD	OPTIPLEX 7080 MFF XCTO
CHECK DATE: 04/06/2021										
960 DEMCO, INC.										
6917430		03/04/2021	10257004	04062021	98314	318.90	03/19/2021	INV	PD	AUDIOVISUAL SUPPLIES
CHECK DATE: 04/06/2021										
971 DEPARTMENT OF JUSTICE										
497525		03/04/2021	10256836	04062021	98315	196.00	03/22/2021	INV	PD	LIVESCANS FEB 2021
CHECK DATE: 04/06/2021										
11884 DIAMOND ENVIRONMENTAL SERVICES LP										
0003123720		03/11/2021	10256768	04062021	98316	30.00	03/11/2021	INV	PD	KINGS DALE TEMP FENCING
CHECK DATE: 04/06/2021										
0003124072		03/11/2021	10256769	04062021	98316	129.67	03/11/2021	INV	PD	SANI ON PORTOFINO WAY 2/8
CHECK DATE: 04/06/2021										
0003130567	5129	03/17/2021	10256830	04062021	98316	46.64	03/17/2021	INV	PD	TEMPORARY POWER POLES FOR
CHECK DATE: 04/06/2021						206.31				
11965 DOGGIE WALK BAGS, INC.										
0091517-IN		03/11/2021	10256598	04062021	98317	487.27	03/11/2021	INV	PD	DOGGIE BAGS FOR DISPENSER
CHECK DATE: 04/06/2021										
10748 DOUG & SONS PEST CONTROL										
17667		03/11/2021	10256626	04062021	98318	175.00	03/11/2021	INV	PD	MAIN LIBRARY ONE TIME JOB
CHECK DATE: 04/06/2021										
17451		03/11/2021	10256627	04062021	98318	165.00	03/11/2021	INV	PD	MAIN LIBRARY BAIT STATION
CHECK DATE: 04/06/2021										

CITY OF REDONDO BEACH



VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
1055 EASY READER						340.00				
ER21031122		03/19/2021	10256888	04062021	98319	475.00	03/19/2021	INV	PD	Used Oil Recycling Ad - E
CHECK DATE: 04/06/2021										
1085 ELLIS ENVIRONMENTAL MANAGEMENT, INC.										
20-278	3717	10/09/2020	10256703	04062021	98320	7,375.50	04/06/2021	INV	PD	TransitCntr.TestL&A.Respo
CHECK DATE: 04/06/2021										
20-305	3717	11/16/2020	10256704	04062021	98320	447.50	04/06/2021	INV	PD	TransitCntr.TestL&A.Respo
CHECK DATE: 04/06/2021										
20-327	3717	11/16/2020	10256705	04062021	98320	827.50	04/06/2021	INV	PD	TransitCntr.TestL&A.Respo
CHECK DATE: 04/06/2021										
20-347	3717	12/04/2020	10256706	04062021	98320	1,493.50	04/06/2021	INV	PD	TransitCntr.TestL&A.Respo
CHECK DATE: 04/06/2021						10,144.00				
12362 ELWOOD, LESLEY										
PERMIT # E-2020-211		08/20/2020	10256739	04062021	98321	295.00	04/06/2021	INV	PD	Refund Permit #E-2020-211
CHECK DATE: 04/06/2021										
1088 EMBROIDME - REDONDO										
E 80305		03/17/2021	10256760	04062021	98322	1,559.28	03/17/2021	INV	PD	PW LOGO CAPS
CHECK DATE: 04/06/2021										
e 80983		03/19/2021	10257006	04062021	98322	162.02	03/19/2021	INV	PD	uniform shirts deckers
CHECK DATE: 04/06/2021										
e 80991		03/19/2021	10257008	04062021	98322	52.92	03/19/2021	INV	PD	uniform shirts santana
CHECK DATE: 04/06/2021										
e 80939		03/19/2021	10257009	04062021	98322	123.19	03/19/2021	INV	PD	jackets for chief,manley,
CHECK DATE: 04/06/2021										
e 81039		03/19/2021	10257015	04062021	98322	16.43	03/19/2021	INV	PD	embroider badge
CHECK DATE: 04/06/2021						1,913.84				
1099 EMPLOYMENT DEVELOPMENT DEPT										
L1457895392		03/01/2021	10256856	04062021	98323	55,399.90	03/22/2021	INV	PD	UNEMPLOYMENT INS 10/1/202
CHECK DATE: 04/06/2021										
3655 EQUIFAX INFORMATION SERVICES, LLC										
6258274		03/19/2021	10257030	04062021	98324	128.80	03/19/2021	INV	PD	Background Services
CHECK DATE: 04/06/2021										
9690 EVERBRIDGE, INC.										
M59665	4545	03/19/2021	10257036	04062021	98325	29,139.54	03/19/2021	INV	PD	Everbridge Regional Commu
CHECK DATE: 04/06/2021										
1145 EXCEL PAVING COMPANY										

CITY OF REDONDO BEACH



VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
14-26387	4769	03/23/2021	10257105	04062021	98326	194,688.74	04/06/2021	INV	PD	ResidentialStRehabCycle2P
CHECK DATE: 04/06/2021										
9987 EXCELSIOR ELEVATOR										
29197		03/11/2021	10256761	04062021	98327	720.00	03/11/2021	INV	PD	PIER ELEVATOR #2 TROUBLE
CHECK DATE: 04/06/2021										
29212		03/11/2021	10256762	04062021	98327	360.00	03/11/2021	INV	PD	PIER #3 TROUBLE CALL
CHECK DATE: 04/06/2021										
29123	5106	03/11/2021	10256767	04062021	98327	1,095.00	03/11/2021	INV	PD	PROVIDE ELEVATOR MAINTENA
CHECK DATE: 04/06/2021										
						2,175.00				
5752 FEHR AND PEERS										
144052	4955	03/11/2021	10257032	04062021	98328	737.50	04/06/2021	INV	PD	02/2021 SB743 VMT ANALYSI
CHECK DATE: 04/06/2021										
9396 FIREFIGHTERS SAFETY CENTER										
28337		03/05/2021	10256882	04062021	98329	283.53	04/06/2021	INV	PD	UNIFORM BOOTS
CHECK DATE: 04/06/2021										
1207 FIREMASTER										
0000822036		03/15/2021	10256676	04062021	98330	395.00	03/15/2021	INV	PD	HALON SYSTEM INSPECTION
CHECK DATE: 04/06/2021										
10191 FRONTIER										
03292021-1172		03/15/2021	10256677	04062021	98331	2,506.37	03/15/2021	INV	PD	41 BUSINESS LINE-MEASURED
CHECK DATE: 04/06/2021										
03252021-0830		03/15/2021	10256678	04062021	98331	109.28	03/15/2021	INV	PD	2 DDS SPECIAL ACCESS LINE
CHECK DATE: 04/06/2021										
04052021-3640		03/16/2021	10256729	04062021	98331	109.28	03/16/2021	INV	PD	2 DDS SPECIAL ACCESS LINE
CHECK DATE: 04/06/2021										
						2,724.93				
3202 GALE										
73902693		03/02/2021	10257005	04062021	98332	29.55	03/19/2021	INV	PD	BOOKS
CHECK DATE: 04/06/2021										
73903091		03/02/2021	10257007	04062021	98332	92.78	03/19/2021	INV	PD	BOOKS
CHECK DATE: 04/06/2021										
						122.33				
1289 GALLS INCORPORATED										
017744400		03/19/2021	10257011	04062021	98333	277.02	03/19/2021	INV	PD	uniforms equipment
CHECK DATE: 04/06/2021										
1300 GAS COMPANY, THE										
16503508778-0221		03/17/2021	10256807	04062021	98334	7,310.74	03/17/2021	INV	PD	CNG FUEL 2/1-3/1/21
CHECK DATE: 04/06/2021										

VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
06964443334-3-8		03/17/2021	10256812	04062021	98334	7,459.04	03/17/2021	INV	PD	301 ESPLANADE 1-29 THRU
CHECK DATE: 04/06/2021						14,769.78				
3706 GOLDEN STATE WATER										
54719000009032921		03/17/2021	10256822	04062021	98335	143.21	03/17/2021	INV	PD	54719000009 03/29/21
CHECK DATE: 04/06/2021										
11305 HARBOR INTERFAITH SERVICES										
HIS03052021	5205	03/19/2021	10257040	04062021	98336	12,603.57	03/19/2021	INV	PD	Harbor Interfaith Service
CHECK DATE: 04/06/2021										
12342 HAYLEY, DANIEL										
011521		03/09/2021	10256735	04062021	98337	40.00	03/22/2021	INV	PD	PER DIEM: FTO COURSE
CHECK DATE: 04/06/2021										
1453 HDL, COREN & CONE										
SIN007097		03/12/2021	10257129	04062021	98338	3,194.83	03/21/2021	INV	PD	CONTRACT SERVICES/AUDIT S
CHECK DATE: 04/06/2021										
12491 HERNANDEZ, JULIA										
JULIA-BOOTFY20-21		03/23/2021	10257100	04062021	98339	350.00	03/23/2021	INV	PD	SAFETY BOOTS YEARLY ALLOW
CHECK DATE: 04/06/2021										
8637 HI-WAY SAFETY, INC.										
113088		03/18/2021	10256848	04062021	98340	814.37	03/18/2021	INV	PD	W0368 REPLACED DISPLAY PA
CHECK DATE: 04/06/2021										
12340 HOLLINQUEST, DARRELL										
PKGRFDHOLLINQUEST		03/11/2021	10256596	04062021	98341	48.25	03/15/2021	INV	PD	PARKING REFUND HOLLINQUES
CHECK DATE: 04/06/2021										
3519 HUNTINGTON BEACH HONDA										
105340		03/19/2021	10257021	04062021	98342	233.25	03/19/2021	INV	PD	BIKE TIRE INSTALLATION
CHECK DATE: 04/06/2021										
1547 IMAGERY VIDEO PRODUCTIONS										
1937	5005	02/28/2021	10256860	04062021	98343	2,110.00	03/18/2021	INV	PD	VIDEO SERVICES FOR MEETIN
CHECK DATE: 04/06/2021										
1560 INDIAN CANYON LAND CORPORATION										
2122		03/19/2021	10257034	04062021	98344	200.00	03/19/2021	INV	PD	Range Rental February 202
CHECK DATE: 04/06/2021										
1619 INTERSTATE BATTERIES OF CALIF COAST, INC										

VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
130097860 CHECK DATE: 04/06/2021 7956 IPS GROUP, INC.		03/11/2021	10256617	04062021	98345	504.57	03/11/2021	INV	PD	STOCK CAR BATTERIES
INV58395 CHECK DATE: 04/06/2021 11296 JOE MAR POLYGRAPH & INVESTIGATION		03/08/2021	10256637	04062021	98346	102.90	04/07/2021	INV	PD	REPAIR SERVICES FOR PARKI
2021-03-001 CHECK DATE: 04/06/2021		03/09/2021	10256539	04062021	98347	200.00	03/22/2021	INV	PD	WHITEHEAD, SALENA APPLICA
2021-01-024 CHECK DATE: 04/06/2021		03/09/2021	10256540	04062021	98347	200.00	03/22/2021	INV	PD	APPLICANT: MORRIS, KELSEA
2021-03-010 CHECK DATE: 04/06/2021		03/09/2021	10257043	04062021	98347	200.00	03/22/2021	INV	PD	APPLICANT: BROWN, AUSTIN
						600.00				
1674 JOHN S. MEEK COMPANY, INC.										
21A-0201R1 CHECK DATE: 04/06/2021 1695 JUST REWARDS	4001	03/09/2021	10257022	04062021	98348	72,340.00	04/06/2021	INV	PD	ImmedMunicipalPierRepairs
2103.005 CHECK DATE: 04/06/2021 10107 KAUFFMAN, KEITH		03/12/2021	10256660	04062021	98349	163.50	03/12/2021	INV	PD	TARGET AND HOME DEPOT GIF
03/06/2021 CHECK DATE: 04/06/2021 1742 KEYSER MARSTON ASSOCIATES INC		03/09/2021	10257044	04062021	98350	126.00	03/22/2021	INV	PD	CHIEF REIMBURSEMENT - JUA
0035302 CHECK DATE: 04/06/2021 1749 KING HARBOR MARINE CENTER	5219	02/03/2021	10257244	04062021	98351	10,150.00	03/31/2021	INV	PD	AFFORDABLE HOUSING CONSUL
35461 CHECK DATE: 04/06/2021		03/17/2021	10256826	04062021	98352	235.13	03/17/2021	INV	PD	HARBOR PATROL-MAINT. UNIT
35315 CHECK DATE: 04/06/2021		03/17/2021	10256828	04062021	98352	4,167.67	03/17/2021	INV	PD	HARBOR PATROL-MAINT. UNIT
35446 CHECK DATE: 04/06/2021		03/17/2021	10256829	04062021	98352	347.88	03/17/2021	INV	PD	HARBOR PATROL-MAINT. UNIT
35397 CHECK DATE: 04/06/2021		03/18/2021	10256845	04062021	98352	996.48	03/18/2021	INV	PD	REPLASE SHIFT CABLES P &
						5,747.16				
1718 KOA CORPORATION										
JC06144-5 CHECK DATE: 04/06/2021	4781	03/01/2021	10256465	04062021	98353	2,890.00	03/16/2021	INV	PD	VariousCIPs.ConstrMgmt&In

CITY OF REDONDO BEACH



VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION	
8444 KRONOS											
11731896		03/02/2021	10256883	04062021	98354	1,093.77	04/06/2021	INV	PD	WF TELESTAFF GLOBAL ACCES	
CHECK DATE:	04/06/2021										
9936 LARRY WALKER ASSOCIATES											
00531.03-22	3990	02/12/2021	10256709	04062021	98355	2,488.44	04/06/2021	INV	PD	NPDES Permit Compliance C	
CHECK DATE:	04/06/2021										
00531.03-23	3990	03/12/2021	10257025	04062021	98355	1,623.00	04/06/2021	INV	PD	NPDES Permit Compliance C	
CHECK DATE:	04/06/2021										
						4,111.44					
9073 LESLIE SCOTT CONSULTING											
RB 2 - 2021	5035	03/20/2021	10257045	04062021	98356	10,773.00	03/20/2021	INV	PD	TRANSIT TECHNICAL ASSISTA	
CHECK DATE:	04/06/2021										
RB 2B - 2021	5035	03/20/2021	10257046	04062021	98356	1,866.00	03/20/2021	INV	PD	TRANSIT TECHNICAL ASSISTA	
CHECK DATE:	04/06/2021										
						12,639.00					
12338 LYNN KLEINER`S MUSIC RHAPSODY											
CC031621		03/30/2021	10257201	04062021	98357	1,396.76	03/30/2021	INV	PD	COVID-19 GRANT AGREEMENT	
CHECK DATE:	04/06/2021										
1985 LYNN PEAVEY COMPANY											
377758		03/19/2021	10257012	04062021	98358	314.69	03/19/2021	INV	PD	evidence tape	
CHECK DATE:	04/06/2021										
377625		03/19/2021	10257014	04062021	98358	113.86	03/19/2021	INV	PD	supplies for detective bu	
CHECK DATE:	04/06/2021										
377947		03/19/2021	10257023	04062021	98358	302.49	03/19/2021	INV	PD	police line caution tape	
CHECK DATE:	04/06/2021										
						731.04					
10274 MACKAY METERS, INC.											
1058563	4950	03/19/2021	10257041	04062021	98359	2,782.00	03/19/2021	INV	PD	Mackay Parking Meter Equi	
CHECK DATE:	04/06/2021										
12361 MAGNET FORENSICS USA, INC.											
SIN039369	5207	03/17/2021	10256844	04062021	98360	11,659.26	04/16/2021	INV	PD	Forensic Training and Sof	
CHECK DATE:	04/06/2021										
2106 MELROY CO., INC.											
77143		03/11/2021	10256770	04062021	98361	940.00	03/11/2021	INV	PD	CONCRETE WORK PERRY PARK	
CHECK DATE:	04/06/2021										
9908 MICHAEL BAKER INTERNATIONAL											
1110461	5149	03/16/2021	10256751	04062021	98362	8,615.75	03/16/2021	INV	PD	ADMIN OF CITY 2020-21 CDB	

CITY OF REDONDO BEACH



VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
CHECK DATE: 04/06/2021										
2144 MIDWEST TAPE										
500163539		03/15/2021	10256809	04062021	98363	30,000.00	03/17/2021	INV	PD	ELECTRONIC RESOURCES
CHECK DATE: 04/06/2021										
6080 MOFFATT & NICHOL										
00758837	3712	03/17/2021	10257024	04062021	98364	18,000.00	04/06/2021	INV	PD	Municipal&SportFishingTim
CHECK DATE: 04/06/2021										
11379 MRI SOFTWARE LLC										
US-INV1145561		03/21/2021	10257070	04062021	98365	8.86	03/21/2021	INV	PD	IVR 1/20/21-2/19/21
CHECK DATE: 04/06/2021										
10737 MULTI W SYSTEMS, INC.										
32130395		03/11/2021	10256765	04062021	98366	2,545.31	03/11/2021	INV	PD	WYLIE SEWER PUMP STATION
CHECK DATE: 04/06/2021										
8792 MUNICIPAL EMERGENCY SERVICES, INC.										
IN1556107		03/04/2021	10256884	04062021	98367	431.10	04/06/2021	INV	PD	UNIFORM BOOTS
CHECK DATE: 04/06/2021										
9155 MUNISERVICES, LLC										
INV06-011241	4830	03/22/2021	10257186	04062021	98368	7,540.14	03/30/2021	INV	PD	UUT COMPLIANCE SERVICES
CHECK DATE: 04/06/2021										
8775 NATIONAL AUTO FLEET GROUP										
F08691	4522	03/16/2021	10256744	04062021	98369	54,028.74	03/16/2021	INV	PD	PURCHASE (5) FORD F-250 T
CHECK DATE: 04/06/2021										
F08690	4522	03/16/2021	10256745	04062021	98369	54,028.74	03/16/2021	INV	PD	PURCHASE (5) FORD F-250 T
CHECK DATE: 04/06/2021										
						108,057.48				
11155 NATIONAL TESTING NETWORK										
8166		03/10/2021	10256835	04062021	98370	500.00	03/22/2021	INV	PD	ECOMM EMERGENCY COMMUNICA
CHECK DATE: 04/06/2021										
4796 OCCU-MED,LTD.										
0421900.2		02/28/2021	10256838	04062021	98371	1,039.20	03/22/2021	INV	PD	BACKGROUNDS POLICE CADETS
CHECK DATE: 04/06/2021										
0421900		02/28/2021	10256839	04062021	98372	261.88	03/22/2021	INV	PD	BACKGROUND DISPATCHER FEB
CHECK DATE: 04/06/2021										
						1,301.08				
2324 OFFICE DEPOT										

VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
155357144001		03/12/2021	10256662	04062021	98373	8.60	03/12/2021	INV	PD	155357144001 89049700 OFF
CHECK DATE:	04/06/2021									
156444957001		03/04/2021	10256840	04062021	98373	86.36	03/22/2021	INV	PD	OFFICE SUPPLIES 04-MAR-21
CHECK DATE:	04/06/2021									
139262522001		12/15/2020	10256841	04062021	98373	16.41	03/22/2021	INV	PD	OFFICE SUPPLIES 15-DEC-20
CHECK DATE:	04/06/2021									
159724547001		03/02/2021	10256842	04062021	98373	77.76	03/22/2021	INV	PD	OFFICE SUPPLIES 02-MAR-21
CHECK DATE:	04/06/2021									
145403399001		12/16/2020	10256867	04062021	98373	46.08	03/18/2021	INV	PD	ELECTION SUPPLIES
CHECK DATE:	04/06/2021									
160097595001		03/08/2021	10256869	04062021	98373	389.73	03/18/2021	INV	PD	ELECTION SUPPLIES
CHECK DATE:	04/06/2021									
161914608001		03/09/2021	10257090	04062021	98373	29.96	03/21/2021	INV	PD	PENS, POST-IT'S
CHECK DATE:	04/06/2021									
465907642001		03/25/2021	10257132	04062021	98373	40.48	03/25/2021	INV	PD	Office Supplies
CHECK DATE:	04/06/2021									
160425236001		03/21/2021	10257071	04062021	98373	33.86	03/21/2021	INV	PD	OFFICE SUPPLIES
CHECK DATE:	04/06/2021									
160443672001		03/21/2021	10257072	04062021	98373	37.22	03/21/2021	INV	PD	OFFICE SUPPLIES
CHECK DATE:	04/06/2021									
161924844001		03/21/2021	10257073	04062021	98373	5.63	03/21/2021	INV	PD	OFFICE SUPLLIES
CHECK DATE:	04/06/2021									
157139795001		03/21/2021	10257075	04062021	98373	17.50	03/21/2021	INV	PD	OFFICE SUPLLIES
CHECK DATE:	04/06/2021									
156184533001		03/21/2021	10257076	04062021	98373	90.85	03/21/2021	INV	PD	OFFICE SUPLLIES
CHECK DATE:	04/06/2021									
161912747001		03/09/2021	10257089	04062021	98373	28.46	03/21/2021	INV	PD	HEATER
CHECK DATE:	04/06/2021									
143261338001		12/14/2020	10256871	04062021	98373	24.63	03/18/2021	INV	PD	ELECTION SUPPLIES
CHECK DATE:	04/06/2021									
144616065001		12/14/2020	10256872	04062021	98373	303.24	03/18/2021	INV	PD	ELECTION SUPPLIES
CHECK DATE:	04/06/2021									
152908411001		02/03/2021	10256874	04062021	98373	302.56	03/18/2021	INV	PD	ELECTION SUPPLIES
CHECK DATE:	04/06/2021									
144616066001		12/14/2020	10256880	04062021	98373	5.01	03/18/2021	INV	PD	ELECTION SUPPLIES
CHECK DATE:	04/06/2021									
158757054001		03/04/2021	10257035	04062021	98373	83.76	04/06/2021	INV	PD	OFFICE SUPPLIES BUILDING
CHECK DATE:	04/06/2021									
158756425001		03/02/2021	10257037	04062021	98373	123.56	04/06/2021	INV	PD	OFFICE SUPPLIES BUILDING
CHECK DATE:	04/06/2021									
6476 OVERDRIVE, INC.						1,751.66				
11444CO21094950		03/11/2021	10256810	04062021	98374	1,173.02	03/17/2021	INV	PD	DOWNLOADABLE MEDIA
CHECK DATE:	04/06/2021									
11444CO21095073		03/11/2021	10256813	04062021	98374	629.91	03/17/2021	INV	PD	DOWNLOADABLE MEDIA
CHECK DATE:	04/06/2021									
8881 OVERLAND, PACIFIC, AND CUTLER, INC.						1,802.93				
2102017	3042	02/28/2021	10256707	04062021	98375	32.50	04/06/2021	INV	PD	ArtesiaAviationRtTurnLn.4
CHECK DATE:	04/06/2021									

CITY OF REDONDO BEACH



VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
10315 PACIFIC ADVANCED CIVIL ENGINEERING, INC.										
4705	3606	02/28/2021	10256708	04062021	98376	7,502.00	04/06/2021	INV	PD	P&S.SewerPumpStations.Rin
CHECK DATE: 04/06/2021										
12496 PETDATA, INC.										
9533		03/29/2021	10257188	04062021	98377	1,000.00	03/30/2021	INV	PD	ANIMAL LICENSE START-UP F
CHECK DATE: 04/06/2021										
10521 PLACEWORKS										
74637	3751	02/28/2021	10257033	04062021	98378	5,320.00	04/06/2021	INV	PD	02/2021 GENERAL PLAN UPDA
CHECK DATE: 04/06/2021										
9614 PROVIDENCE HEALTH & SERVICES										
3/5/2021		03/05/2021	10256837	04062021	98379	359.00	03/22/2021	INV	PD	GID: 600000291 JAN/FEB TB
CHECK DATE: 04/06/2021										
12198 PUB CONSTRUCTION, INC.										
INVOICE #006	5045	03/16/2021	10256741	04062021	98380	117,995.56	04/06/2021	INV	PD	CCChamberImprvmnts.20560
CHECK DATE: 04/06/2021										
2561 PVP COMMUNICATIONS										
128705		03/19/2021	10256997	04062021	98381	644.95	03/19/2021	INV	PD	HeImet
CHECK DATE: 04/06/2021										
128765		03/19/2021	10257013	04062021	98381	1,344.66	03/19/2021	INV	PD	HELMET
CHECK DATE: 04/06/2021										
128766		03/19/2021	10257019	04062021	98381	1,333.72	03/19/2021	INV	PD	HELMET
CHECK DATE: 04/06/2021										
128767		03/19/2021	10257020	04062021	98381	1,344.66	03/19/2021	INV	PD	HELMET
CHECK DATE: 04/06/2021										
						4,667.99				
12024 QUADIENT, INC.										
58067345		03/16/2021	10256713	04062021	98382	806.01	03/16/2021	INV	PD	ONLINE RATE MAINTENANCE
CHECK DATE: 04/06/2021										
2615 RECORDED BOOKS LLC										
76720639		03/15/2021	10257010	04062021	98383	83.72	03/19/2021	INV	PD	ELECTRONIC RESOURCES
CHECK DATE: 04/06/2021										
9637 REGIONAL TAP CENTER										
020121		03/20/2021	10257047	04062021	98384	206.78	03/20/2021	INV	PD	TAP MOBILE MONTHLY FEES -
CHECK DATE: 04/06/2021										
12044 RENDELL, BRAD										
02252021		02/25/2021	10256881	04062021	98385	75.00	03/22/2021	INV	PD	UNDERWATER MAINTENANCE UN

CITY OF REDONDO BEACH



VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
CHECK DATE: 04/06/2021										
2696 RIO HONDO COMMUNITY COLLEGE										
F20-86-ZRDB		03/09/2021	10256538	04062021	98386	89.00	03/22/2021	INV	PD	TUITION- TAGGART, ALICIA
CHECK DATE: 04/06/2021										
6661 ROBERTSON'S										
881160		03/11/2021	10256628	04062021	98387	824.38	03/11/2021	INV	PD	506 S HELBERTA SHORT LOAD
CHECK DATE: 04/06/2021										
880270		03/11/2021	10256629	04062021	98387	686.01	03/11/2021	INV	PD	506 S HELBERTA SHORT LOAD
CHECK DATE: 04/06/2021										
12487 ROCKEFELLER #3 LLC						1,510.39				
CC031621R3		03/30/2021	10257197	04062021	98388	2,000.00	03/30/2021	INV	PD	COVID-19 GRANT AGREEMENT
CHECK DATE: 04/06/2021										
10401 ROWMAN & LITTLEFIELD PUBLISHING GROUP, INC.										
11644688		03/04/2021	10256815	04062021	98389	108.67	03/17/2021	INV	PD	BOOKS
CHECK DATE: 04/06/2021										
12489 S-S-SSG CORP										
CC031621SSSSG		03/30/2021	10257199	04062021	98390	2,000.00	03/30/2021	INV	PD	COVID-19 GRANT AGREEMENT
CHECK DATE: 04/06/2021										
4861 SECTRAN SECURITY, INC.										
21031310		03/15/2021	10256689	04062021	98391	320.07	03/15/2021	INV	PD	ARTESIA AV SECTRAN SERVIC
CHECK DATE: 04/06/2021										
6612 SEEDS OF JOY VILLAGE, INC.										
MARCH2021		03/15/2021	10256690	04062021	98392	2,555.00	03/15/2021	INV	PD	SEEDSOFJOY MARCH2021 5725
CHECK DATE: 04/06/2021										
11774 SHAFER, MARIA										
2021-0590RDB HARBOR		02/26/2021	10256865	04062021	98393	255.00	03/18/2021	INV	PD	PREPARATION OF HARBOR COM
CHECK DATE: 04/06/2021										
8622 SHOETERIA										
0017055-IN		03/11/2021	10256771	04062021	98394	350.00	03/11/2021	INV	PD	WORK BOOT VOUCHER STEVE G
CHECK DATE: 04/06/2021										
9823 SHRED-IT USA LLC										
8181539894	5055	02/28/2021	10256877	04062021	98395	312.45	03/18/2021	INV	PD	PAPER SHREDDING SERVICE
CHECK DATE: 04/06/2021										

CITY OF REDONDO BEACH



VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
12486 SOUL FITNESS LA LLC										
CC031621SFLA		03/30/2021	10257196	04062021	98396	1,782.33	03/30/2021	INV	PD	COVID-19 GRANT AGREEMENT
CHECK DATE: 04/06/2021										
11214 SOUTH BAY CENTER SPE, LLC										
Memo Feb.21,2021		03/18/2021	10257106	04062021	98397	775.00	04/06/2021	INV	PD	Billing date 7/24/2016 to
CHECK DATE: 04/06/2021										
11210 SOUTH BAY FLEET SPECIALIST										
20497		03/18/2021	10256849	04062021	98398	606.32	03/18/2021	INV	PD	WO644-19 DOOR HINGE
CHECK DATE: 04/06/2021										
20500		03/18/2021	10256851	04062021	98398	1,477.80	03/18/2021	INV	PD	WO135-18 DOOR
CHECK DATE: 04/06/2021										
20501		03/18/2021	10256852	04062021	98398	534.60	03/18/2021	INV	PD	WO135-18 REAR BUMPER
CHECK DATE: 04/06/2021										
						2,618.72				
2990 SOUTH BAY FORD										
502286		03/18/2021	10256853	04062021	98399	388.15	03/18/2021	INV	PD	WO 661-17 EXHAUST CHECK
CHECK DATE: 04/06/2021										
2999 SOUTH BAY SHELL										
SHELLCARWASH0221		03/11/2021	10256755	04062021	98400	444.00	03/11/2021	INV	PD	CITY VEHICLE CAR WASH FEB
CHECK DATE: 04/06/2021										
3016 SOUTHERN CALIFORNIA EDISON										
2390525343030921		03/17/2021	10256816	04062021	98401	2,783.42	03/17/2021	INV	PD	239-052-5343 03/09/21
CHECK DATE: 04/06/2021										
2390525293030621		03/17/2021	10256817	04062021	98401	2,170.75	03/17/2021	INV	PD	2390525293 03/06/21
CHECK DATE: 04/06/2021										
2390525392030621		03/17/2021	10256818	04062021	98401	42,024.88	03/17/2021	INV	PD	2390525392 03/06/21
CHECK DATE: 04/06/2021										
2390504033030321		03/17/2021	10256819	04062021	98401	449.85	03/17/2021	INV	PD	2390504033 03/03/21
CHECK DATE: 04/06/2021										
2390502888030421		03/17/2021	10256820	04062021	98401	464.98	03/17/2021	INV	PD	2390502888 03/04/21
CHECK DATE: 04/06/2021										
2390412872030421		03/17/2021	10256821	04062021	98401	1,366.61	03/17/2021	INV	PD	2390412872 03/04/21
CHECK DATE: 04/06/2021										
2-43-133-0703-3-11		03/19/2021	10257028	04062021	98401	1,323.60	03/19/2021	INV	PD	1521 1/2 KINGSDALE - SHEL
CHECK DATE: 04/06/2021										
						50,584.09				
3043 SPARKLETTTS										
14518385 030321		03/17/2021	10256811	04062021	98402	484.36	03/17/2021	INV	PD	DRINKING WATER VARIOUS LO
CHECK DATE: 04/06/2021										
3045 SPECIALTY DOORS										

CITY OF REDONDO BEACH



VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
50457S CHECK DATE: 04/06/2021		03/11/2021	10256792	04062021	98403	595.18	03/11/2021	INV	PD	BAY DOOR @CENTER FIRE 1
50458S CHECK DATE: 04/06/2021		03/11/2021	10256793	04062021	98403	990.40	03/11/2021	INV	PD	280 MARINA WAY SEC DOOR 1
50455S CHECK DATE: 04/06/2021		03/11/2021	10256794	04062021	98403	478.48	03/11/2021	INV	PD	FIRE 1 FRONT DOOR TROUBLE
50456S CHECK DATE: 04/06/2021		03/20/2021	10257048	04062021	98403	574.20	03/20/2021	INV	PD	ADJUST FRONT DOOR AT KING
9644 STEAMX, LLC						2,638.26				
58649 CHECK DATE: 04/06/2021		03/11/2021	10256616	04062021	98404	1,251.89	03/11/2021	INV	PD	WO218 SAFETY RELIEF LEAK
6942 STEVEN ENTERPRISES										
0440064-in CHECK DATE: 04/06/2021		03/04/2021	10256700	04062021	98405	536.93	04/06/2021	INV	PD	Rolls of Inkjet bond pape
0440117-IN CHECK DATE: 04/06/2021		03/05/2021	10256701	04062021	98405	830.94	04/06/2021	INV	PD	9 different colored ink c
10365 T-MOBILE						1,367.87				
02212021 CHECK DATE: 04/06/2021		02/21/2021	10256734	04062021	98406	9.18	03/13/2021	INV	PD	FUME ALERT MONTHLY ACCESS
9715 T2 SYSTEMS CANADA INC.										
INVEBP0000004815 CHECK DATE: 04/06/2021		03/15/2021	10257098	04062021	98407	234.25	03/22/2021	INV	PD	T2 SYSTEMS MARCH 2021
11511 TAGGART, ALICIA										
03/04/21 CHECK DATE: 04/06/2021		03/04/2021	10256843	04062021	98408	1,457.00	03/22/2021	INV	PD	POA DAN HENDERSON'S ATHLE
12341 TAKAOKA, GENIE										
PKGRFDTAKAOKA CHECK DATE: 04/06/2021		03/11/2021	10256597	04062021	98409	48.25	03/15/2021	INV	PD	PARKING REFUND TAKAOKA
12179 TEAM ONE NETWORKING										
19712 CHECK DATE: 04/06/2021		03/16/2021	10256712	04062021	98410	875.00	03/16/2021	INV	PD	MRC-MONTHLY RECURRING CHA
71 TIME WARNER CABLE										
0711235030121 CHECK DATE: 04/06/2021		03/15/2021	10256682	04062021	98411	420.00	03/15/2021	INV	PD	DARK FIBER
0679747030121 CHECK DATE: 04/06/2021		03/15/2021	10256683	04062021	98411	420.00	03/15/2021	INV	PD	DARK FIBER
0004790030621		03/16/2021	10256728	04062021	98411	5,578.55	03/16/2021	INV	PD	FIBER INTERNET 2GBPS

CITY OF REDONDO BEACH



VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
CHECK DATE: 04/06/2021										
11361 TIREHUB, LLC						6,418.55				
19215675		03/18/2021	10256846	04062021	98412	450.13	03/18/2021	INV	PD	STOCK CAR TIRES
CHECK DATE: 04/06/2021										
3225 TORRANCE AUTO PARTS										
2280020121		03/11/2021	10256630	04062021	98413	3,736.73	03/11/2021	INV	PD	CAR PARTS FOR CITY VEHICL
CHECK DATE: 04/06/2021										
7130 TORRANCE AUTO REPAIR										
0167598		03/18/2021	10256850	04062021	98414	1,336.75	03/18/2021	INV	PD	WO135-18 WHEEL ALINGMENT
CHECK DATE: 04/06/2021										
7361 TRANSPORTATION CONCEPTS										
516-02-2021	5038	03/20/2021	10257049	04062021	98415	219,515.56	03/20/2021	INV	PD	SERVICES RENDERED FEBRUAR
CHECK DATE: 04/06/2021										
6191 TURNOUT MAINTENANCE COMPANY										
23750		02/25/2021	10256885	04062021	98416	425.00	04/06/2021	INV	PD	TURNOUT MAINT/REPAIRS
CHECK DATE: 04/06/2021										
3273 U.S. ARMOR CORPORATION										
31746	5201	03/19/2021	10257003	04062021	98417	18,880.76	03/19/2021	INV	PD	Bullet Proof Vests
CHECK DATE: 04/06/2021										
32010		03/19/2021	10257017	04062021	98417	402.00	03/19/2021	INV	PD	vest carrier
CHECK DATE: 04/06/2021										
30463-1		03/19/2021	10257042	04062021	98417	36.96	03/19/2021	INV	PD	forgot to pay the sales t
CHECK DATE: 04/06/2021						19,319.72				
3702 US BANK										
1734690		03/05/2021	10256699	04062021	98418	423,068.31	04/06/2021	INV	PD	Redondo Bch wastewater re
CHECK DATE: 04/06/2021										
5885 U.S. BANK CORPORATE PAYMENT SYSTEM										
7390022221		03/02/2021	10256149	04062021	98419	13,868.69	03/02/2021	INV	PD	CAL CARD FEB. 21 - F. CON
CHECK DATE: 04/06/2021										
3747022221		03/02/2021	10256160	04062021	98419	14.22	03/02/2021	INV	PD	CAL CARD FEB. 2021 - M. K
CHECK DATE: 04/06/2021										
4603022221		03/02/2021	10256161	04062021	98419	4.15	03/02/2021	INV	PD	CAL CARD FEB. 2021 - J. R
CHECK DATE: 04/06/2021										
8109022221		03/02/2021	10256164	04062021	98419	434.26	03/02/2021	INV	PD	CAL CARD FEB. 2021 - P. W
CHECK DATE: 04/06/2021										
2825022221		03/02/2021	10256272	04062021	98419	382.22	03/02/2021	INV	PD	CAL CARD FEB. 2021 - T. H
CHECK DATE: 04/06/2021										

VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
8996022221		03/02/2021	10256532	04062021	98419	1,145.55	03/02/2021	INV	PD	CAL CARD FEB. 2021 - J. C
CHECK DATE: 04/06/2021										
7447-02-22-2021		02/22/2021	10257131	04062021	98419	820.00	03/24/2021	INV	PD	M. RUHLAND CALCARD
CHECK DATE: 04/06/2021										
9007022221		03/22/2021	10257092	04062021	98419	202.43	03/22/2021	INV	PD	EMILYE ABKENAR CALCARD
CHECK DATE: 04/06/2021										
3096022221		03/22/2021	10257093	04062021	98419	342.62	03/22/2021	INV	PD	SHANNON SNEED CALCARD
CHECK DATE: 04/06/2021										
4593022221		03/22/2021	10257094	04062021	98419	1,532.87	03/22/2021	INV	PD	TAYLOR CIANO CALCARD FEB
CHECK DATE: 04/06/2021										
0222217739		02/22/2021	10257099	04062021	98419	191.38	03/23/2021	INV	PD	ELEANOR MANZANO- ELECTON
CHECK DATE: 04/06/2021										
3406022221		03/24/2021	10257119	04062021	98419	325.00	03/24/2021	INV	PD	JHOEFGEN CALCARD 022021
CHECK DATE: 04/06/2021										
1857022221		03/24/2021	10257120	04062021	98419	103.01	03/24/2021	INV	PD	RMICHEL CALCARD 022021
CHECK DATE: 04/06/2021										
02222021-1945		03/16/2021	10256710	04062021	98419	3,114.62	03/16/2021	INV	PD	CALCARD MATT RUHLAND(1945
CHECK DATE: 04/06/2021										
02222021-3861		03/16/2021	10256733	04062021	98419	28.87	03/16/2021	INV	PD	CALCARD CHRIS BENSON(3861
CHECK DATE: 04/06/2021										
7663022221		03/16/2021	10256746	04062021	98419	745.67	03/16/2021	INV	PD	CAL CARD FEB. 2021 - J. O
CHECK DATE: 04/06/2021										
027002222021		02/22/2021	10256748	04062021	98419	185.00	04/06/2021	INV	PD	L PORTOLESE 02/22/21 CAL
CHECK DATE: 04/06/2021										
624302222021		02/22/2021	10256749	04062021	98419	487.01	04/06/2021	INV	PD	M ROSS 02/22/2021 CAL CAR
CHECK DATE: 04/06/2021										
878002222021		02/22/2021	10256750	04062021	98419	45.00	04/06/2021	INV	PD	B FORBES 02/22/2021 CAL C
CHECK DATE: 04/06/2021										
859602222021		03/15/2021	10256684	04062021	98419	48.40	03/15/2021	INV	PD	YORKCALCARD FEB2021 8596
CHECK DATE: 04/06/2021										
673202222021		03/15/2021	10256685	04062021	98419	2,658.20	03/15/2021	INV	PD	CHRISTENSENCALCARD 6732 0
CHECK DATE: 04/06/2021										
759802222021		03/15/2021	10256686	04062021	98419	2,819.50	03/15/2021	INV	PD	DIAZCALCARD FEB2021 7598
CHECK DATE: 04/06/2021										
6390-022221		03/15/2021	10256687	04062021	98419	708.69	03/15/2021	INV	PD	MIKE PACHECO CAL CARD
CHECK DATE: 04/06/2021										
2631-022221		03/15/2021	10256697	04062021	98419	6,048.33	03/15/2021	INV	PD	GARY LAOLAGI CAL CARD
CHECK DATE: 04/06/2021										
7834-02-22-2021		03/11/2021	10256654	04062021	98419	73.73	03/11/2021	INV	PD	CALCARD Drury February 20
CHECK DATE: 04/06/2021										
0462-02-22-2021		03/11/2021	10256656	04062021	98419	1,430.44	03/11/2021	INV	PD	CALCARD Anderson April 20
CHECK DATE: 04/06/2021										
3926-02-22-2021		03/11/2021	10256657	04062021	98419	3,475.94	03/11/2021	INV	PD	CALCARD Fizulich February
CHECK DATE: 04/06/2021										
7775-02-22-2021		03/11/2021	10256658	04062021	98419	7,292.73	03/11/2021	INV	PD	CALCARD Morales February
CHECK DATE: 04/06/2021										
561702222021		03/12/2021	10256659	04062021	98419	119.40	03/12/2021	INV	PD	JOYCE'S EXPENSES 02-16-21
CHECK DATE: 04/06/2021										
8888-022221		03/15/2021	10256679	04062021	98419	226.83	03/15/2021	INV	PD	2/21 J. Espinoza Cal Card
CHECK DATE: 04/06/2021										
1574-02-22-2021		03/11/2021	10256648	04062021	98419	85.47	03/11/2021	INV	PD	CALCARD Freeman February
CHECK DATE: 04/06/2021										
6741-02-22-2021		03/11/2021	10256649	04062021	98419	571.77	03/11/2021	INV	PD	CALCARD Sprengel February
CHECK DATE: 04/06/2021										
3209-02-22-2021		03/11/2021	10256650	04062021	98419	443.70	03/11/2021	INV	PD	CALCARD Kochheim February

VENDOR INVOICE LIST

INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
CHECK DATE: 04/06/2021										
1566-02-22-2021		03/11/2021	10256651	04062021	98419	586.74	03/11/2021	INV	PD	CALCARD Havrilchak Februa
CHECK DATE: 04/06/2021										
7106-02-22-2021		03/11/2021	10256652	04062021	98419	127.01	03/11/2021	INV	PD	CALCARD Rose February 202
CHECK DATE: 04/06/2021										
3439-02-22-2021		03/11/2021	10256653	04062021	98419	271.10	03/11/2021	INV	PD	CALCARD Dyberg February 2
CHECK DATE: 04/06/2021										
6714-02-22-2021		03/11/2021	10256642	04062021	98419	2,089.16	03/11/2021	INV	PD	CALCARD Temprano February
CHECK DATE: 04/06/2021										
5029-02-22-2021		03/11/2021	10256643	04062021	98419	621.47	03/11/2021	INV	PD	CALCARD Manley February 2
CHECK DATE: 04/06/2021										
9917-02-22-2021		03/11/2021	10256644	04062021	98419	4.18	03/11/2021	INV	PD	CALCARD Lofstrom February
CHECK DATE: 04/06/2021										
1701-02-22-2021		03/11/2021	10256645	04062021	98419	204.25	03/11/2021	INV	PD	CALCARD EveLo February 20
CHECK DATE: 04/06/2021										
9670-02-22-2021		03/11/2021	10256646	04062021	98419	241.07	03/11/2021	INV	PD	CALCARD Lewis February 20
CHECK DATE: 04/06/2021										
7166-02-22-2021		03/11/2021	10256647	04062021	98419	555.38	03/11/2021	INV	PD	CALCARD Carlborg February
CHECK DATE: 04/06/2021										
7283-02-22-2021		03/11/2021	10256635	04062021	98419	129.29	03/11/2021	INV	PD	CALCARD Plugge February 2
CHECK DATE: 04/06/2021										
4903-02-22-2021		03/11/2021	10256636	04062021	98419	113.04	03/11/2021	INV	PD	CALCARD Warren February 2
CHECK DATE: 04/06/2021										
7096-02-22-2021		03/11/2021	10256638	04062021	98419	3,270.22	03/11/2021	INV	PD	CALCARD Valdivia February
CHECK DATE: 04/06/2021										
0304022221		03/02/2021	10256639	04062021	98419	9,155.49	03/02/2021	INV	PD	CAL CARD FEB. 2021 - J. R
CHECK DATE: 04/06/2021										
2870-02-22-2021		03/11/2021	10256640	04062021	98419	626.09	03/11/2021	INV	PD	CALCARD Prestia February
CHECK DATE: 04/06/2021										
5897022221		03/02/2021	10256641	04062021	98419	958.09	03/02/2021	INV	PD	CAL CARD FEB. 2021 - C. P
CHECK DATE: 04/06/2021										
5479022221		02/22/2021	10256612	04062021	98419	40.68	04/06/2021	INV	PD	02/21 YAMAMOTO CALCARD
CHECK DATE: 04/06/2021										
793302221		02/22/2021	10256613	04062021	98419	81.04	04/06/2021	INV	PD	02/21 YANG CALCARD
CHECK DATE: 04/06/2021										
6366022221		03/02/2021	10256614	04062021	98419	1,325.77	03/02/2021	INV	PD	CAL CARD FEB 2021 - B. WH
CHECK DATE: 04/06/2021										
0222216099		03/11/2021	10256631	04062021	98419	239.96	03/11/2021	INV	PD	CALCARD ZACHARIAH PAINTER
CHECK DATE: 04/06/2021										
368902222021		03/11/2021	10256633	04062021	98419	1,010.89	03/11/2021	INV	PD	JACK MEYER CAL CARD - 2/2
CHECK DATE: 04/06/2021										
8853-02-22-2021		03/11/2021	10256634	04062021	98419	2,762.53	03/11/2021	INV	PD	CALCARD Hoffman February
CHECK DATE: 04/06/2021										
3290022221		02/22/2021	10256605	04062021	98419	533.73	04/06/2021	INV	PD	02/21 LUBBA CALCARD
CHECK DATE: 04/06/2021										
8473022221		02/22/2021	10256606	04062021	98419	151.01	04/06/2021	INV	PD	02/21 MAHONEY CALCARD
CHECK DATE: 04/06/2021										
5708022221		02/22/2021	10256607	04062021	98419	1,419.50	04/06/2021	INV	PD	02/21 MAY CALCARD
CHECK DATE: 04/06/2021										
3686022221		02/22/2021	10256609	04062021	98419	6.34	04/06/2021	INV	PD	02/21 REGAN CALCARD
CHECK DATE: 04/06/2021										
1599022221		02/22/2021	10256610	04062021	98419	269.44	04/06/2021	INV	PD	02/21 REYES CALCARD
CHECK DATE: 04/06/2021										
9760022221		02/22/2021	10256611	04062021	98419	2,108.79	04/06/2021	INV	PD	02/21 SMITH CALCARD
CHECK DATE: 04/06/2021										

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INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
1615022221		02/22/2021	10256599	04062021	98419	36.12	04/06/2021	INV	PD	02/21 BOSTER CALCARD
CHECK DATE: 04/06/2021										
7598022221		02/22/2021	10256600	04062021	98419	171.30	04/06/2021	INV	PD	02/21 BROWN CALCARD
CHECK DATE: 04/06/2021										
0588022221		02/22/2021	10256601	04062021	98419	845.83	04/06/2021	INV	PD	02/21 DAILEY CALCARD
CHECK DATE: 04/06/2021										
5362022221		02/22/2021	10256602	04062021	98419	7.65	04/06/2021	INV	PD	02/21 DODIER CALCARD
CHECK DATE: 04/06/2021										
1092022221		02/22/2021	10256603	04062021	98419	374.88	04/06/2021	INV	PD	02/21 HUIZAR CALCARD
CHECK DATE: 04/06/2021										
6026022221		02/22/2021	10256604	04062021	98419	154.25	04/06/2021	INV	PD	02/21 LORENSON CALCARD
CHECK DATE: 04/06/2021										
9234022221		03/02/2021	10256581	04062021	98419	209.00	03/02/2021	INV	PD	CAL CARD FEB. 2021 - M. K
CHECK DATE: 04/06/2021										
8034022221		03/02/2021	10256582	04062021	98419	609.51	03/02/2021	INV	PD	CAL CARD FEB. 2021 - H. S
CHECK DATE: 04/06/2021										
1580022221		03/02/2021	10256583	04062021	98419	1,654.43	03/02/2021	INV	PD	CAL CARD FEB. 2021 - D. H
CHECK DATE: 04/06/2021										
2602022221		03/02/2021	10256584	04062021	98419	3,206.90	03/02/2021	INV	PD	CAL CARD FEB. 2021 - R. R
CHECK DATE: 04/06/2021										
6894022221		03/10/2021	10256588	04062021	98419	25.00	03/10/2021	INV	PD	NNEHRENHEIM CALCARD FEB 2
CHECK DATE: 04/06/2021										
0222216814		02/22/2021	10256594	04062021	98419	81.43	04/06/2021	INV	PD	Cal Card purchase Bradley
CHECK DATE: 04/06/2021										
7531022221		03/02/2021	10256575	04062021	98419	80.48	03/02/2021	INV	PD	CAL CARD FEB. 2021 - J. G
CHECK DATE: 04/06/2021										
3471022221		03/02/2021	10256576	04062021	98419	382.14	03/02/2021	INV	PD	CAL CARD FEB. 2021 - V.MU
CHECK DATE: 04/06/2021										
5238022221		03/02/2021	10256577	04062021	98419	53.17	03/02/2021	INV	PD	CAL CARD FEB. 2021 - J. M
CHECK DATE: 04/06/2021										
1017022221		03/02/2021	10256578	04062021	98419	695.69	03/02/2021	INV	PD	CAL CARD FEB. 2021 - A. S
CHECK DATE: 04/06/2021										
5652022221		03/02/2021	10256579	04062021	98419	32.43	03/02/2021	INV	PD	CAL CARD FEB. 2021 - E. B
CHECK DATE: 04/06/2021										
5074022221		03/02/2021	10256580	04062021	98419	227.86	03/02/2021	INV	PD	CAL CARD FEB. 2021 - C. Y
CHECK DATE: 04/06/2021										
5009022221		03/10/2021	10256567	04062021	98419	66.51	03/10/2021	INV	PD	LIBRARY - SICHLER
CHECK DATE: 04/06/2021										
7520022221		03/10/2021	10256568	04062021	98419	251.04	03/10/2021	INV	PD	LIBRARY - VILHAUER
CHECK DATE: 04/06/2021										
4608022221		03/02/2021	10256569	04062021	98419	2,988.40	03/02/2021	INV	PD	CAL CARD FEB. 2021 - A. G
CHECK DATE: 04/06/2021										
7952022221		03/02/2021	10256570	04062021	98419	598.42	03/02/2021	INV	PD	CAL CARD FEB 2021 - R. LA
CHECK DATE: 04/06/2021										
8547022221		03/02/2021	10256573	04062021	98419	379.59	03/02/2021	INV	PD	CAL CARD FEB. 2021 - K, K
CHECK DATE: 04/06/2021										
5628022221		03/02/2021	10256574	04062021	98419	1,076.33	03/02/2021	INV	PD	CAL CARD FEB. 2021 - J. F
CHECK DATE: 04/06/2021										
9002022221		03/02/2021	10256543	04062021	98419	2,337.69	03/02/2021	INV	PD	CAL CARD FEB. 2021 - J. O
CHECK DATE: 04/06/2021										
576304062021		02/22/2021	10256560	04062021	98419	130.00	03/15/2021	INV	PD	KOIKE 02/2021 CALCARD
CHECK DATE: 04/06/2021										
774804062021		02/22/2021	10256561	04062021	98419	280.00	03/15/2021	INV	PD	PROUD 02/2021 CALCARD
CHECK DATE: 04/06/2021										
621304062021		02/22/2021	10256562	04062021	98419	31.40	03/15/2021	INV	PD	HAUSE 02/2021 CALCARD

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INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
CHECK DATE: 04/06/2021										
321504062021		02/22/2021	10256563	04062021	98419	1,295.28	03/15/2021	INV	PD	CC ANTOS 02-22-21
CHECK DATE: 04/06/2021										
630402222021		03/10/2021	10256566	04062021	98419	498.00	03/10/2021	INV	PD	LIBRARY - ANDERSON
CHECK DATE: 04/06/2021										
7905 UG HEALTHCARE (USA) INC.						97,658.69				
975783		03/19/2021	10257016	04062021	98420	2,823.40	03/19/2021	INV	PD	gloves
CHECK DATE: 04/06/2021										
3283 ULINE										
130613870		03/11/2021	10256764	04062021	98421	444.31	03/11/2021	INV	PD	GLOVES CLEANING SUPPLIES
CHECK DATE: 04/06/2021										
3300 UNITED PARCEL SERVICE										
0000889114101		03/06/2021	10257164	04062021	98422	132.00	03/21/2021	INV	PD	SERVICE FEES
CHECK DATE: 04/06/2021										
3306 UNITED STATES POSTAL SERVICE (HASLER)										
032021-1		03/29/2021	10257165	04062021	98423	10,000.00	03/29/2021	INV	PD	415 DIAMOND STREET - ACCO
CHECK DATE: 04/06/2021										
032021-2		03/29/2021	10257166	04062021	98424	10,000.00	03/29/2021	INV	PD	415 DIAMOND STREET - ACCO
CHECK DATE: 04/06/2021										
032021-3		03/29/2021	10257167	04062021	98425	10,000.00	03/29/2021	INV	PD	415 DIAMOND STREET - ACCO
CHECK DATE: 04/06/2021										
8088 VERIZON BUSINESS SERVICES						30,000.00				
Z7411910		03/15/2021	10256680	04062021	98426	2,009.75	03/15/2021	INV	PD	PRIVATE IP(PIP)
CHECK DATE: 04/06/2021										
3621 VERIZON WIRELESS										
9873289660		03/05/2021	10256511	04062021	98427	1,062.99	03/05/2021	INV	PD	PD Monthly Phone Charges
CHECK DATE: 04/06/2021										
9874569787		03/15/2021	10256681	04062021	98427	234.24	03/15/2021	INV	PD	MONTHLY PHONE LINE CHARGE
CHECK DATE: 04/06/2021										
987415887		03/16/2021	10256719	04062021	98427	3,727.34	03/16/2021	INV	PD	PD MDC MODEM
CHECK DATE: 04/06/2021										
9874569875		03/11/2021	10256754	04062021	98427	210.87	03/11/2021	INV	PD	PW EMERGENCY CELL PHONES
CHECK DATE: 04/06/2021										
9874178893		03/11/2021	10256763	04062021	98427	86.71	03/11/2021	INV	PD	PW SEWER EMERGENCY CELL P
CHECK DATE: 04/06/2021										
9874488340		03/19/2021	10257029	04062021	98427	3,402.68	03/19/2021	INV	PD	PD Monthly Phone Charges
CHECK DATE: 04/06/2021										
9874146681		03/21/2021	10257074	04062021	98427	87.05	03/21/2021	INV	PD	JAN 26-FEB 25
CHECK DATE: 04/06/2021										

CITY OF REDONDO BEACH



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INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
11674 VERMONT SYSTEMS, INC.						8,811.88				
67888	4563	03/16/2021	10256711	04062021	98428	83,166.58	03/16/2021	INV	PD	SOFTWARE LICENSE, MAINTEN
CHECK DATE: 04/06/2021										
10827 VOX NETWORK SOLUTIONS, INC.										
54615		03/15/2021	10256675	04062021	98429	3,246.78	03/15/2021	INV	PD	AVAYA DATA ENVIRONMENT
CHECK DATE: 04/06/2021										
3392 WALTERS WHOLESALE ELECTRIC CO.										
S117510628.001		03/11/2021	10256756	04062021	98430	161.13	03/11/2021	INV	PD	PARKING STRUCTURE PARTS
CHECK DATE: 04/06/2021										
S117510628.002		03/11/2021	10256757	04062021	98430	1,497.96	03/11/2021	INV	PD	PARKING STRUCTURE PARTS
CHECK DATE: 04/06/2021						1,659.09				
3408 WAXIE SANITARY SUPPLY										
79858445		03/11/2021	10256752	04062021	98431	1,100.26	03/11/2021	INV	PD	BUILD MAINT CLEANING SUPP
CHECK DATE: 04/06/2021										
79868459		03/11/2021	10256795	04062021	98431	13.23	03/11/2021	INV	PD	PIER MOP
CHECK DATE: 04/06/2021						1,113.49				
3421 WEST COAST ARBORISTS INC										
169942	5070	03/11/2021	10256753	04062021	98432	19,068.00	03/11/2021	INV	PD	PROVIDE TREE TRIMMING SER
CHECK DATE: 04/06/2021										
9128 WEST COAST LIGHTS & SIRENS, INC.										
21129		03/19/2021	10257018	04062021	98433	59.22	03/19/2021	INV	PD	unit 651 fix battery draw
CHECK DATE: 04/06/2021										
10426 WEST MARINE PRO										
3577		03/05/2021	10256460	04062021	98434	673.23	03/05/2021	INV	PD	SAILING FLAREKIT PFD ADV
CHECK DATE: 04/06/2021										
3578		03/05/2021	10256461	04062021	98434	368.39	03/05/2021	INV	PD	SAILING ORDER DEPOSIT WES
CHECK DATE: 04/06/2021										
003702		03/15/2021	10256691	04062021	98434	56.90	03/15/2021	INV	PD	SAILING SUPPLIES WESTMARI
CHECK DATE: 04/06/2021										
003697		03/15/2021	10256692	04062021	98434	140.14	03/15/2021	INV	PD	SAILING 25WFIXED MOUNT WE
CHECK DATE: 04/06/2021										
003788		03/15/2021	10256693	04062021	98434	1,618.41	03/15/2021	INV	PD	SAILING RD418HDW/10M RAYN
CHECK DATE: 04/06/2021										
005918		03/15/2021	10256694	04062021	98434	12.80	03/15/2021	INV	PD	SAILING COAX CONN PL259 W
CHECK DATE: 04/06/2021										
004219		03/15/2021	10256695	04062021	98434	21.88	03/15/2021	INV	PD	SAILING FENDRSTRM GRD WES
CHECK DATE: 04/06/2021										

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INVOICE	P.O.	INV DATE	VOUCHER	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
12488 WOORI SUSAN INC						2,891.75				
CC031621WS		03/30/2021	10257200	04062021	98435	1,406.08	03/30/2021	INV	PD	COVID-19 GRANT AGREEMENT
CHECK DATE: 04/06/2021										
4049 ZIP REPORTS										
52705210225		03/21/2021	10257077	04062021	98436	85.50	03/21/2021	INV	PD	FEBRUARY 2021 ZIP REPORTS
CHECK DATE: 04/06/2021						85.50				
379 INVOICES						2,103,473.66				

** END OF REPORT - Generated by Camy Byrd **



Administrative Report

H.5., File # 21-2245

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL
From: MARNI RUHLAND, FINANCE DIRECTOR

TITLE

APPROVE CONTRACTS UNDER \$35,000:

1. APPROVE FIRST AMENDMENT TO THE AGREEMENT WITH GRANICUS LLC FOR CIVICA WEBSITE HOSTING AND MAINTENANCE FOR AN ADDITIONAL AMOUNT OF \$3,279.37 AND EXTEND THE TERM TO DECEMBER 31, 2021.
2. APPROVE AGREEMENT WITH TILLMANN FORENSIC INVESTIGATIONS LLC FOR LATENT FINGERPRINT IDENTIFICATION SERVICES IN AN AMOUNT NOT TO EXCEED \$16,000 FOR THE TERM APRIL 6, 2021 TO APRIL 5, 2022.
3. APPROVE AMENDED AGREEMENT WITH WALKER PARKING CONSULTANTS/ENGINEERS, INC. PREVIOUSLY APPROVED ON MARCH 9, 2021, FOR WATERPROOFING CONSULTING FOR THE REDONDO BEACH TRANSIT CENTER TO INCLUDE MODIFIED CONTRACT LANGUAGE APPROVED BY THE CITY ATTORNEY'S OFFICE AND TO INCREASE THE NOT TO EXCEED AMOUNT FROM \$20,000 TO \$30,000 FOR THE EXISTING TERM TO DECEMBER 31, 2022.

EXECUTIVE SUMMARY

Approve Contracts Under \$35,000

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Contracts and Insurance



408 Saint Peter Street, Suite 600
Saint Paul, MN 55102
United States

Amendment
Prepared for
Redondo Beach, CA

First Amendment to the Granicus Service Agreement between Granicus, LLC and Redondo Beach, CA

This First Amendment to the Granicus, LLC Service Agreement is effective on the date this document is signed and entered into by and between Granicus, LLC, a Minnesota Limited Liability Company d/b/a Granicus (hereinafter referred to as "Granicus"), and Redondo Beach, CA (hereinafter referred to as "Client"), with reference to the following:

WHEREAS, the Client and Granicus entered into an Agreement effective 6/1/2020 (the "Agreement"); and

NOW, THEREFORE, in consideration of the premises, the parties intend that the Agreement be amended as follows:

1. The term of the Agreement will be extended to 12/31/2021 and compensation shall be amended to include the fees detailed in Exhibit A. Exhibit A is exclusive of applicable state, local, and federal taxes, which, if any, will be included in the invoice. It is the responsibility of the Client to provide applicable exemption certificate(s).
2. Except as amended by this First Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.
3. In the event of any inconsistency between the provisions of this First Amendment and the documents comprising the Agreement, the provisions of this First Amendment shall prevail.

IN WITNESS WHEREOF, the parties have caused this First Amendment to be executed by their duly authorized representatives.

Agreement and Acceptance

By signing this document, the undersigned certifies they have authority to enter the agreement. The undersigned also understands the services and terms.

Redondo Beach, CA

Signature:

Name: William C. Brand

Title: Mayor

Date:

ATTEST:

Eleanor Manzano, City Clerk

APPROVED AS TO FORM:

Michael W. Webb, City Attorney

Granicus

Signature:

Name:

Title:

Date:



408 Saint Peter Street, Suite 600
Saint Paul, MN 55102
United States

THIS IS NOT AN INVOICE

Exhibit A
Prepared for
Redondo Beach, CA

Exhibit A

ORDER DETAILS

Prepared By: Cale Brakke
Phone: (720) 892-0352
Email: cale.brakke@granicus.com
Order #: Q-132279
Prepared On: 03/04/2021
Expires On: 05/31/2021

ORDER TERMS

Currency: USD
Payment Terms: Net 30 (Payments for subscriptions are due at the beginning of the period of performance.)
Current Subscription End Date: 05/31/2021
Period of Performance: 06/01/2021 - 12/31/2021

PRICING SUMMARY

The pricing and terms within this Proposal are specific to the products and volumes contained within this Proposal.

Renewing Subscription Fees					
Solution	Period of Performance	Billing Frequency	Quantity/ Unit	Annual Fee	Prorated Fee
Client Website (CIVICA)	6/1/2021 to 12/31/2021	Annual	1 Each	\$0.00	\$0.00
Monthly Maintenance, Hosting & Support (CIVICA)	6/1/2021 to 12/31/2021	Annual	1 Each	\$5,621.78	\$3,279.37
SUBTOTAL:				\$5,621.78	\$3,279.37

Master Subscription Agreement

This Master Subscription Agreement ("**Agreement**") is made by and between the City of Redondo Beach, a chartered municipal corporation which is procuring Granicus Products and Services ("**Client**") and Granicus, LLC, a Minnesota Limited Liability Company d/b/a Granicus ("**Granicus**"). Client and Granicus may each be referred to herein as "**Party**" or collectively as "**Parties**".

By accessing the Granicus Products and Services, Client accepts this Agreement. Due to the rapidly changing nature of digital communications, this Agreement may be updated from time to time at Granicus' sole discretion. Notification to Client will be via email or posting to the Granicus website.

1. **Definitions.** In addition to terms defined elsewhere in this Agreement, the following terms shall have the meaning specified:

"Agreement Term" means the total time covered by the Initial Term and all Extension Terms for each Order or SOW under this Agreement, further specified in Section 7.1.

"Extension Term" means any term that increases the length of the Initial Term of this Agreement or an Order Term of an Order or SOW.

"Granicus Products and Services" means the products and services made available to Client pursuant to this Agreement, which may include Granicus products and services accessible for use by Client on a subscription basis ("Software-as-a-Service" or "SaaS"), Granicus professional services, content from any professional services or other required equipment components or other required hardware, as specified in each Order or SOW.

"Initial Term" shall have the meaning specified in Exhibit A or Order or SOW between Granicus and Client for the first duration of performance that Client has access to Granicus Products and Services.

"Order" means a written order, proposal, or purchase document in which Granicus agrees to provide and Client agrees to purchase specific Granicus Products and Services.

"Order Term" means the then-current duration of performance identified on each Order or SOW, for which Granicus has committed to provide, and Client has committed to pay for, Granicus Products and Services.

"Statement of Work" or "SOW" means a written order, proposal, or purchase document that is signed by both Parties and describes the Granicus Products and Services to be provided and/or performed by Granicus. Each Order or SOW shall describe the Parties' performance obligations and any assumptions or contingencies associated with the implementations of the Granicus Products and Services, as specified in each Order or SOW placed hereunder.

"Support" means the ongoing support and maintenance services performed by Granicus related to the Granicus Products and Services as specified in each Order or SOW placed between the Parties.

2. **Ordering and Scope**

- 2.1. **Ordering Granicus Products and Services.** The Parties may execute one or more Order or SOW related to the sale and purchase of Granicus Products and Services. Each Order or SOW will generally include an itemized list of the Granicus Products and Services as well as the Order Term for such Granicus Products and Services. Each Order or SOW must, generally, be signed by the Parties; although, when a validly-issued purchase order by Client accompanies the Order or SOW, then the Order or SOW need not be executed by the Parties. Each Order or SOW shall be governed by this Agreement regardless of any pre-printed legal terms on each Order or SOW, and by this reference is incorporated herein.

- 2.2. Support.** Basic support related to standard Granicus Products and Services is included within the fees paid during the Order Term. Granicus may update its Support obligations under this Agreement, so long as the functionality purchased by Client is not materially diminished.
- 2.3. Future Functionality.** Client acknowledges that any purchase hereunder is not contingent on the delivery of any future functionality or features.
- 2.4. Cooperative Purchasing.** To the extent permitted by law and approved by Client, the terms of this Agreement and set forth in one or more Order or SOW may be extended for use by other municipalities, school districts and governmental agencies upon execution of an addendum or other duly signed writing setting forth all of the terms and conditions for such use. The applicable fees for additional municipalities, school districts or governmental agencies will be provided by Granicus to Client and the applicable additional party upon written request.
- 3. Use of Granicus Products and Services and Proprietary Rights**
- 3.1. Granicus Products and Services.** The Granicus Products and Services are purchased by Client as subscriptions during an Order Term specified in each Order or SOW. Additional Granicus Products and Services may be added during an Order Term as described in Section 2.1.
- 3.2. Permitted Use.** Subject to the terms and conditions of this Agreement, Granicus hereby grants during each Order Term, and Client hereby accepts, solely for its internal use, a worldwide, revocable, non-exclusive, non-transferrable right to use the Granicus Products and Services to the extent allowed in the relevant Order or SOW (collectively the "Permitted Use").
- 3.2.1. Data Sources.** Data uploaded into Granicus Products and Services must be brought in from Client sources (interactions with end users and opt-in contact lists). Client cannot upload purchased contact information into Granicus Products and Services without Granicus' written permission and professional services support for list cleansing. Granicus certifies that it will not sell, retain, use, or disclose any personal information provided by Client for any purpose other than the specific purpose of performing the Services outlined within this Agreement.
- 3.2.2. Passwords.** Passwords are not transferable to any third party. Client is responsible for keeping all passwords secure and all use of the Granicus Products and Services accessed through Client's passwords.
- 3.2.3. Content.** Client can only use Granicus Products and Services to share content that is created by and owned by Client and/or content for related organizations provided that it is in support of other organizations but not as a primary communication vehicle for other organizations that do not have a Granicus subscription. Any content deemed inappropriate for a public audience or in support of programs or topics that are unrelated to Client, can be removed or limited by Granicus.
- 3.2.3.1. Disclaimers.** Any text, data, graphics, or any other material displayed or published on Client's website must be free from violation of or infringement of copyright, trademark, service mark, patent, trade secret, statutory, common law or proprietary or intellectual property rights of others. Granicus is not responsible for content migrated by Client or any third party.
- 3.2.4. Advertising.** Granicus Products and Services shall not be used to promote products or services available for sale through Client or any third party unless approved in writing, in advance, by Granicus. Granicus reserves the right to request and review the details of any agreement between Client and a third party that compensates Client for the right to have information included in Content distributed or made available through Granicus Products and Services prior to approving the presence of Advertising within Granicus Products and Services.

3.2.5. Granicus Subscriber Information for Communications Cloud Suite only

- 3.2.5.1. Data Provided by Client.** Data provided by Client and contact information gathered through Client's own web properties or activities will remain the property of Client ("Direct Subscriber"), including any and all personally identifiable information (PII). Granicus will not release the data without the express written permission of Client, unless required by law.
- 3.2.5.2.** Granicus shall not disclose the client's data except to any third parties as necessary to operate the Granicus Products and Services (provided that the client hereby grants to Granicus a perpetual, noncancelable, worldwide, non-exclusive license to utilize any data, on an anonymous or aggregate basis only, that arises from the use of the Granicus Products and Services by the client, whether disclosed on, subsequent to, or prior to the Effective Date, to improve the functionality of the Granicus Products and Services and any other legitimate business purpose including the right to sublicense such data to third parties, subject to all legal restrictions regarding the use and disclosure of such information).
- 3.2.5.3. Data Obtained through the Granicus Advanced Network**
 - 3.2.5.3.1.** Granicus offers a SaaS product, known as the Communications Cloud, that offers Direct Subscribers recommendations to subscribe to other Granicus Client's digital communication (the "Advanced Network"). When a Direct Subscriber signs up through one of the recommendations of the Advanced Network, that subscriber is a "Network Subscriber" to the agency it subscribed to through the Advanced Network.
 - 3.2.5.3.2.** Access to the Advanced Network is a benefit of the GovDelivery Communications Cloud subscription with Granicus. Network Subscribers are available for use only on the GovDelivery Communications Cloud while Client is under an active GovDelivery Communications Cloud subscription. Network Subscribers will not transfer to Client upon termination of any Granicus Order, SOW or Exhibit. Client shall not use or transfer any of the Network Subscribers after termination of its Order, SOW or Exhibit placed under this Agreement. All information related to Network Subscribers must be destroyed by Client within 15 calendar days of the Order, SOW or Exhibit placed under this Agreement terminating.
 - 3.2.5.3.3. Opt-In.** During the last 10 calendar days of Client's Order Term for the terminating Order, SOW or Exhibit placed under this Agreement, Client may send an opt-in email to Network Subscribers that shall include an explanation of Client's relationship with Granicus terminating and that the Network Subscribers may visit Client's website to subscribe to further updates from Client in the future. Any Network Subscriber that does not opt-in will not be transferred with the subscriber list provided to Client upon termination.

3.3. Restrictions. Client shall not:

- 3.3.1.** Misuse any Granicus resources or cause any disruption, including but not limited to, the display of pornography or linking to pornographic material, advertisements, solicitations, or mass mailings to individuals who have not agreed to be contacted;

- 3.3.2. Use any process, program, or tool for gaining unauthorized access to the systems, networks, or accounts of other parties, including but not limited to, other Granicus Clients;
 - 3.3.3. Client must not use the Granicus Products and Services in a manner in which system or network resources are unreasonably denied to other Granicus clients;
 - 3.3.4. Client must not use the Services as a door or signpost to another server.
 - 3.3.5. Access or use any portion of Granicus Products and Services, except as expressly allowed by this Agreement or each Order or SOW placed hereunder;
 - 3.3.6. Disassemble, decompile, or otherwise reverse engineer all or any portion of the Granicus Products and Services;
 - 3.3.7. Use the Granicus Products and Services for any unlawful purposes;
 - 3.3.8. Export or allow access to the Granicus Products and Services in violation of U.S. laws or regulations;
 - 3.3.9. Except as expressly permitted in this Agreement, subcontract, disclose, rent, or lease the Granicus Products and Services, or any portion thereof, for third party use; or
 - 3.3.10. Modify, adapt, or use the Granicus Products and Services to develop any software application intended for resale which uses the Granicus Products and Services in whole or in part.
- 3.4. **Client Feedback.** Client assigns to Granicus any suggestion, enhancement, request, recommendation, correction or other feedback provided by Client relating to the use of the Granicus Products and Services. Granicus may use such submissions as it deems appropriate in its sole discretion.
- 3.5. **Reservation of Rights.** Subject to the limited rights expressly granted hereunder, Granicus and/or its licensors reserve all right, title and interest in the Granicus Products and Services, the documentation and resulting product including all related intellectual property rights. Further, no implied licenses are granted to Client. The Granicus name, the Granicus logo, and the product names associated with the services are trademarks of Granicus or its suppliers, and no right or license is granted to use them.
4. **Payment**
- 4.1. **Fees.** Client agrees to pay all fees, costs and other amounts as specified in each Order or SOW. Annual fees are due upfront according to the billing frequency specified in each Order or SOW. Granicus reserves the right to suspend any Granicus Products and Services should there be a lapse in payment. A lapse in the term of each Order or SOW will require the payment of a setup fee to reinstate the subscription. All fees are exclusive of applicable state, local, and federal taxes, which, if any, will be included in the invoice. It is Client's responsibility to provide applicable exemption certificate(s).
 - 4.2. **Disputed Invoiced Amounts.** Client shall provide Granicus with detailed written notice of any amount(s) Client reasonably disputes within sixty (60) days of the receipt of invoice for said amount(s) at issue. Granicus will not exercise its rights under 4.1 above if Client has disputed an invoice and is trying to resolve the dispute.
 - 4.3. **Price Increases.** Any price increases not negotiated in advance shall be provided by Granicus to Client at least thirty (30) days prior to the end of the Order Term. Upon each yearly anniversary during the term of this Agreement (including the Initial Term, all Extended Terms, and all Order Terms), the Granicus Product and Services fees shall increase from the previous term's fees by up to seven (7) percent per year.

5. Representations, Warranties and Disclaimers

- 5.1. Representations.** Each Party represents that it has validly entered into this Agreement and has the legal power to do so.
- 5.2. Warranties.** Granicus warrants that it takes all precautions that are standard in the industry to increase the likelihood of a successful performance for the Granicus Products and Services; however, the Granicus Products and Services are provided "AS IS" and as available.
- 5.3. Disclaimers.** EXCEPT AS PROVIDED IN SECTION 5.2 ABOVE, EACH PARTY HEREBY DISCLAIMS ANY AND ALL OTHER WARRANTIES OF ANY NATURE WHATSOEVER WHETHER ORAL AND WRITTEN, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY, TITLE, NON-INFRINGEMENT, AND FITNESS FOR A PARTICULAR PURPOSE. GRANICUS DOES NOT WARRANT THAT GRANICUS PRODUCTS AND SERVICES WILL MEET CLIENT'S REQUIREMENTS OR THAT THE OPERATION THEREOF WILL BE UNINTERRUPTED OR ERROR FREE.

6. Confidential Information

Confidential Information. It is expected that one Party (Disclosing Party) may disclose to the other Party (Receiving Party) certain information which may be considered confidential and/or trade secret information ("Confidential Information"). Confidential Information shall include: (i) Granicus' Products and Services, (ii) non-public information if it is clearly and conspicuously marked as "confidential" or with a similar designation at the time of disclosure; (iii) non-public information of the Disclosing Party if it is identified as confidential and/or proprietary before, during, or promptly after presentation or communication and (iv) any information that should be reasonably understood to be confidential or proprietary to the Receiving Party, given the nature of the information and the context in which disclosed.

Subject to applicable law, each Receiving Party agrees to receive and hold any Confidential Information in strict confidence. Without limiting the scope of the foregoing, each Receiving Party also agrees: (a) to protect and safeguard the Confidential Information against unauthorized use, publication or disclosure; (b) not to reveal, report, publish, disclose, transfer, copy or otherwise use any Confidential Information except as specifically authorized by the Disclosing Party; (c) not to use any Confidential Information for any purpose other than as stated above; (d) to restrict access to Confidential Information to those of its advisors, officers, directors, employees, agents, consultants, contractors and lobbyists who have a need to know, who have been advised of the confidential nature thereof, and who are under express written obligations of confidentiality or under obligations of confidentiality imposed by law or rule; and (e) to exercise at least the same standard of care and security to protect the confidentiality of the Confidential Information received by it as it protects its own confidential information.

If a Receiving Party is requested or required in a judicial, administrative, or governmental proceeding to disclose any Confidential Information, it will notify the Disclosing Party as promptly as practicable so that the Disclosing Party may seek an appropriate protective order or waiver for that instance.

- 6.1. Exceptions.** Confidential Information shall not include information which: (i) is or becomes public knowledge through no fault of the Receiving Party; (ii) was in the Receiving Party's possession before receipt from the Disclosing Party; (iii) is rightfully received by the Receiving party from a third party without any duty of confidentiality; (iv) is disclosed by the Disclosing Party without any duty of confidentiality on the third party; (v) is independently developed by the Receiving Party without use or reference to the Disclosing Party's Confidential Information; (vi) is disclosed with the prior written approval of the Disclosing Party; or (vii) any document allowed to be disclosed under the Public Records Act (Government Code section 6250-6276.48).
- 6.2. Storage and Sending.** In the event that Granicus Products and Services will be used to store and/or send Confidential Information, Granicus must be notified in writing, in advance of the

storage or sending. Should Client provide such notice, Client must ensure that Confidential Information or sensitive information is stored behind a secure interface and that Granicus Products and Services be used only to notify people of updates to the information that can be accessed after authentication against a secure interface managed by Client.

- 6.3. Return of Confidential Information.** Each Receiving Party shall return or destroy the Confidential Information immediately upon written request by the Disclosing Party; provided, however, that each Receiving Party may retain one copy of the Confidential Information in order to comply with applicable laws and the terms of this Agreement. Customer understands and agrees that it may not always be possible to completely remove or delete all personal data from Granicus' databases without some residual data because of backups and for other reasons.

7. Term and Termination

- 7.1. Agreement Term.** The Agreement Term shall begin on the date of the initial Order or SOW and continue through the latest date of the Order Term of each Order or SOW under this Agreement, unless otherwise terminated as provided in this Section 7. Each Order or SOW will specify an Order Term for the Granicus Products and Services provided under the respective Order or SOW. Client's right to access or use the Granicus Products and Services will cease at the end of the Order Term identified within each Order or SOW, unless either extended or earlier terminated as provided in this Section 7. Unless a Party has given written notice to the other Party at least sixty (60) days prior to the end of the then-current Order Term, the Granicus Products and Services will automatically renew at the end of each term for an Extension Term of one (1) year.
- 7.2. Effect of Termination.** If the Parties agree to terminate this Agreement and an Order or SOW is still in effect at the time of termination, then the terms and conditions contained in this Agreement shall continue to govern the outstanding Order or SOW until termination or expiration thereof. If the Agreement is terminated for breach, then unless otherwise agreed to in writing, all outstanding Orders or SOWs shall immediately terminate as of the Agreement termination date. Unless otherwise stated in this Agreement, in no event shall Client be entitled to a refund of any prepaid fees upon termination.
- 7.3. Termination for Cause.** The non-breaching Party may terminate this Agreement upon written notice if the other Party is in material breach of this Agreement and fails to cure such breach within thirty (30) days after the non-breaching Party provides written notice of the breach. A Party may also terminate this Agreement immediately upon notice if the other Party: (a) is liquidated, dissolved, or adjudged to be in a state of bankruptcy or receivership; (b) is insolvent, unable to pay its debts as they become due, makes an assignment for the benefit of creditors or takes advantage of any law for the benefit of debtors; or (c) ceases to conduct business for any reason on an ongoing basis leaving no successor in interest. Granicus may, without liability, immediately suspend or terminate any or all Order or SOW issued hereunder if any Fees owed under this Agreement are past due pursuant to Section 4.1. In the event Client terminates this Agreement for cause, Client shall be entitled to a refund of prepaid fees on a prorated basis for services not rendered. Notwithstanding the foregoing, Client may terminate this Agreement without cause upon at least ninety (90) days notice to Granicus.
- 7.4. Rights and Obligations After Termination.** In the event of expiration or termination of this Agreement, Client shall immediately pay to Granicus all Fees due to Granicus through the date of expiration or termination.
- 7.5. Survival.** All rights granted hereunder shall terminate upon the latter of the termination or expiration date of this Agreement, or each Order or SOW. The provisions of this Agreement with respect to warranties, liability, choice of law and jurisdiction, and confidentiality shall survive termination of this Agreement and continue in full force and effect.

8. Limitation of Liability

8.1. EXCLUSION OF CONSEQUENTIAL AND RELATED DAMAGES. UNDER NO CIRCUMSTANCES SHALL GRANICUS BE LIABLE FOR ANY SPECIAL, INDIRECT, PUNITIVE, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, WHETHER AN ACTION IS IN CONTRACT OR TORT AND REGARDLESS OF THE THEORY OF LIABILITY, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. FURTHER, GRANICUS SHALL NOT BE LIABLE FOR: (A) ERROR OR INTERRUPTION OF USE OR FOR LOSS OR INACCURACY OR CORRUPTION OF CLIENT DATA; (B) COST OF PROCUREMENT OF SUBSTITUTE GOODS, SERVICES OR TECHNOLOGY; (C) LOSS OF BUSINESS; (D) DAMAGES ARISING OUT OF ACCESS TO OR INABILITY TO ACCESS THE SERVICES, SOFTWARE, CONTENT, OR RELATED TECHNICAL SUPPORT NOT CAUSED BY GRANICUS; OR (E) FOR ANY MATTER BEYOND GRANICUS' REASONABLE CONTROL, EVEN IF GRANICUS HAS BEEN ADVISED OF THE POSSIBILITY OF ANY OF THE FOREGOING LOSSES OR DAMAGES.

8.2. LIMITATION OF LIABILITY. EXCEPT FOR CLIENT'S BREACH OF SECTION 3.3, IN NO INSTANCE SHALL EITHER PARTY'S LIABILITY TO THE OTHER PARTY FOR DIRECT DAMAGES UNDER THIS AGREEMENT (WHETHER IN CONTRACT OR TORT OR OTHERWISE) EXCEED THE FEES PAID BY CLIENT FOR THE GRANICUS PRODUCTS AND SERVICES DURING THE SIX (6) MONTHS IMMEDIATELY PRECEDING THE DATE THE DAMAGED PARTY NOTIFIES THE OTHER PARTY IN WRITING OF THE CLAIM FOR DIRECT DAMAGES. GRANICUS SHALL NOT BE RESPONSIBLE FOR ANY LOST PROFITS OR OTHER DAMAGES, INCLUDING INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR ANY OTHER DAMAGES, IF CAUSED BY CLIENT. NEITHER PARTY MAY INSTITUTE AN ACTION IN ANY FORM ARISING OUT OF NOR IN CONNECTION WITH THIS AGREEMENT MORE THAN TWO (2) YEARS AFTER THE CAUSE OF ACTION HAS ARISEN. THE ABOVE LIMITATIONS WILL NOT LIMIT CLIENT'S PAYMENT OBLIGATIONS UNDER SECTION 4 ABOVE.

9. Indemnification

9.1. Indemnification by Granicus. Granicus will defend Client from and against all losses, liabilities, damages and expenses arising from any claim or suit by a third party unaffiliated with either Party to this Agreement ("Claims") and shall pay all losses, damages, liabilities, settlements, judgments, awards, interest, civil penalties, and reasonable expenses (collectively, "Losses," and including reasonable attorneys' fees and court costs), to the extent arising out of any Claims by any third party that Granicus Products and Services infringe a valid U.S. copyright or U.S. patent issued as of the date of the applicable Order or SOW. In the event of such a Claim, if Granicus determines that an affected Order or SOW is likely, or if the solution is determined in a final, non-appealable judgment by a court of competent jurisdiction, to infringe a valid U.S. copyright or U.S. patent issued as of the date of the applicable Order or SOW, Granicus will, in its discretion: (a) replace the affected Granicus Products and Services; (b) modify the affected Granicus Products and Services to render it non-infringing; or (c) terminate this Agreement or the applicable Order or SOW with respect to the affected solution and refund to Client any prepaid fees for the then-remaining or unexpired portion of the Order or SOW term. Notwithstanding the foregoing, Granicus shall have no obligation to indemnify, defend, or hold Client harmless from any Claim to the extent it is based upon: (i) a modification to any solution by Client (or by anyone under Client's direction or control or using logins or passwords assigned to Client); (ii) a modification made by Granicus pursuant to Client's required instructions or specifications or in reliance on materials or information provided by Client; or (iii) Client's use (or use by anyone under Client's direction or control or using logins or passwords assigned to Client) of any Granicus Products and Services other than in accordance with this Agreement. This section 9.1 sets forth Client's sole and exclusive remedy, and Granicus' entire liability, for any Claim that the Granicus

Products and Services or any other materials provided by Granicus violate or infringe upon the rights of any third party.

9.2. Indemnification by Client. Client shall defend, indemnify, and hold Granicus harmless from and against any Claims, and shall pay all Losses, to the extent arising out of or related to (a) Client's (or that of anyone authorized by Client or using logins or passwords assigned to Client) use or modification of any Granicus Products and Services; (b) any Client content; or (c) Client's violation of applicable law.

9.3. Defense. With regard to any Claim subject to indemnification pursuant to this Section 9: (a) the Party seeking indemnification shall promptly notify the indemnifying Party upon becoming aware of the Claim; and (b) the indemnified Party shall reasonably cooperate with the indemnifying Party regarding such Claim. Nevertheless, the indemnified Party may reasonably participate in such defense, at its expense, with counsel of its choice, but shall not settle any such Claim without the indemnifying Party's prior written consent. The indemnifying Party shall not settle or compromise any Claim in any manner that imposes any obligations upon the indemnified Party without the prior written consent of the indemnified Party.

10. General

10.1. Relationship of the Parties. Granicus and Client acknowledge that they operate independent of each other. Nothing in this Agreement shall be deemed or construed to create a joint venture, partnership, agency, or employee/employer relationship between the Parties for any purpose, including, but not limited to, taxes or employee benefits. Each Party will be solely responsible for the payment of all taxes and insurance for its employees and business operations.

10.2. Headings. The various section headings of this Agreement are inserted only for convenience of reference and are not intended, nor shall they be construed to modify, define, limit, or expand the intent of the Parties.

10.3. Amendments. This Agreement may not be amended or modified except by a written instrument signed by authorized representatives of both Parties.

10.4. Severability. To the extent permitted by applicable law, the Parties hereby waive any provision of law that would render any clause of this Agreement invalid or otherwise unenforceable in any respect. In the event that a provision of this Agreement is held to be invalid or otherwise unenforceable, such provision will be interpreted to fulfill its intended purpose to the maximum extent permitted by applicable law, and the remaining provisions of this Agreement will continue in full force and effect.

10.5. Assignment. Neither Party may assign, delegate, or otherwise transfer this Agreement or any of its rights or obligations hereunder, either voluntarily or by operation of law, without the prior written consent of the other Party (such consent not to be unreasonably withheld); provided, however, that either Party may assign this Agreement without the other Party's consent in the event of any successor or assign that has acquired all, or substantially all, of the assigning Party's business by means of merger, stock purchase, asset purchase, or otherwise. Any assignment or attempted assignment in violation of this Agreement shall be null and void.

10.6. No Third-Party Beneficiaries. Subject to Section 10.5 this Agreement is binding upon, and insures solely to the benefit of the Parties hereto and their respective permitted successors and assigns; there are no third-party beneficiaries to this Agreement.

10.7. Notice. Other than routine administrative communications, which may be exchanged by the Parties via email or other means, all notices, consents, and approvals hereunder shall be in writing and shall be deemed to have been given upon: (a) personal delivery; (b) the day of receipt, as shown in the applicable carrier's systems, if sent via FedEx, UPS, DHL, or other

nationally recognized express carrier; (c) the third business day after sending by U.S. Postal Service, First Class, postage prepaid, return receipt requested; or (d) sending by email, with confirmed receipt from the receiving party. Either Party may provide the other with notice of a change in mailing or email address in which case the mailing or email address, as applicable, for that Party will be deemed to have been amended.

- 10.8. Force Majeure.** Any delay in the performance by either Party hereto of its obligations hereunder shall be excused when such delay in performance is due to any cause or event of any nature whatsoever beyond the reasonable control of such Party, including, without limitation, any act of God; any fire, flood, or weather condition; any computer virus, worm, denial of service attack; any earthquake; any act of a public enemy, war, insurrection, riot, explosion or strike; provided, that written notice thereof must be given by such Party to the other Party within twenty (20) days after occurrence of such cause or event.
- 10.9. Choice of Law and Jurisdiction.** This Agreement shall be governed by and interpreted under the laws of the State of California, without reference to the State's principles of conflicts of law. The Parties expressly consent and submit to the exclusive jurisdiction of the state and federal courts of Los Angeles County, California.
- 10.10. Entire Agreement.** This Agreement, together with all Orders or SOWs referenced herein, sets forth the entire understanding of the Parties with respect to the subject matter of this Agreement, and supersedes any and all prior oral and written understandings, quotations, communications, and agreements. Granicus and Client agree that any and all Orders or SOWs are incorporated herein by this reference. In the event of possible conflict or inconsistency between such documents, the conflict or inconsistency shall be resolved by giving precedence in the following order: (1) the terms of this Agreement; (2) Orders; (3) all other SOWs or other purchase documents; (4) Granicus response to Client's request for RFI, RFP, RFQ; and (5) Client's RFI, RFP, RFQ. If Client issues a purchase order, Granicus hereby rejects any additional or conflicting terms appearing on the purchase order or any other ordering materials submitted by Client. Upon request, Granicus shall reference a purchase order number on its invoices, provided, however, that Client acknowledges that it is Client's responsibility to provide the corresponding purchase order information (including a purchase order number) to Granicus upon the creation of such a purchase order. Client agrees that a failure to provide Granicus with the corresponding purchase order shall not relieve Client of its obligations to provide payment to Granicus pursuant to Section 4.1 above.
- 10.11. Reference.** Notwithstanding any other terms to the contrary contained herein, Client grants Granicus the right to use Client's name and logo in Client lists and marketing materials.
- 10.12. Injunctive Relief.** Granicus is entitled to obtain injunctive relief if Client's use of Granicus Products and Services is in violation of any restrictions set forth in this Agreement.

SIGNATURES FOLLOW ON NEXT PAGE

IN WITNESS WHEREOF, the parties have executed this Agreement in Redondo Beach, California, as of this 5th day of May, 2020.

CITY OF REDONDO BEACH,
a chartered municipal corporation

Granicus, LLC,
a Minnesota Limited Liability Company

DocuSigned by:


E0413C7291DF4E1...
William C. Brand, Mayor

DocuSigned by:

By: 
Name: Jessica Yang
Title: Manager of Business and Contracts

ATTEST:


APPROVED:

DocuSigned by:

72F2A6716C214CF...
Eleanor Manzano, City Clerk

DocuSigned by:

B7F2B0D00DA04E7...
Jill Buchholz, Risk Manager

APPROVED AS TO FORM:

DocuSigned by:

6690495DEA3D402...
Michael W. Webb, City Attorney



Granicus Proposal for Redondo Beach, CA

Granicus Contact

Name: Maxwell Buccelli

Phone:

Email: maxwell.buccelli@granicus.com

Proposal Details

Quote Number: Q-93205

Prepared On: 4/1/2020

Valid Through: 5/31/2020

Pricing

Payment Terms: Net 45 (Payments for subscriptions are due at the beginning of the period of performance.)

Currency: USD

Current Subscription End Date: 5/31/2020

Period of Performance: 6/1/2020 - 5/31/2021

Annual Fees for Renewing Subscriptions

Solution	Billing Frequency	Quantity/Unit	Annual Fee
Client Website (CIVICA)	Annual	1 Each	\$0.00
Monthly Maintenance, Hosting & Support (CIVICA)	Annual	1 Each	\$5,621.78
SUBTOTAL:			\$5,621.78

Product Descriptions

Name	Description
Client Website (CIVICA)	the Civica website project bundle
Monthly Maintenance, Hosting & Support (CIVICA)	Civica maintenance, hosting and support

**Terms and Conditions**

- Terms and Conditions of the Master Subscription Agreement executed May 5, 2020 are incorporated by reference.
- This quote is exclusive of applicable state, local, and federal taxes, which, if any, will be included in the invoice. It is the responsibility of Redondo Beach, CA to provide applicable exemption certificate(s).
- Any lapse in payment may result in suspension of service and will require the payment of a setup fee to reinstate the subscription.
- If submitting a Purchase Order, please include the following language: All pricing, terms and conditions of quote Q-93205 dated 4/1/2020 are incorporated into this Purchase Order by reference.
- Granicus certifies that it will not sell, retain, use, or disclose any personal information provided by Client for any purpose other than the specific purpose of performing the services outlined within this Agreement.

Agreement and Acceptance

By signing this document, the undersigned certifies they have authority to enter the agreement. The undersigned also understands the services and terms.

Billing Information

Name:

Phone:

Email:

Address:

Redondo Beach, CA

Signature:

Name: William C. Brand

Title: Mayor

Date:

APPROVED AS TO FORM:

CITY ATTORNEY



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

10/20/2021

10/20/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Lockton Insurance Brokers, LLC CA License #OF15767 Three Embarcadero Center, Suite 600 San Francisco CA 94111 (415) 568-4000	CONTACT NAME: PHONE (A/C. No. Ext): FAX (A/C. No): E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE INSURER A: National Fire Insurance Co of Hartford INSURER B: Continental Casualty Company INSURER C: The Continental Insurance Company INSURER D: INSURER E: INSURER F:	
INSURED 1418581 Granicus, LLC Granicus, Inc 408 Saint Peter Street Suite 600 Saint Paul MN 55102	NAIC # 20478 20443 35289	

COVERAGES GRAIN01 **CERTIFICATE NUMBER:** 15343472 **REVISION NUMBER:** XXXXXXXX

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC <input type="checkbox"/> OTHER:	Y	N	6043664103	10/20/2020	10/20/2021	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 15,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
B	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY <input checked="" type="checkbox"/> Comp \$100 Ded <input checked="" type="checkbox"/> Coll \$1,000 Ded	Y	N	6043664084	10/20/2020	10/20/2021	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ XXXXXXXX BODILY INJURY (Per accident) \$ XXXXXXXX PROPERTY DAMAGE (Per accident) \$ XXXXXXXX
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$			NOT APPLICABLE			EACH OCCURRENCE \$ XXXXXXXX AGGREGATE \$ XXXXXXXX
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> N	N/A	6043364067 (AOS) 6043364070 (CA)	10/20/2020 10/20/2020	10/20/2021 10/20/2021	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

RE: The City, its officers, elected and appointed officials, employees, and volunteers are an Additional Insured with respect to liability arising out of the operations of the insured and to the extent provided by the policy language or endorsement issued or approved by the insurance carrier. Insurance provided to Additional Insured(s) is primary and non-contributory as per the attached endorsements or policy language.

CERTIFICATE HOLDER

15343472
 City of Redondo Beach
 City Clerk's Office
 415 Diamond Street
 Redondo Beach CA 90277

CANCELLATION See Attachments

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Adam D. McDonough

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To whom it may concern:

In our continuing effort to provide timely certificate delivery, Lockton Companies is transitioning to paperless delivery of Certificates of Insurance.

To ensure electronic delivery for future renewals of this certificate, we need your email address. Please contact us via one of the methods below, referencing Certificate ID **15343472**.

- Email: PacificeDelivery@lockton.com
- Phone: (213) 689-2300

If you received this certificate through an internet link where the current certificate is viewable, we have your email and no further action is needed.

In the event your mailing address has changed, will change in the future, or you no longer require this certificate, please let us know using one of the methods above.

The above inbox is for automating electronic delivery of certificates only. Please do NOT send future certificate requests to this inbox.

Thank you for your cooperation and willingness in reducing our environmental footprint.

Lockton Insurance Brokers, LLC – Pacific Series

Technology General Liability Extension Endorsement

It is understood and agreed that this endorsement amends the **COMMERCIAL GENERAL LIABILITY COVERAGE PART** as follows. If any other endorsement attached to this policy amends any provision also amended by this endorsement, then that other endorsement controls with respect to such provision, and the changes made by this endorsement with respect to such provision do not apply.

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1. Additional Insureds
2. Additional Insured - Primary And Non-Contributory To Additional Insured's Insurance
3. Bodily Injury — Expanded Definition
4. Broad Knowledge of Occurrence/ Notice of Occurrence
5. Broad Named Insured
6. Estates, Legal Representatives and Spouses
7. Expected Or Intended Injury — Exception for Reasonable Force
8. In Rem Actions
9. Incidental Health Care Malpractice Coverage
10. Joint Ventures/Partnership/Limited Liability Companies
11. Legal Liability — Damage To Premises
12. Medical Payments
13. Non-owned Aircraft Coverage
14. Non-owned Watercraft
15. Personal And Advertising Injury — Discrimination or Humiliation
16. Personal And Advertising Injury - Limited Contractual Liability
17. Property Damage - Elevators
18. Supplementary Payments
19. Property Damage — Patterns, Molds and Dies
20. Unintentional Failure To Disclose Hazards
21. Waiver of Subrogation — Blanket

Technology General Liability Extension Endorsement**1. ADDITIONAL INSURED**

a. **WHO IS AN INSURED** is amended to include as an **Insured** any person or organization described in paragraphs **A.** through **K.** below whom a **Named Insured** is required to add as an additional insured on this **Coverage Part** under a written contract or written agreement, provided such contract or agreement:

- (1) is currently in effect or becomes effective during the term of this **Coverage Part**; and
- (2) was executed prior to:
 - (a) the **bodily injury** or **property damage**; or
 - (b) the offense that caused the **personal and advertising injury**,for which such additional insured seeks coverage.

b. However, subject always to the terms and conditions of this policy, including the limits of insurance, the Insurer will not provide such additional insured with:

- (1) a higher limit of insurance than required by such contract or agreement; or
- (2) coverage broader than required by such contract or agreement, and in no event broader than that described by the applicable paragraph **A.** through **K.** below.

Any coverage granted by this endorsement shall apply only to the extent permissible by law.

A. Controlling Interest

Any person or organization with a controlling interest in a **Named Insured**, but only with respect to such person or organization's liability for **bodily injury**, **property damage** or **personal and advertising injury** arising out of:

1. such person or organization's financial control of a **Named Insured**; or
2. premises such person or organization owns, maintains or controls while a **Named Insured** leases or occupies such premises;

provided that the coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

B. Co-owner of Insured Premises

A co-owner of a premises co-owned by a **Named Insured** and covered under this insurance but only with respect to such co-owner's liability for **bodily injury**, **property damage** or **personal and advertising injury** as co-owner of such premises.

C. Grantor of Franchise

Any person or organization that has granted a franchise to a **Named Insured**, but only with respect to such person or organization's liability for **bodily injury**, **property damage** or **personal and advertising injury** as grantor of a franchise to the **Named Insured**.

D. Lessor of Equipment

Any person or organization from whom a **Named Insured** leases equipment, but only with respect to liability for **bodily injury**, **property damage** or **personal and advertising injury** caused, in whole or in part, by the **Named Insured's** maintenance, operation or use of such equipment, provided that the **occurrence** giving rise to such **bodily injury**, **property damage** or the offense giving rise to such **personal and advertising injury** takes place prior to the termination of such lease.

CNA74872)0((1-15)

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Nat'l Fire Ins Co of Hartford

Insured Name: GRANICUS, LLC

Policy No: 6043664103

Endorsement No: 6

Effective Date: 10/20/2020

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Technology General Liability Extension Endorsement

A. Lessor of Land

Any person or organization from whom a **Named Insured** leases land but only with respect to liability for **bodily injury, property damage or personal and advertising injury** arising out of the ownership, maintenance or use of such land, provided that the **occurrence** giving rise to such **bodily injury, property damage** or the offense giving rise to such **personal and advertising injury** takes place prior to the termination of such lease. The coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

B. Lessor of Premises

An owner or lessor of premises leased to the **Named Insured**, or such owner or lessor's real estate manager, but only with respect to liability for **bodily injury, property damage or personal and advertising injury** arising out of the ownership, maintenance or use of such part of the premises leased to the **Named Insured**, and provided that the **occurrence** giving rise to such **bodily injury or property damage**, or the offense giving rise to such **personal and advertising injury**, takes place prior to the termination of such lease. The coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

C. Mortgagee, Assignee or Receiver

A mortgagee, assignee or receiver of premises but only with respect to such mortgagee, assignee or receiver's liability for **bodily injury, property damage or personal and advertising injury** arising out of the **Named Insured's** ownership, maintenance, or use of a premises by a **Named Insured**.

The coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

D. State or Governmental Agency or Subdivision or Political Subdivisions — Permits

A state or governmental agency or subdivision or political subdivision that has issued a permit or authorization but only with respect to such state or governmental agency or subdivision or political subdivision's liability for **bodily injury, property damage or personal and advertising injury** arising out of:

1. the following hazards in connection with premises a **Named Insured** owns, rents, or controls and to which this insurance applies:
 - a. the existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoistaway openings, sidewalk vaults, street banners, or decorations and similar exposures; or
 - b. the construction, erection, or removal of elevators; or
 - c. the ownership, maintenance or use of any elevators covered by this insurance; or
2. the permitted or authorized operations performed by a **Named Insured** or on a **Named Insured's** behalf. The coverage granted by this paragraph does not apply to:
 - a. **Bodily injury, property damage or personal and advertising injury** arising out of operations performed for the state or governmental agency or subdivision or political subdivision; or
 - b. **Bodily injury or property damage** included within the **products-completed operations hazard**.

With respect to this provision's requirement that additional insured status must be requested under a written contract or agreement, the Insurer will treat as a written contract any governmental permit that requires the **Named Insured** to add the governmental entity as an additional insured.

Technology General Liability Extension Endorsement

I. Trade Show Event Lessor

1. With respect to a **Named Insured's** participation in a trade show event as an exhibitor, presenter or displayer, any person or organization whom the **Named Insured** is required to include as an additional insured, but only with respect to such person or organization's liability for **bodily injury, property damage** or **personal and advertising injury** caused by:
 - a. the **Named Insured's** acts or omissions; or
 - b. the acts or omissions of those acting on the **Named Insured's** behalf,in the performance of the **Named Insured's** ongoing operations at the trade show event premises during the trade show event.
2. The coverage granted by this paragraph does not apply to **bodily injury** or **property damage** included within the **products-completed operations hazard**.

J. Vendor

Any person or organization but only with respect to such person or organization's liability for **bodily injury** or **property damage** arising out of **your products** which are distributed or sold in the regular course of such person or organization's business, provided that:

1. The coverage granted by this paragraph does not apply to:
 - a. **bodily injury** or **property damage** for which such person or organization is obligated to pay **damages** by reason of the assumption of liability in a contract or agreement unless such liability exists in the absence of the contract or agreement;
 - b. any express warranty unauthorized by the **Named Insured**;
 - c. any physical or chemical change in any product made intentionally by such person or organization;
 - d. repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
 - e. any failure to make any inspections, adjustments, tests or servicing that such person or organization has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
 - f. demonstration, installation, servicing or repair operations, except such operations performed at such person or organization's premises in connection with the sale of a product;
 - g. products which, after distribution or sale by the **Named Insured**, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for such person or organization; or
 - h. **bodily injury** or **property damage** arising out of the sole negligence of such person or organization for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:
 - (1) the exceptions contained in Subparagraphs **d.** or **f.** above; or
 - (2) such inspections, adjustments, tests or servicing as such person or organization has agreed with the **Named Insured** to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.
2. This Paragraph **J.** does not apply to any insured person or organization, from whom the **Named Insured** has acquired such products, nor to any ingredient, part or container, entering into, accompanying or containing such products.

CNA74872)0((1-15)

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Nat'l Fire Ins Co of Hartford

Insured Name: GRANICUS, LLC

Policy No: 6043664103

Endorsement No: 6

Effective Date: 10/20/2020

Technology General Liability Extension Endorsement

3. This Paragraph J. also does not apply:

- a. to any vendor specifically scheduled as an additional insured by endorsement to this **Coverage Part**;
- b. to any of **your products** for which coverage is excluded by endorsement to this **Coverage Part**; nor
- c. if **bodily injury** or **property damage** included within the **products-completed operations hazard** is excluded by endorsement to this **Coverage Part**.

K. Other Person Or Organization / Your Work

Any person or organization who is not an additional insured under Paragraphs A. through J. above. Such additional insured is an **Insured** solely for **bodily injury, property damage** or **personal and advertising injury** for which such additional insured is liable because of the **Named Insured's** acts or omissions.

The coverage granted by this paragraph does not apply to any person or organization:

- 1. who is specifically scheduled as an additional insured on another endorsement to this **Coverage Part**; nor
- 2. for **bodily injury** or **property damage** included within the **products-completed operations hazard** except to the extent all of the following apply:
 - a. this **Coverage Part** provides such coverage;
 - b. the written contract or agreement described in the opening paragraph of this **ADDITIONAL INSUREDS** Provision requires the **Named Insured** to provide the additional insured such coverage; and
 - c. the **bodily injury** or **property damage** results from **your work** that is the subject of the written contract or agreement, and such work has not been excluded by endorsement to this **Coverage Part**.

2. ADDITIONAL INSURED - PRIMARY AND NON-CONTRIBUTORY TO ADDITIONAL INSURED'S INSURANCE

- A. The **Other Insurance** Condition in the **COMMERCIAL GENERAL LIABILITY CONDITIONS** Section is amended to add the following paragraph:

If the **Named Insured** has agreed in writing in a contract or agreement that this insurance is primary and non-contributory relative to an additional insured's own insurance, then this insurance is primary, and the Insurer will not seek contribution from that other insurance. For the purpose of this Provision 2., the additional insured's own insurance means insurance on which the additional insured is a named insured.

- B. With respect to persons or organizations that qualify as additional insureds pursuant to paragraph 1.K. of this endorsement, the following sentence is added to the paragraph above:

Otherwise, and notwithstanding anything to the contrary elsewhere in this Condition, the insurance provided to such person or organization is excess of any other insurance available to such person or organization.

3. BODILY INJURY — EXPANDED DEFINITION

Under **DEFINITIONS**, the definition of **bodily injury** is deleted and replaced by the following:

Bodily injury means physical injury, sickness or disease sustained by a person, including death, humiliation, shock, mental anguish or mental injury sustained by that person at any time which results as a consequence of the physical injury, sickness or disease.

4. BROAD KNOWLEDGE OF OCCURRENCE/ NOTICE OF OCCURRENCE

Under **CONDITIONS**, the condition entitled **Duties in The Event of Occurrence, Offense, Claim or Suit** Condition is amended to add the following provisions:

A. BROAD KNOWLEDGE OF OCCURRENCE

CNA74872)0((1-15)

Page 5 of 14

Nat'l Fire Ins Co of Hartford

Insured Name: GRANICUS, LLC

Policy No: 6043664103

Endorsement No: 6

Effective Date: 10/20/2020

Technology General Liability Extension Endorsement

The Named Insured must give the Insurer or the Insurer's authorized representative notice of an **occurrence**, offense or **claim** only when the **occurrence**, offense or **claim** is known to a natural person **Named Insured**, to a partner, executive officer, manager or member of a **Named Insured**, or to an **employee** designated by any of the above to give such notice.

B. NOTICE OF OCCURRENCE

The **Named Insured's** rights under this **Coverage Part** will not be prejudiced if the **Named Insured** fails to give the Insurer notice of an **occurrence**, offense or **claim** and that failure is solely due to the **Named Insured's** reasonable belief that the **bodily injury** or **property damage** is not covered under this **Coverage Part**. However, the **Named Insured** shall give written notice of such **occurrence**, offense or **claim** to the Insurer as soon as the **Named Insured** is aware that this insurance may apply to such **occurrence**, offense or **claim**.

5. BROAD NAMED INSURED

WHO IS AN INSURED is amended to delete its Paragraph 3. in its entirety and replace it with the following:

3. Pursuant to the limitations described in Paragraph 4. below, any organization in which a **Named Insured** has management control:

- a. on the effective date of this **Coverage Part**; or
- b. by reason of a **Named Insured** creating or acquiring the organization during the **policy period**,

qualifies as a **Named Insured**, provided that there is no other similar liability insurance, whether primary, contributory, excess, contingent or otherwise, which provides coverage to such organization, or which would have provided coverage but for the exhaustion of its limit, and without regard to whether its coverage is broader or narrower than that provided by this insurance.

But this **BROAD NAMED INSURED** provision does not apply to:

- (a) any partnership or joint venture; or
- (b) any organization for which coverage is excluded by another endorsement attached to this **Coverage Part**.

For the purpose of this provision, and of this endorsement's **JOINT VENTURES / PARTNERSHIP / LIMITED LIABILITY COMPANIES** provision, management control means:

- A. owning interests representing more than 50% of the voting, appointment or designation power for the selection of a majority of the Board of Directors of a corporation, or the members of the management board of a limited liability company; or
 - B. having the right, pursuant to a written trust agreement, to protect, control the use of, encumber or transfer or sell property held by a trust.
4. With respect to organizations which qualify as **Named Insureds** by virtue of Paragraph 3. above, this insurance does not apply to:
- a. **bodily injury** or **property damage** that first occurred prior to the date of management control, or that first occurs after management control ceases; nor
 - b. **personal or advertising injury** caused by an offense that first occurred prior to the date of management control or that first occurs after management control ceases.
5. The insurance provided by this **Coverage Part** applies to **Named Insureds** when trading under their own names or under such other trading names or doing-business-as names (dba) as any **Named Insured** should choose to employ.

Technology General Liability Extension Endorsement

1. ESTATES, LEGAL REPRESENTATIVES, AND SPOUSES

The estates, heirs, legal representatives and **spouses** of any natural person **Insured** shall also be insured under this policy; provided, however, coverage is afforded to such estates, heirs, legal representatives, and **spouses** only for **claims** arising solely out of their capacity or status as such and, in the case of a **spouse**, where such **claim** seeks **damages** from marital community property, jointly held property or property transferred from such natural person **Insured** to such **spouse**. No coverage is provided for any act, error or omission of an estate, heir, legal representative, or **spouse** outside the scope of such person's capacity or status as such, provided however that the **spouse** of a natural person **Named Insured** and the **spouses** of members or partners of joint venture or partnership **Named Insureds** are **Insureds** with respect to such **spouses'** acts, errors or omissions in the conduct of the **Named Insured's** business.

2. EXPECTED OR INTENDED INJURY — EXCEPTION FOR REASONABLE FORCE

Under **COVERAGES, Coverage A — Bodily Injury And Property Damage Liability**, the paragraph entitled **Exclusions** is amended to delete the exclusion entitled **Expected or Intended Injury** and replace it with the following:

This insurance does not apply to:

Expected or Intended Injury

Bodily injury or **property damage** expected or intended from the standpoint of the **Insured**. This exclusion does not apply to **bodily injury** or **property damage** resulting from the use of reasonable force to protect persons or property.

3. IN REM ACTIONS

A quasi in rem action against any vessel owned or operated by or for the **Named Insured**, or chartered by or for the **Named Insured**, will be treated in the same manner as though the action were in personam against the **Named Insured**.

4. INCIDENTAL HEALTH CARE MALPRACTICE COVERAGE

Solely with respect to **bodily injury** that arises out of a **health care incident**:

A. Under **COVERAGES, Coverage A — Bodily Injury And Property Damage Liability**, the **Insuring Agreement** is amended to replace Paragraphs 1.b.(1) and 1.b.(2) with the following:

b. This insurance applies to **bodily injury** provided that the professional health care services are incidental to the **Named Insured's** primary business purpose, and only if:

- (1) such **bodily injury** is caused by an **occurrence** that takes place in the **coverage territory**.
- (2) the **bodily injury** first occurs during the **policy period**. All **bodily injury** arising from an **occurrence** will be deemed to have occurred at the time of the first act, error, or omission that is part of the **occurrence**; and

B. Under **COVERAGES, Coverage A — Bodily Injury And Property Damage Liability**, the paragraph entitled **Exclusions** is amended to:

- i. add the following to the **Employers Liability** exclusion:

This exclusion applies only if the **bodily injury** arising from a **health care incident** is covered by other liability insurance available to the **Insured** (or which would have been available but for exhaustion of its limits).

- ii. delete the exclusion entitled **Contractual Liability** and replace it with the following: This insurance does not apply to:

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Nat'l Fire Ins Co of Hartford

Insured Name: GRANICUS, LLC

Policy No: 6043664103

Endorsement No: 6

Effective Date: 10/20/2020

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Technology General Liability Extension Endorsement

Contractual Liability

the **Insured's** actual or alleged liability under any oral or written contract or agreement, including but not limited to express warranties or guarantees.

- iii. add the following additional exclusions.

This insurance does not apply to:

Discrimination

any actual or alleged discrimination, humiliation or harassment, that includes but shall not be limited to **claims** based on an individual's race, creed, color, age, gender, national origin, religion, disability, marital status or sexual orientation.

Dishonesty or Crime

Any actual or alleged dishonest, criminal or malicious act, error or omission.

Medicare/Medicaid Fraud

any actual or alleged violation of law with respect to Medicare, Medicaid, Tricare or any similar federal, state or local governmental program.

Services Excluded by Endorsement

Any **health care incident** for which coverage is excluded by endorsement.

C. DEFINITIONS is amended to:

- i. add the following definitions:

Health care incident means an act, error or omission by the **Named Insured's employees** or **volunteer workers** in the rendering of:

- a. **professional health care services** on behalf of the **Named Insured** or
- b. Good Samaritan services rendered in an emergency and for which no payment is demanded or received.

Professional health care services means any health care services or the related furnishing of food, beverages, medical supplies or appliances by the following providers in their capacity as such but solely to the extent they are duly licensed as required:

- a. Physician;
- b. Nurse;
- c. Nurse practitioner;
- d. Emergency medical technician;
- e. Paramedic;
- f. Dentist;
- g. Physical therapist;
- h. Psychologist;
- i. Speech therapist;
- j. Other allied health professional; or

Professional health care services does not include any services rendered in connection with human clinical trials or product testing.

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Nat'l Fire Ins Co of Hartford

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Technology General Liability Extension Endorsement

- i. delete the definition of **occurrence** and replace it with the following:

Occurrence means a **health care incident**. All acts, errors or omissions that are logically connected by any common fact, circumstance, situation, transaction, event, advice or decision will be considered to constitute a single **occurrence**;

- ii. amend the definition of **Insured** to:

- a. add the following:

- the **Named Insured's employees** are **Insureds** with respect to:
 - (1) **bodily injury** to a **co-employee** while in the course of the **co-employee's** employment by the **Named Insured** or while performing duties related to the conduct of the **Named Insured's** business; and
 - (2) **bodily injury** to a **volunteer worker** while performing duties related to the conduct of the **Named Insured's** business;

when such **bodily injury** arises out of a **health care incident**.
- the **Named Insured's volunteer workers** are **Insureds** with respect to:
 - (1) **bodily injury** to a **co-volunteer worker** while performing duties related to the conduct of the **Named Insured's** business; and
 - (2) **bodily injury** to an **employee** while in the course of the **employee's** employment by the **Named Insured** or while performing duties related to the conduct of the **Named Insured's** business;

when such **bodily injury** arises out of a **health care incident**.

- b. delete Subparagraphs **(a), (b), (c) and (d)** of Paragraph **2.a.(1)** of **WHO IS AN INSURED**.

- c. add the following:

Insured does not include any physician while acting in his or her capacity as such.

- D. The **Other Insurance** condition is amended to delete Paragraph **b.(1)** in its entirety and replace it with the following:

Other Insurance

b. Excess Insurance

- (1) To the extent this insurance applies, it is excess over any other insurance, self insurance or risk transfer instrument, whether primary, excess, contingent or on any other basis, except for insurance purchased specifically by the **Named Insured** to be excess of this coverage.

10. JOINT VENTURES / PARTNERSHIP / LIMITED LIABILITY COMPANIES

- WHO IS AN INSURED** is amended to delete its last paragraph and replace it with the following:

No person or organization is an **Insured** with respect to:

the conduct of any current or past partnership or joint venture that is not shown as a **Named Insured** in the Declarations; nor

the conduct of a current or past limited liability company in which a **Named Insured's** interest does/did not rise to the level of management control;

except that if the **Named Insured** was a joint venturer, partner, or member of such a limited liability company, and such joint venture, partnership or limited liability company terminated prior to or during the **policy period**,

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Technology General Liability Extension Endorsement

Named Insured is an **Insured** with respect to its interest in such joint venture, partnership or limited liability company but only to the extent that:

- a. any offense giving rise to **personal and advertising injury** occurred prior to such termination date, and the **personal and advertising injury** arising out of such offense, first occurred after such termination date;
- b. the **bodily injury** or **property damage** first occurred after such termination date; and
- c. there is no other valid and collectible insurance purchased specifically to insure the partnership, joint venture or limited liability company.

11. LEGAL LIABILITY — DAMAGE TO PREMISES

A. Under COVERAGES, Coverage A — Bodily Injury and Property Damage Liability, the paragraph entitled **Exclusions** is amended to delete the first paragraph immediately following subparagraph **(6)** of the **Damage to Property** exclusion and replace it with the following:

Paragraphs (1), (3) and (4) of this exclusion do not apply to **property damage** (other than damage by fire, lightning, explosion, smoke or leakage from automatic fire protective systems) to premises rented to the **Named Insured** or temporarily occupied by the **Named Insured** with the permission of the owner, nor to the contents of premises rented to the **Named Insured** for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in **LIMITS OF INSURANCE**.

B. Under COVERAGES, Coverage A — Bodily Injury and Property Damage Liability, the paragraph entitled **Exclusions** is amended to delete its last paragraph and replace it with the following:

Exclusions **c.** through **n.** do not apply to damage by fire, lightning, explosion, smoke or leakage from automatic fire protective systems to premises while rented to a **Named Insured** or temporarily occupied by a **Named Insured** with permission of the owner, nor to damage to the contents of premises rented to a **Named Insured** for a period of 7 or fewer consecutive days.

A separate limit of insurance applies to this coverage as described in the **LIMITS OF INSURANCE** Section.

C. LIMITS OF INSURANCE is amended to delete Paragraph **6.** (the Damage To Premises Rented To You Limit) and replace it with the following:

6. Subject to Paragraph **5.** above, (the Each Occurrence Limit), the Damage To Premises Rented To You Limit is the most the Insurer will pay under **COVERAGE A** for **damages** because of **property damage** to:

- a. any one premises while rented to a **Named Insured** or temporarily occupied by a **Named Insured** with the permission of the owner; and
- b. contents of such premises if the premises is rented to the **Named Insured** for a period of 7 or fewer consecutive days.

The Damage To Premises Rented To You Limit is \$500,000. unless a higher Damage to Premises Rented to You Limit is shown in the Declarations.

D. The Other Insurance Condition is amended to delete Paragraph **b.(1)(a)(ii)**, and replace it with the following:

(ii) That is property insurance for premises rented to a **Named Insured**, for premises temporarily occupied by the **Named Insured** with the permission of the owner; or for personal property of others in the **Named Insured's** care, custody or control;

E. This Provision 11. does not apply if liability for damage to premises rented to a **Named Insured** is excluded by another endorsement attached to this **Coverage Part**.

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Insured Name: GRANICUS, LLC

Policy No: 6043664103

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Technology General Liability Extension Endorsement**12. MEDICAL PAYMENTS**

A. LIMITS OF INSURANCE is amended to delete Paragraph 7. (the Medical Expense Limit) and replace it with the following:

7. Subject to Paragraph 5. above (the Each Occurrence Limit), the Medical Expense Limit is the most the Insurer will pay under **Coverage C — Medical Payments** for all medical expenses because of **bodily injury** sustained by any one person. The Medical Expense Limit is the greater of:

- (1) \$15,000 unless a different amount is shown here: ; or
- (2) the amount shown in the Declarations for Medical Expense Limit.

B. Under COVERAGES, the Insuring Agreement of Coverage C — Medical Payments is amended to replace Paragraph 1.a.(3)(b) with the following:

(b) The expenses are incurred and reported to the Insurer within three years of the date of the accident; and

13. NON-OWNED AIRCRAFT

Under **COVERAGES, Coverage A — Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended as follows:

The exclusion entitled **Aircraft, Auto or Watercraft** is amended to add the following:

This exclusion does not apply to an aircraft not owned by any **Named Insured**, provided that:

- 1. the pilot in command holds a currently effective certificate issued by the duly constituted authority of the United States of America or Canada, designating that person as a commercial or airline transport pilot;
- 2. the aircraft is rented with a trained, paid crew to the **Named Insured**; and
- 3. the aircraft is not being used to carry persons or property for a charge.

14. NON-OWNED WATERCRAFT

Under **COVERAGES, Coverage A — Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended to delete subparagraph (2) of the exclusion entitled **Aircraft, Auto or Watercraft**, and replace it with the following.

This exclusion does not apply to:

- (2) a watercraft that is not owned by any **Named Insured**, provided the watercraft is:
 - (a) less than 75 feet long; and
 - (b) not being used to carry persons or property for a charge.

15. PERSONAL AND ADVERTISING INJURY —DISCRIMINATION OR HUMILIATION

A. Under DEFINITIONS, the definition of **personal and advertising injury** is amended to add the following tort:

- Discrimination or humiliation that results in injury to the feelings or reputation of a natural person.

B. Under COVERAGES, Coverage B — Personal and Advertising Injury Liability, the paragraph entitled **Exclusions** is amended to:

- 1. delete the Exclusion entitled **Knowing Violation Of Rights Of Another** and replace it with the following: This insurance does not apply to:

Technology General Liability Extension Endorsement

Knowing Violation of Rights of Another

Personal and advertising injury caused by or at the direction of the **Insured** with the knowledge that the act would violate the rights of another and would inflict **personal and advertising injury**. This exclusion shall not apply to discrimination or humiliation that results in injury to the feelings or reputation of a natural person, but only if such discrimination or humiliation is not done intentionally by or at the direction of:

- (a) the **Named Insured**; or
- (b) any **executive officer**, director, stockholder, partner, member or manager (if the **Named Insured** is a limited liability company) of the **Named Insured**.

2. add the following exclusions:

This insurance does not apply to:

Employment Related Discrimination

Discrimination or humiliation directly or indirectly related to the employment, prospective employment, past employment or termination of employment of any person by any **Insured**.

Premises Related Discrimination

discrimination or humiliation arising out of the sale, rental, lease or sub-lease or prospective sale, rental, lease or sub-lease of any room, dwelling or premises by or at the direction of any **Insured**.

Notwithstanding the above, there is no coverage for fines or penalties levied or imposed by a governmental entity because of discrimination.

The coverage provided by this **PERSONAL AND ADVERTISING INJURY —DISCRIMINATION OR HUMILIATION** Provision does not apply to any person or organization whose status as an **Insured** derives solely from

- Provision 1. **ADDITIONAL INSURED** of this endorsement; or
- attachment of an additional insured endorsement to this **Coverage Part**.

16. PERSONAL AND ADVERTISING INJURY - LIMITED CONTRACTUAL LIABILITY

A. Under COVERAGES, Coverage B —Personal and Advertising Injury Liability, the paragraph entitled **Exclusions** is amended to delete the exclusion entitled **Contractual Liability** and replace it with the following:

This insurance does not apply to:

Contractual Liability

Personal and advertising injury for which the **Insured** has assumed liability in a contract or agreement.

This exclusion does not apply to liability for **damages**:

- (1) that the **Insured** would have in the absence of the contract or agreement; or
- (2) assumed in a contract or agreement that is an **insured contract** provided the offense that caused such **personal or advertising injury** first occurred subsequent to the execution of such **insured contract**. Solely for the purpose of liability assumed in an **insured contract**, reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an **Insured** are deemed to be **damages** because of **personal and advertising injury** provided:
 - (a) liability to such party for, or for the cost of, that party's defense has also been assumed in such **insured contract**; and

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Nat'l Fire Ins Co of Hartford

Insured Name: GRANICUS, LLC

Policy No: 6043664103

Endorsement No: 6

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Technology General Liability Extension Endorsement

- B. Solely for the purpose of the coverage provided by this paragraph, **DEFINITIONS** is amended to delete the definition of **insured contract** in its entirety, and replace it with the following:

Insured contract means that part of a written contract or written agreement pertaining to the **Named Insured's** business under which the **Named Insured** assumes the tort liability of another party to pay for **personal or advertising injury** arising out of the offense of false arrest, detention or imprisonment. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

- C. Solely for the purpose of the coverage provided by this paragraph, the following changes are made to the Section entitled **SUPPLEMENTARY PAYMENTS — COVERAGES A AND B**:

1. Paragraph **2.d.** is replaced by the following:

d. The allegations in the suit and the information the Insurer knows about the offense alleged in such suit are such that no conflict appears to exist between the interests of the **Insured** and the interests of the indemnitee;

2. The first unnumbered paragraph beneath Paragraph **21(2)(b)** is deleted and replaced by the following:

So long as the above conditions are met, attorneys fees incurred by the Insurer in the defense of that indemnitee, necessary litigation expenses incurred by the Insurer, and necessary litigation expenses incurred by the indemnitee at the Insurer's request will be paid as **defense costs**. Notwithstanding the provisions of Paragraph **e.(2)** of the Contractual Liability exclusion (as amended by this Endorsement), such payments will not be deemed to be **damages for personal and advertising injury** and will not reduce the limits of insurance.

- D. This **PERSONAL AND ADVERTISING INJURY - LIMITED CONTRACTUAL LIABILITY** Provision does not apply if **Coverage B —Personal and Advertising Injury Liability** is excluded by another endorsement attached to this **Coverage Part**.

17. PROPERTY DAMAGE — ELEVATORS

- A. Under **COVERAGES, Coverage A — Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended such that the **Damage to Your Product** Exclusion and subparagraphs **(3), (4)** and **(6)** of the **Damage to Property** Exclusion do not apply to **property damage** that results from the use of elevators.

- B. Solely for the purpose of the coverage provided by this **PROPERTY DAMAGE — ELEVATORS** Provision, the **Other Insurance** conditions is amended to add the following paragraph:

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis that is Property insurance covering property of others damaged from the use of elevators.

18. SUPPLEMENTARY PAYMENTS

The section entitled **SUPPLEMENTARY PAYMENTS — COVERAGES A AND B** is amended as follows:

- A. Paragraph **1.b.** is amended to delete the \$250 limit shown for the cost of bail bonds and replace it with a \$5,000. limit; and
- B. Paragraph **1.d.** is amended to delete the limit of \$250 shown for daily loss of earnings and replace it with a \$1,000. limit.

19. PROPERTY DAMAGE - PATTERNS MOLDS AND DIES

Under **COVERAGES, Coverage A — Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended to delete subparagraphs **(3)** and **(4)** of the Exclusion entitled **Damage to Property**, but only with respect to patterns, molds or dies that are in the care, custody or control of the **Insured**, and only if such patterns, molds or dies are not being used to perform operations at the time of loss. A limit of insurance of \$25,000 per **policy period** applies to this **PROPERTY DAMAGE - PATTERNS MOLDS AND DIES** coverage, and

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- A. is included within the General Aggregate Limit as described in **LIMITS OF INSURANCE**; and
- B. applies excess over any valid and collectible property insurance available to the **Insured**, including any deductible applicable to such insurance; the **Other Insurance** condition is changed accordingly.

20. UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS

If the **Named Insured** unintentionally fails to disclose all existing hazards at the inception date of the **Named Insured's Coverage Part**, the Insurer will not deny coverage under this **Coverage Part** because of such failure.

21. WAIVER OF SUBROGATION - BLANKET

Under **CONDITIONS**, the condition entitled **Transfer Of Rights Of Recovery Against Others To Us** is amended to add the following:

The Insurer waives any right of recovery the Insurer may have against any person or organization because of payments the Insurer makes for injury or damage arising out of:

- 1. the **Named Insured's** ongoing operations; or
- 2. **your work** included in the **products-completed operations hazard**.

However, this waiver applies only when the **Named Insured** has agreed in writing to waive such rights of recovery in a written contract or written agreement, and only if such contract or agreement:

- 1. is in effect or becomes effective during the term of this **Coverage Part**; and
- 2. was executed prior to the **bodily injury, property damage or personal and advertising injury** giving rise to the **claim**.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

EXTENDED COVERAGE - BA PLUS - FOR HIRED AND NON-OWNED AUTOS

It is understood and agreed that this endorsement amends the BUSINESS AUTO COVERAGE FORM as follows. If any other endorsement attached to this policy amends any provision also amended by this endorsement, then that other endorsement controls with respect to such provision, and the changes made by this endorsement to such provision do not apply.

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I. AMENDMENTS TO LIABILITY COVERAGE

A. Amendments to Who Is An Insured

Under SECTION II - COVERED AUTOS LIABILITY COVERAGE, the paragraph entitled Who Is An Insured is amended to add the following:

1. Majority Owned Corporations

Any incorporated entity in which you own a majority of the voting stock on the inception date of this Coverage Form is an insured, but only if such entity is not an insured under any other liability "policy" that provides auto coverage.

2. Newly Acquired Organizations

Form No: CNA83700XX (10-2015)

Endorsement Effective Date:

Endorsement Expiration Date:

Endorsement No: 12; Page: 1 of 4

Underwriting Company: Continental Casualty Company, 151 N Franklin St, Chicago, IL 60606

Policy No: BUA 6043664084 Policy

Effective Date: 10/20/2020 Policy

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Any organization you newly acquire or form during the policy period, other than a limited liability company, partnership or joint venture, and in which you maintain majority ownership interest is an insured, but only if such organization is not an insured under any other liability "policy" that provides auto coverage. The insurance afforded by this provision:

a. Is effective on the date of acquisition or formation of the organization, and applies until:

- (1) The end of the policy period of this Coverage Form; or
- (2) The next anniversary of this Coverage Form's inception date,

whichever is earlier; and

b. Does not apply to bodily injury or property damage caused by an accident that occurred before you acquired or formed the organization.

3. Additional Insureds Required By Written Contract

Any person or organization that you are required by written contract to make an additional insured under this insurance is an insured, but only with respect to that person or organization's legal liability for acts or omissions of a person who qualifies as an insured for Liability Coverage under SECTION II - WHO IS AN INSURED of this Coverage Form.

4. Employee-Hired Autos

Any employee of yours is an insured while operating with your permission an auto hired or rented under a contract in that employee's name, while performing duties related to the conduct of your business.

With respect to provisions A.1. and A.2. above, "policy" includes those policies that were in force on the inception date of this Coverage Form, but:

- i. Which are no longer in force; or
- ii. Whose limits have been exhausted.

B. Increased Loss of Earnings Allowance

Under **SECTION II — COVERED AUTOS LIABILITY COVERAGE**, the paragraph entitled Coverage Extensions is amended under Supplementary Payment subparagraph (4) to delete the \$250. a day limit for loss of earnings and replace it with a \$500. a day limit.

C. Fellow Employee Coverage

Under **SECTION II — COVERED AUTOS LIABILITY COVERAGE**, the paragraph entitled Exclusions is amended to delete the exclusion entitled Fellow Employee.

II. AMENDMENTS TO PHYSICAL DAMAGE COVERAGE

A. Increased Loss of Use Expense

Under **SECTION III — PHYSICAL DAMAGE COVERAGE**, the paragraph entitled Coverage Extensions is amended under Loss of Use Expenses to delete the maximum of \$600., and replace it with a maximum of \$800.

B. Broadened Electronic Equipment Coverage

Under **SECTION III — PHYSICAL DAMAGE COVERAGE**, the paragraph entitled Exclusions is amended to delete paragraphs 5.a through 5.d. in their entirety, and replace them with the following:

- 5. Exclusions 4.c. and 4.d. above do not apply to loss to any electronic equipment that at the time of loss is:

- a. Permanently installed in or upon a covered auto, nor to such equipment's antennas or other accessories used with such equipment. A \$100 deductible applies to this provision, and supersedes any otherwise applicable deductible; or
- b. Designed to be operated solely by use of the power from the auto's electrical system and is:
 - (1) Removable from a housing unit which is permanently installed in or upon the covered auto;
 - (2) An integral part of the same unit housing any electronic equipment described in paragraphs a. or b.(1) above; or
 - (3) Necessary for the normal operation of the covered auto or the monitoring of the covered auto's operating system.

III. AMENDMENTS TO BUSINESS AUTO CONDITIONS

A. Knowledge of Accident or Loss

Under BUSINESS AUTO CONDITIONS, the Loss Condition entitled Duties In the Event of Accident, Claims, Suit, or Loss is amended to add the following subparagraph a.(4):

- (4) If your employees know of an accident or loss, this will not mean that you have such knowledge until such accident or loss is known to a natural person Named Insured, to a partner, executive officer, manager or member of a Named Insured, or to an employee designated by any of the above to be your insurance manager.

B. Knowledge of Documents

Under BUSINESS AUTO CONDITIONS, the Loss Condition entitled Duties In the Event of Accident, Claims, Suit, or Loss is amended to add the following subparagraph b.(6):

- (6) If your employees know of documents concerning a claim or suit, this will not mean that you have such knowledge until such documents are known to a natural person Named Insured, to a partner, executive officer, manager or member of a Named Insured, or to an employee designated by any of the above to be your insurance manager.

C. Waiver of Subrogation

Under BUSINESS AUTO CONDITIONS, the Loss Condition entitled Transfer Of Rights Of Recovery Against Others To Us is amended to add the following:

We waive any right of recovery we may have, because of payments we make for injury or damage, against any person or organization for whom or which you are required by written contract or agreement to obtain this waiver from us.

This injury or damage must arise out of your activities under a contract with that person or organization.

You must agree to that requirement prior to an accident or loss.

D. Unintentional Failure To Disclose Hazards

Under BUSINESS AUTO CONDITIONS, the General Condition entitled Concealment, Misrepresentation or Fraud is amended to add the following:

Your failure to disclose all hazards existing on the inception date of this Coverage Form shall not prejudice you with respect to the coverage provided by this insurance, provided such failure or omission is not intentional.

E. Primary and Non-Contributory When Required By Contract

Under BUSINESS AUTO CONDITIONS, the General Condition entitled Other Insurance is amended to add the following:

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Endorsement Effective Date:

Endorsement No: 12; Page: 3 of 4

Underwriting Company: Continental Casualty Company, 151 N Franklin St, Chicago, IL 60606

Endorsement Expiration Date:

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Effective Date: 10/20/2020 Policy

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Notwithstanding provisions 5.a. through 5.d. above, the coverage provided by this Coverage Form shall be on a primary and non-contributory basis when required to be so by a written contract entered into prior to accident or loss.

IV. AMENDMENTS TO DEFINITIONS

A. Broadened Bodily Injury

Under DEFINITIONS, the definition of bodily injury is deleted and replaced by the following:

Bodily injury means physical injury, sickness or disease sustained by a person, including death, mental anguish or mental injury sustained by that person which results as a consequence of the physical injury, sickness or disease.

All other terms and conditions of the policy remain unchanged

This endorsement, which forms a part of and is for attachment to the policy issued by the designated Insurers, takes effect on the Policy Effective date of said policy at the hour stated in said policy, unless another effective date (the Endorsement Effective Date) is shown below, and expires concurrently with said policy.

Form No: CNA83700XX (10-2015)

Endorsement Effective Date:

Endorsement Expiration Date:

Endorsement No: 12; Page: 4 of 4

Underwriting Company: Continental Casualty Company, 151 N Franklin St, Chicago, IL 60606

Policy No: BUA 6043664084

Policy Effective Date: 10/20/2020

Policy Page: 48 of 69

**AGREEMENT FOR CONSULTING SERVICES
BETWEEN THE CITY OF REDONDO BEACH
AND TILLMANN FORENSIC INVESTIGATIONS, LLC.**

THIS AGREEMENT FOR CONSULTING SERVICES (this "Agreement") is made between the City of Redondo Beach, a Chartered Municipal Corporation ("City") and Tillmann Forensic Investigations, a California Limited Liability Company ("Consultant" or "Contractor").

The parties hereby agree as follows:

1. Description of Project or Scope of Services. The project description or scope of services to be provided by Consultant, and any corresponding responsibilities of City, or services required to be performed by City are set forth in Exhibit "A."
2. Term and Time of Completion. Consultant shall commence and complete the project or services described in Exhibit "A" in accordance with the schedule set forth in Exhibit "B".
3. Compensation. City agrees to pay Consultant for work performed in accordance with Exhibit "C".

* * * * *

GENERAL PROVISIONS

1. Independent Contractor. Consultant acknowledges, represents and warrants that Consultant is not a regular or temporary employee, officer, agent, joint venturer or partner of the City, but rather an independent contractor. This Agreement shall not be construed as a contract of employment. Consultant shall have no rights to any benefits which accrue to City employees unless otherwise expressly provided in this Agreement. Due to the independent contractor relationship created by this Agreement, the City shall not withhold state or federal income taxes, the reporting of which shall be Consultant's sole responsibility.
2. Brokers. Consultant acknowledges, represents and warrants that Consultant has not hired, retained or agreed to pay any entity or person any fee, commission, percentage, gift, or any other consideration, contingent upon or resulting from the award or making of this Agreement.
3. City Property. All plans, drawings, reports, calculations, data, specifications, videos, graphics or other materials prepared for or obtained pursuant to this Agreement shall upon request be delivered to the City within a reasonable time, and the rights thereto shall be deemed assigned to the City. If applicable, Consultant shall prepare check prints upon request. Said plans, drawings,

reports, calculations, data, specifications, videos, graphics or other materials, shall be specific for the project herein and shall not be used by the City for any other project without Consultant's consent. Notwithstanding the foregoing, Consultant shall not be obligated to assign any proprietary software or data developed by or at the direction of Consultant for Consultant's own use; provided, however, that Consultant shall, pursuant to Paragraph 14 below, indemnify, defend and hold the City harmless from and against any discovery or Public Records Act request seeking the disclosure of any such proprietary software or data.

4. Inspection. If the services set forth in Exhibit "A" shall be performed on City or other public property, the City shall have the right to inspect such work without notice. If such services shall not be performed on City or other public property, the City shall have the right to inspect such work upon reasonable notice. Inspections by the City shall not relieve or minimize the responsibility of Consultant to conduct any inspections Consultant has agreed to perform pursuant to the terms of this Agreement. Consultant shall be solely liable for said inspections performed by Consultant. Consultant shall certify in writing to the City as to the completeness and accuracy of each inspection required to be conducted by Consultant hereunder.
5. Services. The project or services set forth in Exhibit "A" shall be performed to the full satisfaction and approval of the City. In the event that the project or services set forth in Exhibit "A" are itemized by price in Exhibit "C", the City in its sole discretion may, upon notice to Consultant, delete certain items or services set forth in Exhibit "A", in which case there shall be a corresponding reduction in the amount of compensation paid to Consultant. City shall furnish Consultant to the extent available, with any City standards, details, specifications and regulations applicable to the Project and necessary for the performance of Consultant's services hereunder. Notwithstanding the foregoing, any and all additional data necessary for design shall be the responsibility of Consultant.
6. Records. Consultant, including any of its subcontractors shall maintain full and complete documents and records, including accounting records, employee time sheets, work papers, and correspondence pertaining to the project or services set forth in Exhibit "A". Consultant, including any of its subcontractors shall make such documents and records available for City review or audit upon request and reasonable notice, and shall keep such documents and records, for at least four (4) years after Consultant's completion of performance of this Agreement. Copies of all pertinent reports and correspondence shall be furnished to the City for its files.
7. Changes and Extra Work. All changes and/or extra work under this Agreement shall be provided for by a subsequent written amendment executed by City and Consultant.

8. Additional Assistance. If this Agreement requires Consultant to prepare plans and specifications, Consultant shall provide assistance as necessary to resolve any questions regarding such plans and specifications that may arise during the period of advertising for bids, and Consultant shall issue any necessary addenda to the plans and specifications as requested. In the event Consultant is of the opinion that City's requests for addenda and assistance is outside the scope of normal services, the parties shall proceed in accordance with the changes and extra work provisions of this Agreement.
9. Professional Ability. Consultant acknowledges, represents and warrants that Consultant is skilled and able to competently provide the services hereunder, and possesses all professional licenses, certifications, and approvals necessary to engage in its occupation. City has relied upon the professional ability and training of Consultant as a material inducement to enter into this Agreement. Consultant shall perform in accordance with generally accepted professional practices and standards of Consultant's profession.
10. Business License. Consultant shall obtain a Redondo Beach Business License before performing any services required under this Agreement. The failure to so obtain such license shall be a material breach of this Agreement and grounds for immediate termination by City; provided, however, that City may waive the business license requirement in writing under unusual circumstances without necessitating any modification of this Agreement to reflect such waiver.
11. Termination Without Default. Notwithstanding any provision herein to the contrary, the City may, in its sole and absolute discretion and without cause, terminate this Agreement at any time prior to completion by Consultant of the project or services hereunder, immediately upon written notice to Consultant. In the event of any such termination, Consultant shall be compensated for: (1) all authorized work satisfactorily performed prior to the effective date of termination; and (2) necessary materials or services of others ordered by Consultant for this Agreement, prior to Consultant's receipt of notice of termination, irrespective of whether such materials or services of others have actually been delivered, and further provided that Consultant is not able to cancel such orders. Compensation for Consultant in such event shall be determined by the City in accordance with the percentage of the project or services completed by Consultant; and all of Consultant's finished or unfinished work product through the time of the City's last payment shall be transferred and assigned to the City. In conjunction with any termination of this Agreement, the City may, at its own expense, make copies or extract information from any notes, sketches, computations, drawings, and specifications or other data, whether complete or not.
12. Termination in the Event of Default. Should Consultant fail to perform any of its obligations hereunder, within the time and in the manner provided or otherwise violate any of the terms of this Agreement, the City may immediately terminate this Agreement by giving written notice of such termination, stating the reasons

for such termination. Consultant shall be compensated as provided immediately above, provided, however, there shall be deducted from such amount the amount of damages if any, sustained by the City by virtue of Consultant's breach of this Agreement.

13. Conflict of Interest. Consultant acknowledges, represents and warrants that Consultant shall avoid all conflicts of interest (as defined under any federal, state or local statute, rule or regulation, or at common law) with respect to this Agreement. Consultant further acknowledges, represents and warrants that Consultant has no business relationship or arrangement of any kind with any City official or employee with respect to this Agreement. Consultant acknowledges that in the event that Consultant shall be found by any judicial or administrative body to have any conflict of interest (as defined above) with respect to this Agreement, all consideration received under this Agreement shall be forfeited and returned to City forthwith. This provision shall survive the termination of this Agreement for one (1) year.
14. Indemnity. To the maximum extent permitted by law, Consultant hereby agrees, at its sole cost and expense, to defend protect, indemnify, and hold harmless the City, its elected and appointed officials, officers, employees, volunteers, attorneys, and agents (collectively "Indemnitees") from and against any and all claims, including, without limitation, claims for bodily injury, death or damage to property, demands, charges, obligations, damages, causes of action, proceedings, suits, losses, stop payment notices, judgments, fines, liens, penalties, liabilities, costs and expenses of every kind and nature whatsoever, in any manner arising out of, incident to, related to, in connection with or arising from any act, failure to act, error or omission of Consultant's performance or work hereunder (including any of its officers, agents, employees, Subcontractors) or its failure to comply with any of its obligations contained in the Agreement, or its failure to comply with any current or prospective law, except for such loss or damage which was caused by the sole negligence or willful misconduct of the City. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant or Indemnitees. This indemnification obligation shall survive this Agreement and shall not be limited by any term of any insurance policy required under this Agreement.
 - a. Nonwaiver of Rights. Indemnitees do not and shall not waive any rights that they may possess against Consultant because the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement.
 - b. Waiver of Right of Subrogation. Consultant, on behalf of itself and all parties claiming under or through it, hereby waives all rights of subrogation and contribution against the Indemnitees.

15. Insurance. Consultant shall comply with the requirements set forth in Exhibit "D." Insurance requirements that are waived by the City's Risk Manager do not require amendments or revisions to this Agreement.
16. Non-Liability of Officials and Employees of the City. No official or employee of the City shall be personally liable for any default or liability under this Agreement.
17. Compliance with Laws. Consultant shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals, with respect to this Agreement, including without limitation all environmental laws, employment laws, and non-discrimination laws.
18. Limitations upon Subcontracting and Assignment. Consultant acknowledges that the services which Consultant shall provide under this Agreement are unique, personal services which, except as otherwise provided herein, Consultant shall not assign or sublet to any other party without the prior written approval of City, which approval may be withheld in the City's sole and absolute discretion. In the event that the City, in writing, approves any assignment or subletting of this Agreement or the retention of subcontractors by Consultant, Consultant shall provide to the City upon request copies of each and every subcontract prior to the execution thereof by Consultant and subcontractor. Any attempt by Consultant to assign any or all of its rights under this Agreement without first obtaining the City's prior written consent shall constitute a material default under this Agreement.

The sale, assignment, transfer or other disposition, on a cumulative basis, of twenty-five percent (25%) or more of the ownership interest in Consultant or twenty-five percent (25%) or more the voting control of Consultant (whether Consultant is a corporation, limited liability company, partnership, joint venture or otherwise) shall constitute an assignment for purposes of this Agreement. Further, the involvement of Consultant or its assets in any transaction or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Agreement or Consultant's assets occurs, which reduces Consultant's assets or net worth by twenty-five percent (25%) or more shall also constitute an assignment for purposes of this Agreement.

19. Subcontractors. Consultant shall provide properly skilled professional and technical personnel to perform any approved subcontracting duties. Consultant shall not engage the services of any person or persons now employed by the City without the prior written approval of City, which approval may be withheld in the City's sole and absolute discretion.
20. Integration. This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes any previous oral or written agreement; provided, however, that correspondence or documents

exchanged between Consultant and City may be used to assist in the interpretation of the exhibits to this Agreement.

21. Amendment. This Agreement may be amended or modified only by a subsequent written amendment executed by both parties.
22. Conflicting Provisions. In the event of a conflict between the terms and conditions of this Agreement and those of any exhibit or attachment hereto, this Agreement proper shall prevail. In the event of a conflict between the terms and conditions of any two or more exhibits or attachments hereto, those prepared by the City shall prevail over those prepared by Consultant.
23. Non-Exclusivity. Notwithstanding any provision herein to the contrary, the services provided by Consultant hereunder shall be non-exclusive, and City reserves the right to employ other contractors in connection with the project.
24. Exhibits. All exhibits hereto are made a part hereof and incorporated herein by reference; provided, however, that any language in Exhibit "A" which does not pertain to the project description, proposal, or scope of services (as applicable) to be provided by Consultant, or any corresponding responsibilities of City, shall be deemed extraneous to, and not a part of, this Agreement.
25. Time of Essence. Time is of the essence of this Agreement.
26. Confidentiality. To the extent permissible under law, Consultant shall keep confidential its obligations hereunder and the information acquired during the performance of the project or services hereunder.
27. Third Parties. Nothing herein shall be interpreted as creating any rights or benefits in any third parties. For purposes hereof, transferees or assignees as permitted under this Agreement shall not be considered "third parties."
28. Governing Law and Venue. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law. Venue for any litigation or other action arising hereunder shall reside exclusively in the Superior Court of the County of Los Angeles, Southwest Judicial District.
29. Attorneys' Fees. In the event either party to this Agreement brings any action to enforce or interpret this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees (including expert witness fees) and costs. This provision shall survive the termination of this Agreement.
30. Claims. Any claim by Consultant against City hereunder shall be subject to Government Code §§ 800 *et seq.* The claims presentation provisions of said Act are hereby modified such that the presentation of all claims hereunder to the City

shall be waived if not made within six (6) months after accrual of the cause of action.

31. Interpretation. Consultant acknowledges that it has had ample opportunity to seek legal advice with respect to the negotiation of this Agreement. This Agreement shall be interpreted as if drafted by both parties.
32. Warranty. In the event that any product shall be provided to the City as part of this Agreement, Consultant warrants as follows: Consultant possesses good title to the product and the right to transfer the product to City; the product shall be delivered to the City free from any security interest or other lien; the product meets all specifications contained herein; the product shall be free from material defects in materials and workmanship under normal use for a period of one (1) year from the date of delivery; and the product shall be fit for its intended purpose(s). Notwithstanding the foregoing, consumable and maintenance items (such as light bulbs and batteries) shall be warranted for a period of thirty (30) days from the date of delivery. All repairs during the warranty period shall be promptly performed by Consultant, at Consultant's expense, including shipping. Consultant shall not be liable under this warranty for an amount greater than the amount set forth in Exhibit "C" hereto.
33. Severance. Any provision of this Agreement that is found invalid or unenforceable shall be deemed severed, and all remaining provisions of this Agreement shall remain enforceable to the fullest extent permitted by law.
34. Authority. City warrants and represents that upon City Council approval, the Mayor of the City of Redondo Beach is duly authorized to enter into and execute this Agreement on behalf of City. The party signing on behalf of Consultant warrants and represents that he or she is duly authorized to enter into and execute this Agreement on behalf of Consultant, and shall be personally liable to City if he or she is not duly authorized to enter into and execute this Agreement on behalf of Consultant.
35. Waiver. The waiver by the City of any breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

SIGNATURES FOLLOW ON NEXT PAGE

IN WITNESS WHEREOF, the parties have executed this Agreement in Redondo Beach, California, as of this 6th day of April, 2021.

CITY OF REDONDO BEACH

TILLMANN FORENSIC INVESTIGATIONS,
LLC.

William C. Brand, Mayor

By: _____
Name: _____
Title: _____

ATTEST:

Eleanor Manzano, City Clerk

APPROVED:

Diane Strickfaden, Risk Manager

APPROVED AS TO FORM:

Michael W. Webb, City Attorney

EXHIBIT "A"

PROJECT DESCRIPTION AND/OR SCOPE OF SERVICES

Consultant Shall:

1. Perform Multimodal Biometric Identification System (MBIS) and Federal Bureau of Investigation (FBI/NGI) Universal Latent Workstation (ULW) entry, retrieval and comparison of latent prints for Identification.
2. Provide documentation of MBIS and ULW entries and report writing on identified cases. Such services shall be billed at a minimum of two (2) hours.
3. Perform retrieval and comparison of latent prints for Identification.
4. Provide court testimony, as needed. This service shall be billed at a minimum of four (4) hours.

EXHIBIT "B"

SCHEDULE FOR COMPLETION

Term. This Agreement shall commence on April 6, 2021 and shall continue until April 5, 2022, unless otherwise terminated as herein provided.

EXHIBIT "C"
COMPENSATION

Provided Consultant is not in default under this Agreement, Consultant shall be compensated as provided below.

1. **AMOUNT.** Consultant shall provide services described in this agreement at a rate of \$75.00 per hour. Consultant shall not to exceed \$16,000.00 annually.
2. **METHOD OF PAYMENT.** Consultant shall provide invoices to City for approval and payment. Invoices must be adequately detailed, based on accurate records, and in a form reasonably satisfactory to City. Consultant may be required to provide back-up material upon request.
3. **SCHEDULE FOR PAYMENT.** Consultant shall provide monthly invoices indicating the services and tasks performed, hours worked, and staff assigned during the prior month to City for approval and payment. Invoices must be itemized, adequately detailed, based on accurate records, and in a form reasonably satisfactory to City. Consultant may be required to provide back-up material upon request.
4. **NOTICE.** Written notices to City and Consultant shall be given by registered or certified mail, postage prepaid and addressed to or personally served on the following parties.

Consultant
Steven Tillmann
626-482-4930
Steve@TFI-LLC.com
P.O. Box 4373
Covina, CA 91723

City
Keith Kauffman
310-379-2477 Ext. 2650
Keith.Kauffman@redondo.org
401 Diamond Street
Redondo Beach, CA 90277

All notices, including notices of address changes, provided under this Agreement are deemed received on the third day after mailing if sent by registered or certified mail. Changes in the respective address set forth above may be made from time to time by any party upon written notice to the other party.

EXHIBIT “D”

INSURANCE REQUIREMENTS FOR CONSULTANTS

Without limiting Consultant’s indemnification obligations under this Agreement, Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).

Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).

Workers’ Compensation insurance as required by the State of California.

Employer’s Liability Insurance.

Minimum Limits of Insurance

Consultant shall maintain limits no less than:

General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. The general aggregate limit shall apply separately to this project.

Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

Employer’s Liability: \$1,000,000 per accident for bodily injury or disease.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers or (2) the Consultant shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Endorsement:

General Liability: The City, its officers, elected and appointed officials, employees, and volunteers shall be covered as insureds with respect to liability arising out of work performed by or on behalf of the Consultant. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance, or as a separate owner's policy.

Automobile Liability: The City, its officers, elected and appointed officials, employees, and volunteers shall be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Consultant.

For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, elected and appointed officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.

Each insurance policy shall be endorsed to state that the inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverages afforded shall apply as though separate policies had been issued to each insured.

Each insurance policy shall be in effect prior to awarding the contract and each insurance policy or a successor policy shall be in effect for the duration of the project. The maintenance of proper insurance coverage is a material element of the contract and failure to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of contract on the Consultant's part.

Acceptability of Insurers

Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A:VII and which are authorized to transact insurance business in the State of California by the Department of Insurance.

Verification of Coverage

Consultant shall furnish the City with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on the City authorized forms provided with the contract specifications. Standard ISO forms which shall be subject to City approval and amended to conform to the City's requirements may be acceptable in lieu of City authorized forms. All certificates and endorsements shall be received and approved by the City before the contract is awarded. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

Subcontractors

Consultant shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

Risk Management

Consultant acknowledges that insurance underwriting standards and practices are subject to change, and the City reserves the right to make changes to these provisions in the reasonable discretion of its Risk Manager.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

12/11/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER		CONTACT NAME: Lin D Diaz	
D&C Insurance Solutions		PHONE (A/C, No, Ext): 888.457.4426	FAX (A/C, No): 323.576.4552
300 S. Atlantic Blvd., Ste 201-B		E-MAIL ADDRESS: contact@dc-i-insurance.com	
Monterey Park CA 91754		INSURER(S) AFFORDING COVERAGE	
		INSURER A: Western World Insurance Company	
		NAIC #	
		13196	
INSURED		INSURER B:	
Tillmann Forensic Investigations, LLC.		INSURER C:	
		INSURER D:	
PO Box 4373		INSURER E:	
Covina CA 91723		INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
<input checked="" type="checkbox"/>	COMMERCIAL GENERAL LIABILITY	A		NPP8622746	12/17/2020	12/17/2021	
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						EACH OCCURRENCE \$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000
							MED EXP (Any one person) \$ 5,000
							PERSONAL & ADV INJURY \$ 1,000,000
							GENERAL AGGREGATE \$ 2,000,000
							PRODUCTS - COMP/OP AGG \$ Included
							Errors & Omissions \$ Included
	GEN'L AGGREGATE LIMIT APPLIES PER:						
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						
	OTHER:						
	AUTOMOBILE LIABILITY						
	<input type="checkbox"/> ANY AUTO						COMBINED SINGLE LIMIT (Ea accident) \$
	<input type="checkbox"/> OWNED AUTOS ONLY						BODILY INJURY (Per person) \$
	<input type="checkbox"/> HIRED AUTOS ONLY						BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident) \$
							\$
	UMBRELLA LIAB						EACH OCCURRENCE \$
	EXCESS LIAB						AGGREGATE \$
	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE						\$
	DED RETENTION \$						
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N					PER STATUTE OTH-ER
	If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					E.L. EACH ACCIDENT \$
							E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Regarding the above referenced General Liability Insurance policy, the certificate holder is included as additional insured, but only with respect to the negligent acts, errors or omissions of the named insured.

CERTIFICATE HOLDER	CANCELLATION
City of Redondo Beach 401 Diamond Street Redondo Beach, CA 90277	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE
	Lin Dau Diaz

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location(s) Of Covered Operations
City of Manhattan Beach	Various Locations
City of El Segundo	Various Locations
City of Costa Mesa	Various Locations
City of Redondo Beach Street	Various Locations
West Covina Police Department	Various Locations
Torrance Police Department	Various Locations
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II - Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III - Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or

2. Available under the applicable Limits of Insurance shown in the Declarations;
whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

StateFarm



CALIFORNIA INSURANCE CARD

State Farm Mutual Automobile Insurance Company
PO Box 853919 Richardson, TX 75085-3919
INSURED TILLMANN, STEVE & RITA

MUTL
VOL

POLICY NUMBER 342 5877-C29-75F

EFFECTIVE

YR 2019 MAKE JEEP

MAR 29 2021 TO SEP 29 2021

MODEL WRANGLER VIN 1C4HJXEN3KW521789

AGENT MEREDITH THOMPSON

1317-AED

PHONE (626)974-5577 NAIC 25178

COVERAGE PROVIDED BY THE POLICY MEETS THE MINIMUM LIABILITY LIMITS
PRESCRIBED BY LAW.

COVERAGES A C D1000 G1000 H U U1

SEE REVERSE SIDE FOR AN EXPLANATION.

**AGREEMENT FOR CONSULTING SERVICES
BETWEEN THE CITY OF REDONDO BEACH
AND
WALKER PARKING CONSULTANTS/ENGINEERS, INC.**

THIS AGREEMENT FOR CONSULTING SERVICES (this "Agreement") is made between the City of Redondo Beach, a Chartered Municipal Corporation ("City") and Walker Parking Consultants/Engineers, Inc, a Michigan Corporation ("Consultant" or "Contractor").

The parties hereby agree as follows:

1. Description of Project or Scope of Services. The project description or scope of services to be provided by Consultant, and any corresponding responsibilities of City, or services required to be performed by City are set forth in Exhibit "A."
2. Term and Time of Completion. Consultant shall commence and complete the project or services described in Exhibit "A" in accordance with the schedule set forth in Exhibit "B".
3. Compensation. City agrees to pay Consultant for work performed in accordance with Exhibit "C".

* * * * *

GENERAL PROVISIONS

1. Independent Contractor. Consultant acknowledges, represents and warrants that Consultant is not a regular or temporary employee, officer, agent, joint venturer or partner of the City, but rather an independent contractor. This Agreement shall not be construed as a contract of employment. Consultant shall have no rights to any benefits which accrue to City employees unless otherwise expressly provided in this Agreement. Due to the independent contractor relationship created by this Agreement, the City shall not withhold state or federal income taxes, the reporting of which shall be Consultant's sole responsibility.
2. Brokers. Consultant acknowledges, represents and warrants that Consultant has not hired, retained or agreed to pay any entity or person any fee, commission, percentage, gift, or any other consideration, contingent upon or resulting from the award or making of this Agreement.
3. City Property. All plans, drawings, reports, calculations, data, specifications, videos, graphics or other materials prepared for or obtained pursuant to this Agreement shall upon request be delivered to the City within a reasonable time, and the rights thereto shall be deemed assigned to the City. If applicable,

Consultant shall prepare check prints upon request. Said plans, drawings, reports, calculations, data, specifications, videos, graphics or other materials, shall be specific for the project herein and shall not be used by the City for any other project without Consultant's consent. Notwithstanding the foregoing, Consultant shall not be obligated to assign any proprietary software or data developed by or at the direction of Consultant for Consultant's own use; provided, however, that Consultant shall, pursuant to Paragraph 14 below, indemnify, defend and hold the City harmless from and against any discovery or Public Records Act request seeking the disclosure of any such proprietary software or data.

4. Inspection. If the services set forth in Exhibit "A" shall be performed on City or other public property, the City shall have the right to inspect such work without notice. If such services shall not be performed on City or other public property, the City shall have the right to inspect such work upon reasonable notice. Inspections by the City shall not relieve or minimize the responsibility of Consultant to conduct any inspections Consultant has agreed to perform pursuant to the terms of this Agreement. Consultant shall be solely liable for said inspections performed by Consultant. Consultant shall certify in writing to the City as to the completeness and accuracy of each inspection required to be conducted by Consultant hereunder.
5. Services. The project or services set forth in Exhibit "A" shall be performed to the full satisfaction and approval of the City. In the event that the project or services set forth in Exhibit "A" are itemized by price in Exhibit "C", the City in its sole discretion may, upon notice to Consultant, delete certain items or services set forth in Exhibit "A", in which case there shall be a corresponding reduction in the amount of compensation paid to Consultant. City shall furnish Consultant to the extent available, with any City standards, details, specifications and regulations applicable to the Project and necessary for the performance of Consultant's services hereunder. Notwithstanding the foregoing, any and all additional data necessary for design shall be the responsibility of Consultant.
6. Records. Consultant, including any of its subcontractors shall maintain full and complete documents and records, including accounting records, employee time sheets, work papers, and correspondence pertaining to the project or services set forth in Exhibit "A". Consultant, including any of its subcontractors shall make such documents and records available for City review or audit upon request and reasonable notice, and shall keep such documents and records, for at least four (4) years after Consultant's completion of performance of this Agreement. Copies of all pertinent reports and correspondence shall be furnished to the City for its files.
7. Changes and Extra Work. All changes and/or extra work under this Agreement shall be provided for by a subsequent written amendment executed by City and Consultant.

8. Additional Assistance. If this Agreement requires Consultant to prepare plans and specifications, Consultant shall provide assistance as necessary to resolve any questions regarding such plans and specifications that may arise during the period of advertising for bids, and Consultant shall issue any necessary addenda to the plans and specifications as requested. In the event Consultant is of the opinion that City's requests for addenda and assistance is outside the scope of normal services, the parties shall proceed in accordance with the changes and extra work provisions of this Agreement.
9. Professional Ability. Consultant acknowledges, represents and warrants that Consultant is skilled and able to competently provide the services hereunder, and possesses all professional licenses, certifications, and approvals necessary to engage in its occupation. City has relied upon the professional ability and training of Consultant as a material inducement to enter into this Agreement. Consultant shall perform in accordance with generally accepted professional practices and standards of Consultant's profession.
10. Business License. Consultant shall obtain a Redondo Beach Business License before performing any services required under this Agreement. The failure to so obtain such license shall be a material breach of this Agreement and grounds for immediate termination by City; provided, however, that City may waive the business license requirement in writing under unusual circumstances without necessitating any modification of this Agreement to reflect such waiver.
11. Termination Without Default. Notwithstanding any provision herein to the contrary, the City may, in its sole and absolute discretion and without cause, terminate this Agreement at any time prior to completion by Consultant of the project or services hereunder, immediately upon written notice to Consultant. In the event of any such termination, Consultant shall be compensated for: (1) all authorized work satisfactorily performed prior to the effective date of termination; and (2) necessary materials or services of others ordered by Consultant for this Agreement, prior to Consultant's receipt of notice of termination, irrespective of whether such materials or services of others have actually been delivered, and further provided that Consultant is not able to cancel such orders. Compensation for Consultant in such event shall be determined by the City in accordance with the percentage of the project or services completed by Consultant; and all of Consultant's finished or unfinished work product through the time of the City's last payment shall be transferred and assigned to the City. In conjunction with any termination of this Agreement, the City may, at its own expense, make copies or extract information from any notes, sketches, computations, drawings, and specifications or other data, whether complete or not.
12. Termination in the Event of Default. Should Consultant fail to perform any of its obligations hereunder, within the time and in the manner provided or otherwise

violate any of the terms of this Agreement, the City may immediately terminate this Agreement by giving written notice of such termination, stating the reasons for such termination. Consultant shall be compensated as provided immediately above, provided, however, there shall be deducted from such amount the amount of damages if any, sustained by the City by virtue of Consultant's breach of this Agreement.

13. Conflict of Interest. Consultant acknowledges, represents and warrants that Consultant shall avoid all conflicts of interest (as defined under any federal, state or local statute, rule or regulation, or at common law) with respect to this Agreement. Consultant further acknowledges, represents and warrants that Consultant has no business relationship or arrangement of any kind with any City official or employee with respect to this Agreement. Consultant acknowledges that in the event that Consultant shall be found by any judicial or administrative body to have any conflict of interest (as defined above) with respect to this Agreement, all consideration received under this Agreement shall be forfeited and returned to City forthwith. This provision shall survive the termination of this Agreement for one (1) year.
14. Indemnity. In connection with its design professional services and to the maximum extent permitted by law, Consultant shall hold harmless and indemnify City, and its officials, officers, employees, agents, and designated volunteers (collectively, "Indemnitees"), with respect to any and all claims, demands, causes of action, damages, injuries, liabilities, losses, costs or expenses, including reimbursement of attorneys' fees and costs of defense, which arise out of, pertain to, or relate to in whole or in part to the negligence, recklessness, or willful misconduct of Consultant or any of its officers, employees, subcontractors, or agents in the performance of its design professional services under this Agreement.
 - a. Other Indemnities. In connection with any and all claims, demands, causes of action, damages, injuries, liabilities, losses, costs or expenses, including attorneys' fees and costs of defense (collectively, "Damages" hereinafter) not covered by the foregoing paragraph, and to the maximum extent permitted by law, Consultant shall defend, hold harmless and indemnify the Indemnitees with respect to any and all Damages, which arise out of, pertain to, or relate to the acts or omissions of Consultant or any of its officers, employees, subcontractors, or agents in the performance of this Agreement, except for such loss or damage arising from the sole negligence or willful misconduct of the City. Consultant shall defend Indemnitees in any action or actions filed in connection with any such Damages. Notwithstanding the foregoing, nothing in Section 14 shall be construed to encompass Indemnitees' active negligence to the limited extent that this Agreement is subject to Civil Code Section 2782(b). Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant or Indemnitees. This

indemnification obligation shall survive this Agreement and shall not be limited by any term of any insurance policy required under this Agreement.

- b. Nonwaiver of Rights. Indemnitees do not and shall not waive any rights that they may possess against Consultant because the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement.
 - c. Waiver of Right of Subrogation. Consultant, on behalf of itself and all parties claiming under or through it, hereby waives all rights of subrogation and contribution against the Indemnitees.
15. Insurance. Consultant shall comply with the requirements set forth in Exhibit "D." Insurance requirements that are waived by the City's Risk Manager do not require amendments or revisions to this Agreement.
16. Non-Liability of Officials and Employees of the City. No official or employee of the City shall be personally liable for any default or liability under this Agreement.
17. Compliance with Laws. Consultant shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals, with respect to this Agreement, including without limitation all environmental laws, employment laws, and non-discrimination laws.
- a. Federal Standard. Consultant further acknowledges that this is a federally assisted construction contract and that federal labor standards provisions, including prevailing wage requirements of the Davis-Bacon and Related Acts, will be enforced. Consultant understands that in the event of a conflict between the Federal General Wage Decision as established by the United States Department of Labor (available at www.access.gpo.gov/davisbacon/ca.html) and the State General Prevailing Wage Determination as established by the California Department of Industrial Relations (available at <http://www.dir.ca.gov/DLSR/PWD/index.htm>), the higher of the two will prevail.
 - b. Prevailing Wages. City and Consultant acknowledge that this project is a public work to which prevailing wages apply. Consultant shall comply with the Agreement to Comply with California Labor Law Requirements set forth in Exhibit "E", which is attached hereto and incorporated by reference.
18. Limitations upon Subcontracting and Assignment. Consultant acknowledges that the services which Consultant shall provide under this Agreement are unique, personal services which, except as otherwise provided herein, Consultant shall not assign or sublet to any other party without the prior written approval of City, which approval may be withheld in the City's sole and absolute discretion. In the event that the City, in writing, approves any assignment or subletting of this

Agreement or the retention of subcontractors by Consultant, Consultant shall provide to the City upon request copies of each and every subcontract prior to the execution thereof by Consultant and subcontractor. Any attempt by Consultant to assign any or all of its rights under this Agreement without first obtaining the City's prior written consent shall constitute a material default under this Agreement.

The sale, assignment, transfer or other disposition, on a cumulative basis, of twenty-five percent (25%) or more of the ownership interest in Consultant or twenty-five percent (25%) or more the voting control of Consultant (whether Consultant is a corporation, limited liability company, partnership, joint venture or otherwise) shall constitute an assignment for purposes of this Agreement. Further, the involvement of Consultant or its assets in any transaction or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Agreement or Consultant's assets occurs, which reduces Consultant's assets or net worth by twenty-five percent (25%) or more shall also constitute an assignment for purposes of this Agreement.

19. Subcontractors. Consultant shall provide properly skilled professional and technical personnel to perform any approved subcontracting duties. Consultant shall not engage the services of any person or persons now employed by the City without the prior written approval of City, which approval may be withheld in the City's sole and absolute discretion.
20. Integration. This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes any previous oral or written agreement; provided, however, that correspondence or documents exchanged between Consultant and City may be used to assist in the interpretation of the exhibits to this Agreement.
21. Amendment. This Agreement may be amended or modified only by a subsequent written amendment executed by both parties.
22. Conflicting Provisions. In the event of a conflict between the terms and conditions of this Agreement and those of any exhibit or attachment hereto, this Agreement proper shall prevail. In the event of a conflict between the terms and conditions of any two or more exhibits or attachments hereto, those prepared by the City shall prevail over those prepared by Consultant.
23. Non-Exclusivity. Notwithstanding any provision herein to the contrary, the services provided by Consultant hereunder shall be non-exclusive, and City reserves the right to employ other contractors in connection with the project.
24. Exhibits. All exhibits hereto are made a part hereof and incorporated herein by reference; provided, however, that any language in Exhibit "A" which does not pertain to the project description, proposal, or scope of services (as applicable) to

be provided by Consultant, or any corresponding responsibilities of City, shall be deemed extraneous to, and not a part of, this Agreement.

25. Time of Essence. Time is of the essence of this Agreement.
26. Confidentiality. To the extent permissible under law, Consultant shall keep confidential its obligations hereunder and the information acquired during the performance of the project or services hereunder.
27. Third Parties. Nothing herein shall be interpreted as creating any rights or benefits in any third parties. For purposes hereof, transferees or assignees as permitted under this Agreement shall not be considered "third parties."
28. Governing Law and Venue. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law. Venue for any litigation or other action arising hereunder shall reside exclusively in the Superior Court of the County of Los Angeles, Southwest Judicial District.
29. Attorneys' Fees. In the event either party to this Agreement brings any action to enforce or interpret this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees (including expert witness fees) and costs. This provision shall survive the termination of this Agreement.
30. Claims. Any claim by Consultant against City hereunder shall be subject to Government Code §§ 800 *et seq.* The claims presentation provisions of said Act are hereby modified such that the presentation of all claims hereunder to the City shall be waived if not made within six (6) months after accrual of the cause of action.
31. Interpretation. Consultant acknowledges that it has had ample opportunity to seek legal advice with respect to the negotiation of this Agreement. This Agreement shall be interpreted as if drafted by both parties.
32. Warranty. In the event that any product shall be provided to the City as part of this Agreement, Consultant warrants as follows: Consultant possesses good title to the product and the right to transfer the product to City; the product shall be delivered to the City free from any security interest or other lien; the product meets all specifications contained herein; the product shall be free from material defects in materials and workmanship under normal use for a period of one (1) year from the date of delivery; and the product shall be fit for its intended purpose(s). Notwithstanding the foregoing, consumable and maintenance items (such as light bulbs and batteries) shall be warranted for a period of thirty (30) days from the date of delivery. All repairs during the warranty period shall be promptly performed by Consultant, at Consultant's expense, including shipping.

Consultant shall not be liable under this warranty for an amount greater than the amount set forth in Exhibit "C" hereto.

33. Severance. Any provision of this Agreement that is found invalid or unenforceable shall be deemed severed, and all remaining provisions of this Agreement shall remain enforceable to the fullest extent permitted by law.
34. Authority. City warrants and represents that upon City Council approval, the Mayor of the City of Redondo Beach is duly authorized to enter into and execute this Agreement on behalf of City. The party signing on behalf of Consultant warrants and represents that he or she is duly authorized to enter into and execute this Agreement on behalf of Consultant, and shall be personally liable to City if he or she is not duly authorized to enter into and execute this Agreement on behalf of Consultant.
35. Waiver. The waiver by the City of any breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

SIGNATURES FOLLOW ON NEXT PAGE

IN WITNESS WHEREOF, the parties have executed this Agreement in Redondo Beach, California, as of this 6th day of April, 2021.

CITY OF REDONDO BEACH

WALKER PARKING CONSULTANTS/
ENGINEERS, INC.

William C. Brand, Mayor

By: _____
Name: _____
Title: _____

ATTEST:

Eleanor Manzano, City Clerk

APPROVED:

Risk Manager

APPROVED AS TO FORM:

Michael W. Webb, City Attorney

EXHIBIT "A"

PROJECT DESCRIPTION AND/OR SCOPE OF SERVICES

CONSULTANT'S DUTIES

Consultant shall provide Waterproofing consultant services for the City Transit Center located at 1521 Kingsdale Avenue, Redondo Beach, CA 90278 ("City Transit Center").

Consultant shall provide waterproofing design and construction support for the Transit Center Project for watertight integrity.

1. Consultant shall provide a peer review of the Architect's waterproofing details for watertight integrity in the construction set and providing supplemental waterproofing details as needed in PDF format to assist in clarifying peer review recommendations.
2. Consultant shall review Requests for Information (RFIs) and submittals. Provide periodic field visits and observations reports, and provide other construction support (such as substitution requests), as requested, on a time and material basis up to and pursuant to the compensation provided in Exhibit "C". RFI's and Submittals shall be issued by the Construction Contractor for the Transit Center.
3. Consultant's RFI responses shall be based on the permit set and Consultant's supplemental details, and shall include Consultant's waterproofing recommendations. Supplemental drawing revisions or new sheets shall be issued on City Titleblock provided in Autocad. Revisions shall be formatted per industry standard as directed by City Project Manager.
4. Consultant shall review submittals for conformance to the Construction Documents and to the Consultant's recommendations for watertight integrity. Review may include substitution requests.
5. Consultant shall issue sheet revisions of the supplemental waterproofing details via numbered Bulletin and formatted per industry standard as directed by City's Project manager. Bulletin number shall be obtained from Construction Manager.
6. Consultant shall respond to RFIs and submittals within seven (7) days. This is based on the assumption that the Contractor will provide one RFI per clarification requested and that submittals will be sent to Consultant with reasonable time between submittals.
7. Consultant shall notify City if Consultant's recommendations for RFIs or Submittals are expected to cause a delay or increase in cost prior to submitting the response to discuss alternative options if any.

8. Consultant shall notify City of recommended substitutions or revisions that may result in a credit to the City.
9. Consultant shall provide as-built PDF sheets for waterproofing details provided at the end of the project if requested by City Project Manager.

EXHIBIT "B"

SCHEDULE FOR COMPLETION

TERM. The term of this Agreement shall commence April 6, 2021 and expire December 31, 2022, unless otherwise terminated as herein provided.

EXHIBIT "C"
COMPENSATION

Provided Consultant is not in default under this Agreement, Consultant shall be compensated as provided below.

1. **AMOUNT.** Consultant shall be paid the following amounts.

Compensation provided to Consultant pursuant to this Agreement shall not exceed \$30,000.

Consultant shall be paid in accordance with the following hourly rate schedule:

Staff	Hourly Rate
Principal	\$ 270
Engineer	\$ 195

2. **METHOD OF PAYMENT.** Consultant shall provide invoices to City for approval and payment. Invoices must be itemized, adequately detailed, based on accurate records, and in a form reasonably satisfactory to City. Consultant may be required to provide back-up material upon request.
3. **SCHEDULE FOR PAYMENT.** Consultant shall be paid within thirty (30) days of City's receipt of monthly invoice, provided, however, that services are completed to the City's reasonable satisfaction.
4. **NOTICE.** Written notices to City and Consultant shall be given by registered or certified mail, postage prepaid and addressed to or personally served on the following parties.

Consultant: Walker Parking Consultants/Engineers, Inc.
16441 Scientific #100
Irvine, CA 92618
Attention: Sean Connolly

City: City of Redondo Beach
Public Works Department, Engineering Division
415 Diamond Street
Redondo Beach, CA 90277
Attention: Jun Fujita Hall

All notices, including notices of address changes, provided under this Agreement are deemed received on the third day after mailing if sent by registered or certified

mail. Changes in the respective address set forth above may be made from time to time by any party upon written notice to the other party.

EXHIBIT "D"

INSURANCE REQUIREMENTS FOR CONSULTANTS

Without limiting Consultant's indemnification obligations under this Agreement, Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).

Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).

Workers' Compensation insurance as required by the State of California.

Employer's Liability Insurance.

Minimum Limits of Insurance

Consultant shall maintain limits no less than:

General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. The general aggregate limit shall apply separately to this project.

Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

Employer's Liability: \$1,000,000 per accident for bodily injury or disease.

Errors and Omissions Liability: \$1,000,000 per occurrence.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers or (2) the Consultant shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Endorsement:

General Liability: The City, its officers, elected and appointed officials, employees, and volunteers shall be covered as insureds with respect to liability arising out of work performed by or on behalf of the Consultant. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance, or as a separate owner's policy.

Automobile Liability: The City, its officers, elected and appointed officials, employees, and volunteers shall be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Consultant.

For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, elected and appointed officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.

Each insurance policy shall be endorsed to state that the inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverages afforded shall apply as though separate policies had been issued to each insured.

Each insurance policy shall be in effect prior to awarding the contract and each insurance policy or a successor policy shall be in effect for the duration of the project. The maintenance of proper insurance coverage is a material element of the contract and failure to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of contract on the Consultant's part.

Acceptability of Insurers

Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A:VII and which are authorized to transact insurance business in the State of California by the Department of Insurance.

Verification of Coverage

Consultant shall furnish the City with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on the City authorized forms provided with the contract specifications. Standard ISO forms which shall be subject to City approval and amended to conform to the City's requirements may be acceptable in lieu of City authorized forms. All certificates and endorsements shall be received and approved by the City before the contract is awarded. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

Subcontractors

Consultant shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

Risk Management

Consultant acknowledges that insurance underwriting standards and practices are subject to change, and the City reserves the right to make changes to these provisions in the reasonable discretion of its Risk Manager.

EXHIBIT "E"

AGREEMENT TO COMPLY WITH CALIFORNIA LABOR LAW REQUIREMENTS

1. Contractor acknowledges that the project as defined in this Agreement between Contractor and the City, to which this Agreement to Comply with California Labor Law Requirements is attached and incorporated by reference, is a "public work" as defined in Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code ("Chapter 1"), and that this Agreement is subject to (a) Chapter 1, including without limitation Labor Code Section 1771 and (b) the rules and regulations established by the Director of Industrial Relations ("DIR") implementing such statutes. Contractor shall perform all work on the project as a public work. Contractor shall comply with and be bound by all the terms, rules and regulations described in 1(a) and 1(b) as though set forth in full herein.

2. California law requires the inclusion of specific Labor Code provisions in certain contracts. The inclusion of such specific provisions below, whether or not required by California law, does not alter the meaning or scope of Section 1 above.

3. Pursuant to Labor Code Section 1771.4, Contractor shall post job site notices, as prescribed by regulation.

4. Pursuant to Labor Code Section 1773.2, copies of the prevailing rate of per diem wages for each craft, classification, or type of worker needed to perform the Agreement are on file at City Hall and will be made available to any interested party on request. Contractor acknowledges receipt of a copy of the DIR determination of such prevailing rate of per diem wages, and Contractor shall post such rates at each job site covered by this Agreement.

5. Contractor shall comply with and be bound by the provisions of Labor Code Sections 1774 and 1775 concerning the payment of prevailing rates of wages to workers and the penalties for failure to pay prevailing wages. The Contractor shall, as a penalty to the City, forfeit the maximum amount allowable by law for each calendar day, or portion thereof, for each worker paid less than the prevailing rates as determined by the DIR for the work or craft in which the worker is employed for any public work done pursuant to this Agreement by Contractor or by any subcontractor.

6. Contractor shall comply with and be bound by the provisions of Labor Code Section 1776, which requires Contractor and each subcontractor to (1) keep accurate payroll records and verify such records in writing under penalty of perjury, as specified in Section 1776, (2) certify and make such payroll records available for inspection as provided by Section 1776, and (3) inform the City of the location of the records.

7. Contractor shall comply with and be bound by the provisions of Labor Code Sections 1777.5, 1777.6 and 1777.7 and California Administrative Code title 8, section 200 *et seq.* concerning the employment of apprentices on public works projects. Contractor shall be responsible for compliance with these aforementioned Sections for all apprenticeable occupations. Prior to commencing work under this Agreement, Contractor shall provide City with a copy of the information submitted to any applicable apprenticeship program. Within sixty (60) days after concluding work pursuant to this

Agreement, Contractor and each of its subcontractors shall submit to the City a verified statement of the journeyman and apprentice hours performed under this Agreement.

8. Contractor acknowledges that eight (8) hours labor constitutes a legal day's work. Contractor shall comply with and be bound by Labor Code Section 1810. Contractor shall comply with and be bound by the provisions of Labor Code Section 1813 concerning penalties for workers who work excess hours. The Contractor shall, as a penalty to the City, forfeit twenty-five dollars (\$25) for each worker employed in the performance of this Agreement by the Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one (1) calendar day and forty (40) hours in any one calendar week in violation of the provisions of Division 2, Part 7, Chapter 1, Article 3 of the Labor Code. Pursuant to Labor Code section 1815, work performed by employees of Contractor in excess of 8 hours per day, and 40 hours during any one week shall be permitted upon public work upon compensation for all hours worked in excess of 8 hours per day at not less than 1 and 1/2 times the basic rate of pay.

9. California Labor Code Sections 1860 and 3700 provide that every employer will be required to secure the payment of compensation to its employees. In accordance with the provisions of California Labor Code Section 1861, Contractor hereby certifies as follows:

"I am aware of the provisions of Section 3700 of the 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 I will comply with such provisions before commencing the performance of the work of this contract."

10. For every subcontractor who will perform work on the project, Contractor shall be responsible for such subcontractor's compliance with Chapter 1 and Labor Code Sections 1860 and 3700, and Contractor shall include in the written contract between it and each subcontractor a copy of those statutory provisions and a requirement that each subcontractor shall comply with those statutory provisions. Contractor shall be required to take all actions necessary to enforce such contractual provisions and ensure subcontractor's compliance, including without limitation, conducting a periodic review of the certified payroll records of the subcontractor and upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages. Contractor shall diligently take corrective action to halt or rectify any failure.

11. To the maximum extent permitted by law, Contractor shall indemnify, hold harmless and defend (at Contractor's expense with counsel acceptable to the City) the City, its officials, officers, employees, agents, independent contractors, and volunteers from and against any demand or claim for damages, compensation, fines, penalties or other amounts arising out of or incidental to any acts or omissions listed above by any person or entity (including Contractor, its subcontractors, and each of their officials, officers, employees and agents) in connection with any work undertaken or in connection with the Agreement, including without limitation the payment of all consequential damages, attorneys' fees, and other related costs and expenses. All duties of Contractor under this Section shall survive termination of the Agreement.

EXHIBIT "F"

FEDERAL TRANSIT ADMINISTRATION REQUIREMENT CERTIFICATIONS

The Contractor certifies that the services offered in this procurement comply with all FTA Requirements and Regulations incorporated in Agreement Sections 1 through 12 and listed below:

<input type="checkbox"/>	1.	Incorporation of Federal Transit Administration (FTA) Terms
<input type="checkbox"/>	2.	Federal Changes
<input type="checkbox"/>	3.	No Federal Government Obligation to Third Parties
<input type="checkbox"/>	4.	Access to Records and Reports
<input type="checkbox"/>	5.	Fly America
<input type="checkbox"/>	6.	Energy Conservation
<input type="checkbox"/>	7.	Government-Wide Debarment and Suspension
<input type="checkbox"/>	8.	Program Fraud and False or Fraudulent Statements and Related Acts
<input type="checkbox"/>	9.	Civil Rights Laws and Equal Opportunity
<input type="checkbox"/>	10.	Disadvantaged Business Enterprises (DBE)
<input type="checkbox"/>	11.	Veteran's Employment
<input type="checkbox"/>	12.	Prompt Payment
<input type="checkbox"/>	13.	Termination

Date: _____

Signature: _____

Contractor: _____

Title: _____

EXHIBIT "F"

FTA REQUIREMENTS

1. *Incorporation of Federal Transit Administration (FTA) Terms*

Incorporation of Federal Transit Administration (FTA) Terms - The preceding provisions include, in part, certain Standard Terms and Conditions required by DOT, whether or not expressly set forth in the preceding contract provisions. All contractual provisions required by DOT, as set forth in [FTA Circular 4220.1E](#) are hereby incorporated by reference. Anything to the contrary herein notwithstanding, all FTA mandated terms shall be deemed to control in the event of a conflict with other provisions contained in this Agreement. The Contractor shall not perform any act, fail to perform any act, or refuse to comply with any (name of grantee) requests which would cause (name of grantee) to be in violation of the FTA terms and conditions.

2. *Federal Changes*

Contractor shall at all times comply with all applicable FTA regulations, policies, procedures and directives, including without limitation those listed directly or by reference in the [Master Agreement](#) between Purchaser and FTA, as they may be amended or promulgated from time to time during the term of this contract. Contractor's failure to so comply shall constitute a material breach of this contract.

3. *No Federal Government Obligation to Third Parties*

The City and Contractor acknowledge and agree that, notwithstanding any concurrence by the Federal Government in or approval of the solicitation or award of the underlying Contract, absent the express written consent by the Federal Government, the Federal Government is not a party to this Contract and shall not be subject to any obligations or liabilities to the City, Contractor or any other party (whether or not a party to that contract) pertaining to any matter resulting from the underlying Contract. The Contractor agrees to include the above clause in each subcontract financed in whole or in part with Federal assistance provided by the FTA. It is further agreed that the clause shall not be modified, except to identify the subcontractor who will be subject to its provisions.

4. *Access to Records and Reports*

a. Record Retention. The Contractor will retain, and will require its subcontractors of all tiers to retain, complete and readily accessible records related in whole or in part to the contract, including, but not limited to, data, documents, reports, statistics, sub-agreements, leases, subcontracts, arrangements, other third-party agreements of any type, and supporting materials related to those records.

b. Retention Period. The Contractor agrees to comply with the record retention requirements in accordance with 2 C.F.R. § 200.333. The Contractor shall maintain all books, records, accounts and reports required under this Contract for a period of at not less than three (3) years after the date of termination or

expiration of this Contract, except in the event of litigation or settlement of claims arising from the performance of this Contract, in which case records shall be maintained until the disposition of all such litigation, appeals, claims or exceptions related thereto.

c. Access to Records. The Contractor agrees to provide sufficient access to FTA and its contractors to inspect and audit records and information related to performance of this contract as reasonably may be required.

d. Access to the Sites of Performance. The Contractor agrees to permit FTA and its contractors access to the sites of performance under this contract as reasonably may be required.

5. **Fly America**

a. *Definitions*. As used in this clause:

“International air transportation” means transportation by air between a place in the United States and a place outside the United States or between two places both of which are outside the United States.

“United States” means the 50 States, the District of Columbia, and outlying areas.

“U.S.-flag air carrier” means an air carrier holding a certificate under 49 U.S.C. Chapter 411.

b. When Federal funds are used to fund travel, Section 5 of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. 40118) (Fly America Act) requires contractors, recipients, and others use U.S.-flag air carriers for U.S. Government-financed international air transportation of personnel (and their personal effects) or property, to the extent that service by those carriers is available. It requires the Comptroller General of the United States, in the absence of satisfactory proof of the necessity for foreign-flag air transportation, to disallow expenditures from funds, appropriated or otherwise established for the account of the United States, for international air transportation secured aboard a foreign-flag air carrier if a U.S.-flag air carrier is available to provide such services.

c. If available, the Contractor, in performing work under this contract, shall use U.S.-flag carriers for international air transportation of personnel (and their personal effects) or property.

d. In the event that the Contractor selects a carrier other than a U.S.-flag air carrier for international air transportation, the Contractor shall include a statement on vouchers involving such transportation essentially as follows:

Statement of Unavailability of U.S.-Flag Air Carriers

International air transportation of persons (and their personal effects) or property by U.S.-flag air carrier was not available or it was necessary to use foreign-flag air carrier service for the following reasons. See FAR § 47.403. *[State reasons]:*

(End of statement)

e. The Contractor shall include the substance of this clause, including this paragraph (e), in each subcontract or purchase under this contract that may involve international air transportation.

6. Energy

Conservation

The Contractor agrees to comply with mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act.

7. Government-Wide Debarment and Suspension

Debarment, Suspension, Ineligibility and Voluntary Exclusion

The Contractor shall comply and facilitate compliance with U.S. DOT regulations, "Nonprocurement Suspension and Debarment," 2 C.F.R. part 1200, which adopts and supplements the Office of Management and Budget (U.S. OMB) "Guidelines to Agencies on Government-wide Debarment and Suspension (Nonprocurement)," 2 C.F.R. part 180. These provisions apply to each contract at any tier of \$25,000 or more, and to each contract at any tier for a federally required audit (irrespective of the contract amount), and to each contract at any tier that must be approved by an FTA official irrespective of the contract amount. As such, the Contractor shall verify that its principals, affiliates, and subcontractors are eligible to participate in this federally funded contract and are not presently declared by any Federal department or agency to be:

- (a) Debarred from participation in any federally assisted Award;
- (b) Suspended from participation in any federally assisted Award;
- (c) Proposed for debarment from participation in any federally assisted Award;
- (d) Declared ineligible to participate in any federally assisted Award;
- (e) Voluntarily excluded from participation in any federally assisted Award; or
- (f) Disqualified from participation in any federally assisted Award.

By signing and submitting its bid or proposal, the Contractor certifies as follows:

The certification in this clause is a material representation of fact relied upon by the City. If it is later determined by the City that the Contractor knowingly rendered an erroneous certification, in addition to remedies available to the City, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment. The Contractor or proposer agrees to comply with the requirements of 2 C.F.R. part 180, subpart C, as supplemented by 2 C.F.R. part 1200, while this offer is valid and throughout the period of any contract that may arise from this offer. The Contractor or proposer further agrees to include a provision requiring such compliance in its lower tier covered transactions.

8. Program Fraud and False or Fraudulent Statements and Related Acts

The Contractor acknowledges that the provisions of the Program Fraud Civil Remedies Act of 1986, as amended, 31 U.S.C. § 3801 et seq. and U.S. DOT regulations, "Program Fraud Civil Remedies," 49 C.F.R. part 31, apply to its actions pertaining to this Project. Upon execution of the underlying contract, the Contractor certifies or affirms the truthfulness and accuracy of any statement it has made, it makes, it may make, or causes to be made, pertaining to the underlying contract or the FTA assisted project for which this contract work is being performed. In addition to other penalties that may be applicable, the Contractor further acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification, the Federal Government reserves the right to impose the penalties of the Program Fraud Civil Remedies Act of 1986 on the Contractor to the extent the Federal Government deems appropriate.

The Contractor also acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification to the Federal Government under a contract connected with a project that is financed in whole or in part with Federal assistance originally awarded by FTA under the authority of 49 U.S.C. chapter 53, the Government reserves the right to impose the penalties of 18 U.S.C. § 1001 and 49 U.S.C. § 5323(l) on the Contractor, to the extent the Federal Government deems appropriate.

The Contractor agrees to include the above two clauses in each subcontract financed in whole or in part with Federal assistance provided by FTA. It is further agreed that the clauses shall not be modified, except to identify the subcontractor who will be subject to the provisions.

9. **Civil Rights Laws and Equal Opportunity**

The City is an Equal Opportunity Employer. As such, the City agrees to comply with all applicable Federal civil rights laws and implementing regulations. Apart from inconsistent requirements imposed by Federal laws or regulations, the City agrees to comply with the requirements of 49 U.S.C. § 5323(h) (3) by not using any Federal assistance awarded by FTA to support procurements using exclusionary or discriminatory specifications.

Under this Agreement, the Contractor shall at all times comply with the following requirements and shall include these requirements in each subcontract entered into as part thereof.

- (1) Nondiscrimination. In accordance with Federal transit law at 49 U.S.C. § 5332, the Contractor agrees that it will not discriminate against any employee or applicant for employment because of race, color, religion, national origin, sex, disability, or age. In addition, the Contractor agrees to comply with applicable Federal implementing regulations and other implementing requirements FTA may issue.
- (2) Race, Color, Religion, National Origin, Sex. In accordance with Title VII of the Civil Rights Act, as amended, 42 U.S.C. § 2000e *et seq.*, and Federal transit laws at 49 U.S.C. § 5332, the Contractor agrees to comply with all applicable equal employment opportunity requirements of U.S. Department of Labor (U.S. DOL) regulations, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," 41 C.F.R. chapter 60, and Executive Order No. 11246, "Equal Employment Opportunity in Federal Employment," September 24, 1965, 42 U.S.C. § 2000e note, as amended by any later Executive Order that amends or supersedes it, referenced in 42 U.S.C. § 2000e note. The Contractor agrees to take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, national origin, or sex (including sexual orientation and gender identity). Such action shall include, but not be limited to, the following: employment, promotion, demotion or transfer, recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.
- (3) Age. In accordance with the Age Discrimination in Employment Act, 29 U.S.C. §§ 621- 634, U.S. Equal Employment Opportunity Commission (U.S. EEOC) regulations, "Age Discrimination in Employment Act," 29 C.F.R. part 1625, the Age Discrimination Act of 1975, as amended, 42 U.S.C. § 6101 *et seq.*, U.S. Health and Human Services regulations, "Nondiscrimination on the Basis of Age in Programs or Activities Receiving Federal Financial Assistance," 45 C.F.R. part 90, and Federal transit law at 49 U.S.C. § 5332, the Contractor agrees to refrain from discrimination against present and

prospective employees for reason of age. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.

- (4) Disabilities. In accordance with section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 794, the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. § 12101 *et seq.*, the Architectural Barriers Act of 1968, as amended, 42 U.S.C. § 4151 *et seq.*, and Federal transit law at 49 U.S.C. § 5332, the Contractor agrees that it will not discriminate against individuals on the basis of disability. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.

10. Disadvantaged Business Enterprise (DBE)

The contractor, subrecipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 C.F.R. part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the City deems appropriate, which may include, but is not limited to:

- (1) Withholding monthly progress payments;
- (2) Assessing sanctions;
- (3) Liquidated damages; and/or
- (4) Disqualifying the contractor from future bidding as non-responsible. 49 C.F.R. § 26.13(b).

Finally, for contracts with defined DBE contract goals, each FTA recipient must include in each prime contract a provision stating that the contractor shall utilize the specific DBEs listed unless the contractor obtains the City's written consent; and that, unless the City's consent is provided, the contractor shall not be entitled to any payment for work or material unless it is performed or supplied by the listed DBE. 49 C.F.R. § 26.53(f) (1).

Overview

It is the policy of the City and the United States Department of Transportation ("DOT") that Disadvantaged Business Enterprises ("DBE's"), as defined herein and in the Federal regulations published at 49 C.F.R. part 26, shall have an equal opportunity to participate in DOT-assisted contracts. It is also the policy of the City to:

- a. Ensure nondiscrimination in the award and administration of DOT-assisted contracts;
- b. Create a level playing field on which DBE's can compete fairly for DOT-assisted contracts;
- c. Ensure that the DBE program is narrowly tailored in accordance with applicable law;
- d. Ensure that only firms that fully meet 49 C.F.R. part 26 eligibility

- standards are permitted to participate as DBE's;
- e. Help remove barriers to the participation of DBEs in DOT assisted contracts;
- f. To promote the use of DBEs in all types of federally assisted contracts and procurement activities; and
- g. Assist in the development of firms that can compete successfully in the marketplace outside the DBE program.

This Contract is subject to 49 C.F.R. part 26. Therefore, the Contractor must satisfy the requirements for DBE participation as set forth herein. These requirements are in addition to all other equal opportunity employment requirements of this Contract. The City shall make all determinations with regard to whether or not a Contractor is in compliance with the requirements stated herein. In assessing compliance, the City consider during its review of the Contractor's submission package, the Contractor's documented history of non-compliance with DBE requirements on previous contracts with the City.

The Contractor, subrecipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this Contract. The Contractor shall carry out applicable requirements of 49 C.F.R. part 26 in the award and administration of DOT-assisted contracts. Failure by the Contractor to carry out these requirements is a material breach of this Contract, which may result in the termination of this Contract or such other remedy as the City deems appropriate.

DBE Participation

For the purpose of this Contract, the City will accept only DBE's who are:

- a. Certified, at the time of bid opening or proposal evaluation, by Los Angeles Metropolitan Transportation Authority, City of Los Angeles, or the California Unified Certification Program (CUCP); or
- b. An out-of-state firm who has been certified by either a local government, state government or Federal government entity authorized to certify DBE status or an agency whose DBE certification process has received FTA approval; or
- c. Certified by another agency approved by the City.

DBE Participation Goal

The City of Redondo Beach DBE participation Overall Goal is 21% and the contract goal is 0%. This goal represents those elements of work for FTA assisted contracting opportunities by the City performed by qualified Disadvantaged Business Enterprises.

Although the City has not established a contract-specific Disadvantaged Business Enterprise (DBE) goal for this FTA federally funded project, contractors are encouraged to take all reasonable steps to obtain DBE participation and ensure that DBEs can fairly compete for and perform on the City's federally funded contracts and subcontracts as set forth in Part 26, Title

Proposed Submission

Each Contractor, as part of its submission, shall supply the following information:

- a. A completed **DBE Utilization Form** that indicates the percentage and dollar value of the total bid/contract amount to be supplied by Disadvantaged Business Enterprises under this Contract.
- b. A list of those qualified DBE's with whom the Contractor intends to contract for the performance of portions of the work under the Contract, the agreed price to be paid to each DBE for work, the Contract items or parts to be performed by each DBE, a proposed timetable for the performance or delivery of the Contract item, and other information as required by the **DBE Participation Schedule**. No work shall be included in the Schedule that the Contractor has reason to believe the listed DBE will subcontract, at any tier, to other than another DBE. If awarded the Contract, the Contractor may not deviate from the DBE Participation Schedule submitted in response to the bid. Any subsequent changes and/or substitutions of DBE firms will require review and written approval by the City.
- c. An original **DBE Letter of Intent** from each DBE listed in the **DBE Participation Schedule**.
- d. An original **DBE Affidavit** from each DBE stating that there has not been any change in its status since the date of its last certification.

Good Faith Efforts

A completed **DBE Utilization Schedule**

If the Contractor is unable to meet the goal set forth in the DBE Participation Goal, the City will consider the Contractor's documented good faith efforts to meet the goal in determining responsiveness. The types of actions that the City will consider as part of the Contractor's good faith efforts include, but are not limited to, the following:

- a. Documented communication with the City's DBE Coordinator (questions of IFB or RFP requirements, subcontracting opportunities, appropriate certification, will be addressed in a timely fashion);
- b. Pre-bid meeting attendance. At the pre-bid meeting, the City generally informs potential Contractors of DBE subcontracting opportunities;
- c. The Contractor's own solicitations to obtain DBE involvement in general circulation media, trade association publication, minority-focus media and other reasonable and available means within sufficient time to allow DBEs to respond to the solicitation;
- d. Written notification to DBE's encouraging participation in the proposed Contract; and

- e. Efforts made to identify specific portions of the work that might be performed by DBE's.

The Contractor shall provide the following details, at a minimum, of the specific efforts it made to negotiate in good faith with DBE's for elements of the Contract:

- a. The names, addresses, and telephone numbers of DBE's that were contacted;
- b. A description of the information provided to targeted DBE's regarding the specifications and bid proposals for portions of the work;
- c. Efforts made to assist DBE's contacted in obtaining bonding or insurance required by the Contractor or the Authority.

Further, the documentation of good faith efforts must include copies of each DBE and non-DBE subcontractor quote submitted when a non-DBE subcontractor was selected over a DBE for work on the contract. 49 C.F.R. § 26.53(b) (2) (VI). In determining whether a Contractor has made good faith efforts, the Authority may take into account the performance of other Contractors in meeting the Contract goals. For example, if the apparent successful Contractor failed to meet the goal, but meets or exceeds the average DBE participation obtained by other Contractors, the Authority may view this as evidence of the Contractor having made good faith efforts.

Administrative Reconsideration

Within five (5) business days of being informed by the City that it is not responsive or responsible because it has not documented sufficient good faith efforts, the Contractor may request administrative reconsideration. The Contractor should make this request in writing to the City. The City will forward the Contractor's request to a reconsideration official who will not have played any role in the original determination that the Contractor did not document sufficient good faith efforts.

As part of this reconsideration, the Contractor will have the opportunity to provide written documentation or argument concerning the issue of whether it met the goal or made adequate good faith efforts to do so. The Contractor will have the opportunity to meet in person with the assigned reconsideration official to discuss the issue of whether it met the goal or made adequate good faith efforts to do so. The City will send the Contractor a written decision on its reconsideration, explaining the basis for finding that the Contractor did or did not meet the goal or make adequate good faith efforts to do so. The result of the reconsideration process is not administratively appealable to the Department of Transportation.

Termination of DBE Subcontractor

The Contractor shall not terminate the DBE subcontractor(s) listed in the **DBE Participation Schedule** without the City's prior written consent. The City may provide such written consent only if the Contractor has good cause to terminate the DBE firm. Before transmitting a request to terminate, the Contractor shall give notice in writing to the DBE subcontractor of its intent to

terminate and the reason for the request. The Contractor shall give the DBE five days to respond to the notice and advise of the reasons why it objects to the proposed termination. When a DBE subcontractor is terminated or fails to complete its work on the Contract for any reason, the Contractor shall make good faith efforts to find another DBE subcontractor to substitute for the original DBE and immediately notify the City in writing of its efforts to replace the original DBE. These good faith efforts shall be directed at finding another DBE to perform at least the same amount of work under the Contract as the DBE that was terminated, to the extent needed to meet the Contract goal established for this procurement. Failure to comply with these requirements will be in accordance with Section 10 below (Sanctions for Violations).

Continued Compliance

The City shall monitor the Contractor's DBE compliance during the life of the Contract. In the event this procurement exceeds ninety (90) days, **it will be the responsibility of the Contractor to submit quarterly written reports to the City that** summarize the total DBE value for this Contract. These reports shall provide the following details:

- a. DBE utilization established for the Contract;
- b. Total value of expenditures with DBE firms for the quarter;
- c. The value of expenditures with each DBE firm for the quarter by race and gender;
- d. Total value of expenditures with DBE firms from inception of the Contract; and
- e. The value of expenditures with each DBE firm from the inception of the Contract by race and gender.

Reports and other correspondence must be submitted to the DBE Coordinator with copies provided to the City. Reports shall continue to be submitted quarterly until final payment is issued or until DBE participation is completed.

The successful Contractor shall permit:

- a. The City to have access to necessary records to examine information as the City deems appropriate for the purpose of investigating and determining compliance with this provision, including, but not limited to, records of expenditures, invoices, and contract between the Contractor and other DBE parties entered into during the life of the Contract.
- b. The authorized representative(s) of the City, the U.S. Department of Transportation, the Comptroller General of the United States, to inspect and audit all data and record of the Contractor relating to its performance under the Disadvantaged Business Enterprise Participation provision of this Contract.
- c. All data/record(s) pertaining to DBE shall be maintained as stated in Section 4 Access to Records and Reports.

Sanctions for Violations

If at any time the City has reason to believe that the Contractor is in violation of its obligations under this Agreement or has otherwise failed to comply with terms of this Section, the City may, in addition to pursuing any other available legal remedy, commence proceedings, which may include but are not limited to, the following:

- a. Suspension of any payment or part due the Contractor until such time as the issues concerning the Contractor's compliance are resolved; and
- b. Termination or cancellation of the Contract, in whole or in part, unless the successful Contractor is able to demonstrate within a reasonable time that it is in compliance with the DBE terms stated herein.

11. Veteran's Employment

As provided by 49 U.S.C. § 5325(k):

- a. To the extent practicable, Contractor agrees that it:
 1. Will give a hiring preference to veterans (as defined in 5 U.S.C. § 2108), who have the skills and abilities required to perform construction work required under a third party contract in connection with a capital project supported with funds made available or appropriated for 49 U.S.C. chapter 53, and
 2. Will not require an employer to give a preference to any veteran over any equally qualified applicant who is a member of any racial or ethnic minority, female, an individual with a disability, or a former employee, and
- b. Contractor also assures that its sub-contractor will:
 1. Will give a hiring preference to veterans (as defined in 5 U.S.C. § 2108), who have the skills and abilities required to perform construction work required under a third party contract in connection with a capital project supported with funds made available or appropriated for 49 U.S.C. chapter 53, to the extent practicable, and
 2. Will not require an employer to give a preference to any veteran over any equally qualified applicant who is a member of any racial or ethnic minority, female, an individual with a disability, or a former employee.

12. Prompt Payment

Prompt Payment to Subcontractors

- (1) The Contractor is required to pay all Subcontractors for all work that the Subcontractor has satisfactorily completed, no later than thirty (30) business days after the Contractor has received payment from the City.
- (2) In addition, all Retainage amounts must be paid by the Contractor to the Subcontractor no later than thirty (30) business days after the Subcontractor has, in the opinion of the City Engineer, satisfactorily completed its portion of the Work.

- (3) A delay in or postponement of payment to the Subcontractor requires good cause and prior written approval of the City Engineer.
- (4) The Contractor is required to include, in each subcontract, a clause requiring the use of appropriate arbitration mechanisms to resolve all payment disputes.
- (5) The City will not pay the Contractor for work performed unless and until the Contractor ensures that the Subcontractors have been promptly paid for the work they have performed under all previous payment requests, as evidenced by the filing with the City of lien waivers, canceled checks (if requested), and the Contractor's sworn statement that it has complied with the prompt payment requirements. Contractor must submit a prompt payment affidavit, (form to be provided by the City) which identifies each subcontractor (both DBE and non-DBE) and the date and amount of the last payment to such subcontractor, with every payment request filed with the City, except for the first payment request, on every contract with the City.
- (6) Failure to comply with these prompt payment requirements is a breach of the Contract, which may lead to any remedies permitted under law, including, but not limited to, Contractor debarment. In addition, Contractor's failure to promptly pay its Subcontractors is subject to the provisions of 50 ILCS 505/9.

Reporting Requirements During the Term of the Contract

- (1) The Contractor shall, within thirty (30) business days of contract award, or prior to any work being performed, execute formal subcontracts or purchase orders with the DBE firms included in the bid. These written agreements shall be made available to the City. All contracts between the Contractor and its subcontractors must contain a prompt payment clause as set forth in this Section 10 herein.
- (2) During the term of annual contracts, the Contractor shall submit regular "Status Reports of DBE Subcontract Payments" in a form acceptable to the City. The frequency with which these reports are to be submitted will be determined by the City but in no event will reports be required less frequently than quarterly. **In the absence of written notice from the City the Contractor's first "Status Report of DBE Subcontract Payments" will be due ninety (90) days after the date of contract award, with additional reports due quarterly thereafter.**
- (3) In the case of a one-time procurement with either a single or multiple deliveries, a "Status Report of DBE Subcontract Payments," in a form acceptable to the City, indicating final DBE payments shall be submitted directly to the City. The information must be submitted prior to or at the same time as the Contractor's final invoice to the City department identified in the solicitation. (NOTICE: The original invoices must be submitted directly to the City's department identified in the contract documents and the Status Report of DBE Subcontract Payments must be submitted directly to the City Project Manager. **Failure to follow these directions may delay final payment.**
- (4) The address for the City: City of Redondo Beach, 415 Diamond Street, Redondo Beach, CA 90277

13. Termination.

Termination for Convenience

The City may terminate this contract, in whole or in part, at any time by written notice to the Contractor when it is in the City's best interest. The Contractor shall be paid its costs, including contract close-out costs, and profit on work performed up to the time of termination. The Contractor shall promptly submit its termination claim to City to be paid the Contractor. If the Contractor has any property in its possession belonging to City, the Contractor will account for the same, and dispose of it in the manner City directs.

Termination for Default

If the Contractor does not deliver supplies in accordance with the contract delivery schedule, or if the contract is for services, the Contractor fails to perform in the manner called for in the contract, or if the Contractor fails to comply with any other provisions of the contract, the City may terminate this contract for default. Termination shall be effected by serving a Notice of Termination on the Contractor setting forth the manner in which the Contractor is in default. The Contractor will be paid only the contract price for supplies delivered and accepted, or services performed in accordance with the manner of performance set forth in the contract.

If it is later determined by the City that the Contractor had an excusable reason for not performing, such as a strike, fire, or flood, events which are not the fault of or are beyond the control of the Contractor, the City, after setting up a new delivery of performance schedule, may allow the Contractor to continue work, or treat the termination as a Termination for Convenience.

Opportunity to Cure

The City, in its sole discretion may, in the case of a termination for breach or default, allow the Contractor 30 days in which to cure the defect. In such case, the Notice of Termination will state the time period in which cure is permitted and other appropriate conditions

If Contractor fails to remedy to City's satisfaction the breach or default of any of the terms, covenants, or conditions of this Contract within ten (10) days after receipt by Contractor of written notice from City setting forth the nature of said breach or default, City shall have the right to terminate the contract without any further obligation to Contractor. Any such termination for default shall not in any way operate to preclude City from also pursuing all available remedies against Contractor and its sureties for said breach or default.

Waiver of Remedies for any Breach

In the event that City elects to waive its remedies for any breach by Contractor of any covenant, term or condition of this contract, such waiver by City shall not limit City's remedies for any succeeding breach of that or of any other covenant, term, or condition of this contract.

PROMPT PAYMENT AFFIDAVIT

Contractor will place a check in the appropriate box below that applies to this payment request.

Re: Payment Request No. _____

I, _____ (Name), the
_____ (Title - e.g., President, Vice President, etc.) of
_____ ("Company"), do state the following with regard to
payments made under Contract No. _____ ("Contract"):

1. _____ Subcontractors, at the first tier, both DBE and non-DBE, who completed work and were listed for payment on the prior Payment Request No. _____, were paid no later than thirty (30) business days after Contractor received payment from City.
2. _____ Copies of invoices and cancelled checks for subcontractors at the first tier who were paid under the prior payment request have been delivered or mailed to the City. In addition, Contractor has attached to the current Payment Request all lien waivers for prior subcontractor payments and any other documentation required by City. (Failure to attach all required documentation to the Payment Request or forward cancelled checks and invoices to the City may cause the Payment Request to be rejected by City.)
3. _____ All retainage amounts withheld from any subcontractor who satisfactorily completed its portion of the contract work, including punch list items, were paid to the subcontractor(s) no later than thirty (30) business days after it satisfactorily completed its work, whether or not City has paid said retainage amounts to Contractor. Attach a copy of the cancelled check evidencing payment of each retainage amount.
4. _____ There was no delay in or postponement of any payment owed to a subcontractor, whether periodic payment or retainage amount, except for good cause and after receipt of prior written approval from the City.
5. _____ The Contractor is required to pay its subcontractors performing work related to this contract for satisfactory performance of that work no later than 30 days after the Contractor's receipt of payment for that work from the City. In addition, the Contractor is required to return any retainage payments to those subcontractors after the subcontractor's work related to this contract is satisfactorily completed and within 30 days of Contractor's receipt of the partial retainage payment related to the subcontractor's work. Attach a copy of the written approval from the City.

Company Name

Signature

Print Name

Date: _____

Subscribed and sworn to before me this _____ day of _____ 20__.

Notary Public

**DBE
UTILIZATION
FORM**

The undersigned Contractor has satisfied the requirements of the solicitation in the following manner (please check the appropriate space):

_____The Contractor is committed to a minimum of
_____ % DBE utilization on this contract.

Date: _____

Signature: _____

Company Name: _____

Title: _____

DBE PARTICIPATION SCHEDULE/GOOD FAITH EFFORT

The Contractor shall complete the following information for all DBE's participating in the contract that comprises the DBE Utilization percent stated in the DBE Utilization Form. The Contractor shall also furnish the name and telephone number of the appropriate contact person should the Authority have any questions in relation to the information furnished herein.

DBE IDENTIFICATION AND INFORMATION FORM/GOOD FAITH EFFORT

Name and Address	Contact Name and Telephone Number	Participation Percent (Of Total Contract Value)	Description Of Work To Be Performed	Race and Gender of Firm



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

2/26/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Professional Concepts Insurance Agency, Inc. 1127 South Old US Highway 23 Brighton MI 48114-9861	CONTACT NAME: certs@pciaonline.com PHONE (A/C, No, Ext): (800)969-4041 FAX (A/C, No): (800)969-4081 E-MAIL ADDRESS: certs@pciaonline.com														
INSURED Walker Parking Consultants Engineers, Inc. Walker Consultants 707 Wilshire Blvd., Suite 3650 Los Angeles CA 90017	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: left;">NAIC #</th> </tr> <tr> <td>INSURER A: Travelers Indem. Co of America</td> <td>25666</td> </tr> <tr> <td>INSURER B: Travelers Indemnity Co. of CT</td> <td>36170</td> </tr> <tr> <td>INSURER C: Travelers Indemnity Co</td> <td>25658</td> </tr> <tr> <td>INSURER D: XL Specialty Ins. Co.</td> <td>37885</td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Travelers Indem. Co of America	25666	INSURER B: Travelers Indemnity Co. of CT	36170	INSURER C: Travelers Indemnity Co	25658	INSURER D: XL Specialty Ins. Co.	37885	INSURER E:		INSURER F:	
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COVERAGES
CERTIFICATE NUMBER: 20-21 #37
REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE				ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS			
A	<input checked="" type="checkbox"/>	COMMERCIAL GENERAL LIABILITY			X		6801J1254172047	5/23/2020	5/23/2021	EACH OCCURRENCE	\$ 1,000,000		
	<input type="checkbox"/>	CLAIMS-MADE	<input checked="" type="checkbox"/>	OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 300,000		
	<input checked="" type="checkbox"/>	Contractual Liability								MED EXP (Any one person)	\$ 5,000		
	<input checked="" type="checkbox"/>	X,C,U								PERSONAL & ADV INJURY	\$ 1,000,000		
	GEN'L AGGREGATE LIMIT APPLIES PER:									GENERAL AGGREGATE	\$ 2,000,000		
	<input type="checkbox"/>	POLICY	<input checked="" type="checkbox"/>	PRO-JECT						<input type="checkbox"/>	LOC	PRODUCTS - COMP/OP AGG	\$ 2,000,000
	<input type="checkbox"/>	OTHER:									\$		
C	AUTOMOBILE LIABILITY				X	BA4887N56420GRP	5/23/2020	5/23/2021	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000			
	<input checked="" type="checkbox"/>	ANY AUTO	<input type="checkbox"/>	SCHEDULED AUTOS					BODILY INJURY (Per person)	\$			
	<input type="checkbox"/>	ALL OWNED AUTOS	<input checked="" type="checkbox"/>	NON-OWNED AUTOS					BODILY INJURY (Per accident)	\$			
	<input checked="" type="checkbox"/>	HIRED AUTOS	<input type="checkbox"/>						PROPERTY DAMAGE (Per accident)	\$			
	<input type="checkbox"/>									\$			
	<input type="checkbox"/>	UMBRELLA LIAB		<input type="checkbox"/>	OCCUR					EACH OCCURRENCE	\$		
	<input type="checkbox"/>	EXCESS LIAB		<input type="checkbox"/>	CLAIMS-MADE					AGGREGATE	\$		
	<input type="checkbox"/>	DED	<input type="checkbox"/>	RETENTION \$							\$		
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				Y / N	N / A	UB5K3205582047	5/23/2020	5/23/2021	<input checked="" type="checkbox"/> PER STATUTE	<input type="checkbox"/> OTH-ER		
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)									E.L. EACH ACCIDENT	\$ 1,000,000		
	If yes, describe under DESCRIPTION OF OPERATIONS below									E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000		
										E.L. DISEASE - POLICY LIMIT	\$ 1,000,000		
D	Professional Liability						DPR9959266	5/23/2020	5/23/2021	Per Claim	1,000,000		
										Aggregate	1,000,000		

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Re: Walker Project #37-009291.00, Redondo Beach Transit Center Waterproofing

The City, its officers, elected and appointed officials, employees, and volunteers are considered additional insured's with respects to general and auto liability coverages as long as required within a written contract. Waiver of subrogation in favor of certificate holder and additional insured's as long as required within a written contract. Coverage is primary and non-contributory as it applies to general liability, auto liability and umbrella. 30 day written notice provided to certificate holder and

CERTIFICATE HOLDER
CANCELLATION

City of Redondo Beach Their Officers Employees Volunteers and Agents 415 Diamond Street Redondo Beach, CA 90277	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Mike Cosgrove/JP
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ACORD 25 (2014/01)

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INS025 (201401)

COMMENTS/REMARKS

additional insured's for cancellation of coverages listed. 10 day notice for nonpayment of listed policies.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARCHITECTS, ENGINEERS AND SURVEYORS COVERAGE XTEND ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

GENERAL DESCRIPTION OF COVERAGE This endorsement broadens coverage. However, coverage for any injury, damage or medical expenses described in any of the provisions of this endorsement may be excluded or limited by another endorsement to this Coverage Part, and these coverage broadening provisions do not apply to the extent that coverage is excluded or limited by such an endorsement. The following listing is a general coverage description only. Limitations and exclusions may apply to these coverages. Read all the provisions of this endorsement and the rest of your policy carefully to determine rights, duties, and what is and is not covered.

- | | |
|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| A. Broadened Named Insured | K. Additional Insured - Lessor Of Leased Equipment |
| B. Incidental Medical Malpractice | L. Additional Insured State Or Political Subdivisions - Permits Relating To Premises |
| C. Reasonable Force Bodily Injury or Property Damage | M. Additional Insured State Or Political Subdivisions - Permits Relating To Operations |
| D. Non-Owned Watercraft- Increased To Up To 75 feet | N. Who Is An Insured - Newly Acquired Or Formed Organizations |
| E. Aircraft Chartered With Crew | O. Knowledge And Notice Of Occurrence Or Offense |
| F. Damage To Premises Rented To You | P. Unintentional Omission |
| G. Malicious Prosecution - Exception To Knowing Violation Of Rights Of Another Exclusion | Q. Waiver Of Transfer Of Rights Of Recovery Against Others To Us When Required By Written Contract |
| H. Medical Payments - Increased Limit | R. Amended Insured Contract Definition - Railroad Easement |
| I. Increased Supplementary Payments | |
| J. Additional Insured - Owner, Manager Or Lessor Of Premises | |

PROVISIONS

A. BROADENED NAMED INSURED

1. The following is added to SECTION II - WHO IS AN INSURED:

Any organization, other than a partnership or joint venture, over which you maintain ownership or majority interest on the effective date of the policy qualifies as a Named Insured. However, coverage for any such additional organization will cease as of the date during the policy period that you no longer maintain ownership of, or majority interest in, such organization.

B. INCIDENTAL MEDICAL MALPRACTICE

1. The following is added to the definition of "occurrence" in the DEFINITIONS Section:

Unless you are in the business or occupation of providing professional health care services, "occurrence" also means an act or omission committed in providing or failing to provide first aid or "Good Samaritan services" to a person.

2. The following is added to the DEFINITIONS Section:

"Good Samaritan services" means any emergency medical services for which no compensation is demanded or received.

3. The following is added to Paragraph 2.a.(1) of SECTION II - WHO IS AN INSURED:

Unless you are in the business or occupation of providing professional health care services, Paragraphs (1)(a), (b), (c) and (d) above

COMMERCIAL GENERAL LIABILITY

does not apply to any "bodily injury" arising out of any providing or failing to provide first aid or "Good Samaritan services" by any of your "employees", other than an employed doctor. Any such "employees" providing or failing to provide first aid or "Good Samaritan services" during their work hours for you will be deemed to be acting within the scope of their employment by you or performing duties related to the conduct of your business.

4. The following exclusion is added to Paragraph 2., Exclusions, of SECTION I - COVERAGES - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY in COVERAGES:

Sale of Pharmaceuticals

"Bodily injury" or "property damage" arising out of the willful violation of a penal statute or ordinance relating to the sale of pharmaceuticals committed by, or with the knowledge or consent of, the insured.

5. The following is added to Paragraph 5. of SECTION III - LIMITS OF INSURANCE:

For the purposes of determining the applicable Each Occurrence Limit, all related acts or omissions committed in the providing or failing to provide first aid or "Good Samaritan services" to any one person will be considered one "occurrence".

6. The following is added to Paragraph 4.b., Excess Insurance, of SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS:

This insurance is excess over any valid and collectible other insurance, whether primary, excess, contingent or on any other basis, that is available to any of your "employees" for "bodily injury" that arises out of providing or failing to provide first aid or "Good Samaritan services" to any person to the extent not subject to Paragraph 2.a.(1) of Section II - Who Is An Insured.

- C. REASONABLE FORCE - BODILY INJURY OR PROPERTY DAMAGE

The following replaces Exclusion a., Expected Or Intended Injury, in Paragraph 2. of SECTION I - COVERAGES - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY:

- a. Expected Or Intended Injury Or Damage
"Bodily injury" or "property damage" expected or intended from the standpoint of the

insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect any person or property.

- D. NON-OWNED WATERCRAFT - INCREASED TO UP TO 75 FEET

1. The following replaces Paragraph (2) of Exclusion g., Aircraft, Auto Or Watercraft, in Paragraph 2. of SECTION I - COVERAGES - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY:

(2) A watercraft you do not own that is:

- (a) Less than 75 feet long; and
- (b) Not being used to carry any person or property for a charge;

2. The following is added to Paragraph 2. of SECTION II - WHO IS AN INSURED:

Any person or organization that, with your express or implied consent, either uses or is responsible for the use of a watercraft that you do not own that is:

- (a) Less than 75 feet long; and
- (b) Not being used to carry any person or property for a charge;

3. The following is added to Paragraph 4.b., Excess Insurance, of SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS:

This insurance is excess over any valid and collectible other insurance, whether primary, excess, contingent or on any other basis, that is available to the insured for "bodily injury" that arises out of the use of a watercraft that you do not own that is:

- (a) Less than 75 feet long; and
- (b) Not being used to carry any person or property for a charge.

- E. AIRCRAFT CHARTERED WITH CREW

1. The following is added to Exclusion g., Aircraft, Auto Or Watercraft, in Paragraph 2. of SECTION I - COVERAGES - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY in COVERAGES:

This exclusion does not apply to an aircraft that is:

- (a) Chartered with crew to any insured;

COMMERCIAL GENERAL LIABILITY

- (b) Not owned by any insured; and
- (c) Not being used to carry any person or property for a charge.

2. The following is added to Paragraph 4.b., Excess Insurance, of SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS:

This insurance is excess over any valid and collectible other insurance, whether primary, excess, contingent or on any other basis, that is available to the insured for use of an aircraft that is:

- (a) Chartered with crew to any insured;
- (b) Not owned by any insured; and
- (c) Not being used to carry any person or property for a charge.

F. DAMAGE TO PREMISES RENTED TO YOU

1. The following replaces the last paragraph of Paragraph 2., Exclusions, of SECTION I - COVERAGES - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY in COVERAGES:

Exclusions c. through n. do not apply to damage to premises while rented to you, or temporarily occupied by you with permission of the owner, caused by:

- a. Fire;
- b. Explosion;
- c. Lightning;
- d. Smoke resulting from such fire, explosion, or lightning; or
- e. Water.

A separate limit of insurance applies to such damage to premises as described in Paragraph 6. of Section III - Limits Of Insurance. This insurance does not apply to damage to premises while rented to you, or temporarily occupied by you with permission of the owner, caused by:

- a. Rupture, bursting, or operation of pressure relief devices;
- b. Rupture or bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water; or
- c. Explosion of steam boilers, steam pipes, steam engines, or steam turbines.

2. The following replaces Paragraph 6. of SECTION III - LIMITS OF INSURANCE:

Subject to 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises while rented to you, or temporarily occupied by you with permission of the owner, caused by fire; explosion; lightning; smoke resulting from such fire, explosion, or lightning; or water. The Damage To Premises Rented To You Limit will apply to all damage proximately caused by the same "occurrence", whether such damage results from: fire; explosion; lightning; smoke resulting from such fire, explosion, or lightning; or water; or any combination of any of these.

The Damage To Premises Rented To You Limit will be the higher of:

- a. \$1,000,000; or
- b. The amount shown on the Declarations of this Coverage Part for Damage To Premises Rented To You Limit.

3. The following replaces Paragraph a. of the definition of "insured contract" in the DEFINITIONS Section:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage to premises while rented to you, or temporarily occupied by you with permission of the owner, caused by:

- (1) Fire;
 - (2) Explosion;
 - (3) Lightning;
 - (4) Smoke resulting from such fire, explosion, or lightning; or
 - (5) Water,
- is not an "insured contract";

4. The following replaces Paragraph 4.b.(1)(b) of SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS:

- (b) That is insurance for premises rented to you, or temporarily occupied by you with the permission of the owner;

COMMERCIAL GENERAL LIABILITY

G. MALICIOUS PROSECUTION - EXCEPTION TO KNOWING VIOLATION OF RIGHTS OF ANOTHER EXCLUSION

The following is added to Exclusion a., Knowing Violation Of Rights Of Another, in Paragraph 2. of SECTION I - COVERAGES - COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY:

This exclusion does not apply to "personal injury" caused by malicious prosecution.

H. MEDICAL PAYMENTS - INCREASED LIMIT

The following replaces Paragraph 7. of SECTION III - LIMITS OF INSURANCE:

7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C. for all medical expenses because of "bodily injury" sustained by any one person, and will be the higher of:

(a) \$10,000; or

(b) The amount shown on the Declarations of this Coverage Part for Medical Expense Limit.

I. INCREASED SUPPLEMENTARY PAYMENTS

1. The following replaces Paragraph 1.b. of SUPPLEMENTARY PAYMENTS COVERAGES A AND B of SECTION I - COVERAGES:

b. Up to \$2,500 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

2. The following replaces Paragraph 1.d. of SUPPLEMENTARY PAYMENTS COVERAGES A AND B of SECTION I - COVERAGES:

d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.

J. ADDITIONAL INSURED - OWNER, MANAGER OR LESSOR OF PREMISES

The following is added to SECTION II - WHO IS AN INSURED:

Any person or organization that is a premises owner, manager or lessor and that you have agreed in a written contract to name as an additional insured on this Coverage Part is an

insured, but only with respect to liability for "bodily injury", "property damage", "personal injury" or "advertising injury" that:

- a. Is "bodily injury" or "property damage" caused by an "occurrence" that takes place, or "personal injury" caused by an offense that is committed, after you have signed that contract; and
- b. Arises out of the ownership, maintenance or use of that part of any premises leased to you under that written contract.

The insurance provided to such premises owner, manager or lessor is subject to the following provisions:

- a. The limits of insurance provided to such premises owner, manager or lessor will be the limits which you agreed to provide in the written contract, or the limits shown on the Declarations of this Coverage Part, whichever are less.

- b. The insurance provided to such premises owner, manager or lessor does not apply to:

(1) "Bodily injury" or "property damage" caused by an "occurrence" that takes place, or "personal injury" caused by an offense that is committed, after you cease to be a tenant in that premises; or

(2) Structural alterations, new construction or demolition operations performed by or on behalf of such premises owner, manager or lessor.

- c. The insurance provided to such premises owner, manager or lessor is excess over any valid and collectible other insurance available to such premises owner, manager or lessor, unless you have agreed in a written contract for this insurance to apply on a primary or contributory basis.

K. ADDITIONAL INSURED - LESSOR OF LEASED EQUIPMENT

The following is added to SECTION II - WHO IS AN INSURED:

Any person or organization that is an equipment lessor and that you have agreed in a written contract to name as an additional insured on this Coverage Part is an insured, but only with respect to liability for "bodily injury", "property damage", "personal injury" or "advertising injury" that:

- a. Is "bodily injury" or "property damage" caused by an "occurrence" that takes place, or "personal injury" caused by an offense that is

COMMERCIAL GENERAL LIABILITY

committed, after you have signed that written contract; and

- b. Is caused, in whole or in part, by acts or omissions of you or any person or organization performing operations on your behalf, in the maintenance, operation or use of equipment leased to you by such equipment lessor.

The insurance provided to such equipment lessor is subject to the following provisions:

- a. The limits of insurance provided to such equipment lessor will be the limits which you agreed to provide in the written contract, or the limits shown on the Declarations of this Coverage Part, whichever are less; and
- b. The insurance provided to such equipment lessor does not apply:
 - (1) To any "bodily injury" or "property damage" caused by an "occurrence" that takes place, or "personal injury" caused by an offense that is committed, after the equipment lease expires; or
 - (2) If the equipment is leased with an operator.
- c. The insurance provided to such equipment lessor is excess over any valid and collectible other insurance available to such equipment lessor, unless you have agreed in a written contract for this insurance to apply on a primary or contributory basis.

L. ADDITIONAL INSURED STATE OR POLITICAL SUBDIVISIONS PERMITS RELATING TO PREMISES

The following is added to Paragraph 2. of SECTION II - WHO IS AN INSURED:

Any state or political subdivision that has issued a permit in connection with premises owned or occupied by, or rented or loaned to, you, is an insured, but only with respect to "bodily injury", "property damage", "personal injury" or "advertising injury" arising out of the existence, ownership, use, maintenance, repair, construction, erection or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoist away openings, sidewalk vaults, elevators, street banners or decorations for which that state or political subdivision has issued such permit.

M. ADDITIONAL INSURED STATE OR POLITICAL SUBDIVISIONS PERMITS RELATING TO OPERATIONS

The following is added to Paragraph 2. of SECTION II - WHO IS AN INSURED:

Any state or political subdivision that has issued a permit with respect to operations performed by you or on your behalf is an insured, but only with respect to "bodily injury", "property damage", "personal injury" or "advertising injury" arising out of operations performed by you or on your behalf for which that state or political subdivision has issued such permit. However, no such state or political subdivision is an insured for:

- (1) "Bodily injury", "property damage", "personal injury" or "advertising injury" arising out of operations performed for that state or political subdivision; or
- (2) "Bodily injury" or "property damage" included within the "products - completed operations hazard".

N. WHO IS AN INSURED - NEWLY ACQUIRED OR FORMED ORGANIZATIONS

The following replaces Paragraph 4.a. of SECTION II - WHO IS AN INSURED:

- a. Coverage under this provision is afforded only:
 - (1) Until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier, if you do not report such organization in writing to us within 180 days after you acquire or form it; or
 - (2) Until the end of the policy period, when that date is later than 180 days after you acquire or form such organizations, if you report such organization in writing to us within 180 days after you acquire or form it.

O. KNOWLEDGE AND NOTICE OF OCCURRENCE OR OFFENSE

The following is added to Paragraph 2., Duties In The Event of Occurrence, Offense, Claim Or Suit, of SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS:

- e. The following provisions apply to Paragraph a. above, but only for the purposes of the insurance provided under this Coverage Part to you or any insured listed in Paragraph 1. or 2. of Section II -Who Is An Insured:

COMMERCIAL GENERAL LIABILITY

- (1) Notice to us of such "occurrence" or of an offense must be given as soon as practicable only after the "occurrence" or offense is known to you (if you are an individual), any of your partners or members who is an individual (if you are a partnership or joint venture), any of your managers who is an individual (if you are a limited liability company), any of your trustees who is an individual (if you are a trust), any of your "executive officers" or directors (if you are an organization other than a partnership, joint venture, limited liability company or trust), or any "employee" (such as an insurance, loss control or risk manager or administrator) authorized by you to give notice of an "occurrence" or offense.

Knowledge by any other "employee" of an "occurrence" or offense does not imply that you also have such knowledge.

- (2) If you are a partnership, joint venture, limited liability company or trust, and none of your partners, joint venture members, managers or trustees are individuals, notice to us of such "occurrence" or offense must be given as soon as practicable only after the "occurrence" or offense is known by:
- (a) Any individual who is:
- (i) A partner or member of any partnership or joint venture;
 - (ii) A manager of any limited liability company;
 - (iii) A trustee of any trust; or
 - (iv) An executive officer or director of any other organization;
- that is your partner, joint venture member, manager or trustee; or
- (b) Any "employee" authorized by such partnership, joint venture, limited liability company, trust or other organization to give notice of an "occurrence" or offense.
- (3) Notice to us of such "occurrence" or offense will be deemed to be given as soon as practicable if it is given in good faith as soon as practicable to your workers' compensation, accident, or

health insurer. This applies only if you subsequently give notice to us of the "occurrence" or offense as soon as practicable after any of the persons described in Paragraphs e. (1) or (2) above discovers that the "occurrence" or offense may result in sums to which the insurance provided under the Coverage Part may apply.

P. UNINTENTIONAL OMISSION

The following is added to Paragraph 6., Representations, of SECTION IV COMMERCIAL GENERAL LIABILITY CONDITIONS:

The unintentional omission of, or unintentional error in, any information provided by you which we relied upon in issuing this policy will not prejudice your rights under this insurance. However, this provision does not affect our right to collect additional premium or to exercise our rights of cancellation or nonrenewal in accordance with applicable insurance laws or regulations.

Q. WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US WHEN REQUIRED BY WRITTEN CONTRACT

The following is added to Paragraph 8., Transfer of Rights of Recovery Against Others to Us, of SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS:

We waive any right of recovery we may have against any person or organization because of payments we make for injury or damage arising out of premises owned or occupied by or rented or loaned to you; ongoing operations performed by you or on your behalf, done under a written contract with that person or organization; "your work"; or "your products". We waive this right where you have agreed to do so as part of a written contract signed by you prior to loss.

R. AMENDED INSURED CONTRACT DEFINITION - RAILROAD EASEMENT

1. The following replaces Paragraph c. of the definition of "insured contract" in the DEFINITIONS Section:

C. Any easement or license agreement;

2. Paragraph f.(1) of the definition of "insured contract" in the DEFINITIONS Section is deleted.

Walker Parking Consultants Engineers, Inc.

Policy#CUP1D3197442047

Policy Period: 5/23/2020-5/23/2021

UMBRELLA

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS

This endorsement modifies insurance provided under the following:

COMMERCIAL EXCESS LIABILITY (UMBRELLA) INSURANCE

The following is added to Paragraph 11., OUR RIGHT TO RECOVER FROM OTHERS., of SECTION IV – CONDITIONS.:

If the insured has agreed in a contract or agreement to waive that insured's right of recovery against any person or organization, we waive our right of recovery against such person or organization, but only for payments we make because of:

- a. "Bodily injury" or "property damage" caused by an "occurrence" that takes place; or
- b. "Personal injury" or "advertising injury" caused by an "offense" that is committed;
subsequent to the execution of the contract or agreement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLANKET ADDITIONAL INSURED (ARCHITECTS, ENGINEERS AND SURVEYORS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

1. The following is added to SECTION II - WHO IS AN INSURED:

Any person or organization that you agree in a "written contract requiring insurance" to include as an additional insured on this Coverage Part, but:

- a. Only with respect to liability for "bodily injury", "property damage" or "personal injury"; and
- b. If, and only to the extent that, the injury or damage is caused by acts or omissions of you or your subcontractor in the performance of "your work" to which the "written contract requiring insurance" applies, or in connection with premises owned by or rented to you.

The person or organization does not qualify as an additional insured:

- c. With respect to the independent acts or omissions of such person or organization; or
- d. For "bodily injury", "property damage" or "personal injury" for which such person or organization has assumed liability in a contract or agreement.

The insurance provided to such additional insured is limited as follows:

- e. This insurance does not apply on any basis to any person or organization for which coverage as an additional insured specifically is added by another endorsement to this Coverage Part.
- f. This insurance does not apply to the rendering of or failure to render any "professional services".
- g. In the event that the Limits of Insurance of the Coverage Part shown in the Declarations exceed the limits of liability required by the "written contract requiring insurance", the insurance provided to the additional insured shall be limited to the limits of liability required by that "written contract requiring insurance". This endorsement does not increase the limits of insurance described in Section III - Limits Of Insurance.

- h. This insurance does not apply to "bodily injury" or "property damage" caused by "your work" and included in the "products-completed operations hazard" unless the "written contract requiring insurance" specifically requires you to provide such coverage for that additional insured, and then the insurance provided to the additional insured applies only to such "bodily injury" or "property damage" that occurs before the end of the period of time for which the "written contract requiring insurance" requires you to provide such coverage or the end of the policy period, whichever is earlier.

2. The following is added to Paragraph 4.a. of SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS:

The insurance provided to the additional insured is excess over any valid and collectible other insurance, whether primary, excess, contingent or on any other basis, that is available to the additional insured for a loss we cover. However, if you specifically agree in the "written contract requiring insurance" that this insurance provided to the additional insured under this Coverage Part must apply on a primary basis or a primary and non-contributory basis, this insurance is primary to other insurance available to the additional insured which covers that person or organizations as a named insured for such loss, and we will not share with the other insurance, provided that:

- (1) The "bodily injury" or "property damage" for which coverage is sought occurs; and
- (2) The "personal injury" for which coverage is sought arises out of an offense committed;

after you have signed that "written contract requiring insurance". But this insurance provided to the additional insured still is excess over valid and collectible other insurance, whether primary, excess, contingent or on any other basis, that is available to the additional insured when that person or organization is an additional insured under any other insurance.

COMMERCIAL GENERAL LIABILITY

3. The following is added to Paragraph 8., Transfer Of Rights Of Recovery Against others To Us, of SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS:

We waive any right of recovery we may have against any person or organization because of payments we make for "bodily injury", "property damage" or "personal injury" arising out of "your work" performed by you, or on your behalf, done under a "written contract requiring insurance" with that person or organization. We waive this right only where you have agreed to do so as part of the "written contract requiring insurance" with such person or organization signed by you before, and in effect when, the "bodily injury" or "property damage" occurs, or the "personal injury" offense is committed.

4. The following definition is added to the DEFINITIONS Section:

"Written contract requiring insurance" means that part of any written contract under which you are required to include a person or organization as an additional insured on this Coverage Part, provided that the "bodily injury" and "property damage" occurs and the "personal injury" is caused by an offense committed:

- a. After you have signed that written contract;
- b. While that part of the written contract is in effect; and
- c. Before the end of the policy period.

Walker Parking Consultants Engineers, Inc.
Policy#CUP1D3197442047
Policy Period: 5/23/2020-5/23/2021

UMBRELLA

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF WHO IS AN INSURED

This endorsement modifies insurance provided under the following:

COMMERCIAL EXCESS LIABILITY (UMBRELLA) INSURANCE

Paragraph 2.f. of SECTION II – WHO IS AN INSURED is deleted and replaced by the following:

- f. Any other person or organization insured under any policy of the "underlying insurance" listed in the SCHEDULE OF UNDERLYING INSURANCE of the DECLARATIONS of this insurance. This insurance is subject to all the provisions and limitations upon coverage under such policy of "underlying insurance", and, the limits of insurance afforded to such person or organization will be:
- (i) The difference between the "underlying insurance" limits and the minimum limits of insurance which you agreed to provide; or
 - (ii) The limits of insurance of this policy whichever is less.



WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY

ENDORSEMENT WC 00 03 13 (00) - 001

Policy: UB5K3205582047

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

This agreement shall not operate directly or indirectly to benefit any one not named in the Schedule.

SCHEDULE

DESIGNATED PERSON:

DESIGNATED ORGANIZATION:

ANY PERSON OR ORGANIZATION FOR WHICH THE INSURED HAS AGREED
BY WRITTEN CONTRACT EXECUTED PRIOR TO LOSS TO FURNISH THIS
WAIVER.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLANKET ADDITIONAL INSURED – PRIMARY AND NON-CONTRIBUTORY WITH OTHER INSURANCE

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

PROVISIONS

1. The following is added to Paragraph A.1.c., Who Is An Insured, of SECTION II – COVERED AUTOS LIABILITY COVERAGE:

Any person or organization who is required under a written contract or agreement between you and that person or organization, that is signed and executed by you before the "bodily injury" or "property damage" occurs and that is in effect during the policy period, to be named as an additional insured is an "insured" for Covered Autos Liability Coverage, but only for damages to which this insurance applies and only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured provision contained in SECTION II.

2. The following is added to Paragraph B.5., Other Insurance of SECTION IV – BUSINESS AUTO CONDITIONS:

Regardless of the provisions of paragraph a. and paragraph d. of this part 5. Other Insurance, this insurance is primary to and non-contributory with applicable other insurance under which an additional insured person or organization is the first named insured when the written contract or agreement between you and that person or organization, that is signed and executed by you before the "bodily injury" or "property damage" occurs and that is in effect during the policy period, requires this insurance to be primary and non-contributory.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS AUTO EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

GENERAL DESCRIPTION OF COVERAGE This endorsement broadens coverage. However, coverage for any injury, damage or medical expenses described in any of the provisions of this endorsement may be excluded or limited by another endorsement to the Coverage Part, and these coverage broadening provisions do not apply to the extent that coverage is excluded or limited by such an endorsement. The following listing is a general coverage description only. Limitations and exclusions may apply to these coverages. Read all the provisions of this endorsement and the rest of your policy carefully to determine rights, duties, and what is and is not covered.

- | | |
|--------------------------------------------------------------|-------------------------------------------------------------------------|
| A. BROAD FORM NAMED INSURED | H. HIRED AUTO PHYSICAL DAMAGE LOSS OF USE INCREASED LIMIT |
| B. BLANKET ADDITIONAL INSURED | I. PHYSICAL DAMAGE — TRANSPORTATION EXPENSES INCREASED LIMIT |
| C. EMPLOYEE HIRED AUTO | J. PERSONAL PROPERTY |
| D. EMPLOYEES AS INSURED | K. AIRBAGS |
| E. SUPPLEMENTARY PAYMENTS — INCREASED LIMITS | L. NOTICE AND KNOWLEDGE OF ACCIDENT OR LOSS |
| F. HIRED AUTO — LIMITED WORLDWIDE COVERAGE — INDEMNITY BASIS | M. BLANKET WAIVER OF SUBROGATION |
| G. WAIVER OF DEDUCTIBLE — GLASS | N. UNINTENTIONAL ERRORS OR OMISSIONS |

PROVISIONS

A. BROAD FORM NAMED INSURED

The following is added to Paragraph A.1., Who Is An Insured, of SECTION II ~~II~~ COVERED AUTOS LIABILITY COVERAGE:

Any organization you newly acquire or form during the policy period over which you maintain 50% or more ownership interest and that is not separately insured for Business Auto Coverage. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier.

B. BLANKET ADDITIONAL INSURED

The following is added to Paragraph c. in A.1., Who Is An Insured, of SECTION II ~~II~~ COVERED AUTOS LIABILITY COVERAGE:

Any person or organization who is required under a written contract or agreement between you and that person or organization, that is signed and executed by you before the "bodily injury" or "property damage" occurs and that is in effect during the policy period, to be named as an additional insured is an "insured" for Covered Autos Liability Coverage, but only for damages to which

this insurance applies and only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured provision contained in Section II.

C. EMPLOYEE HIRED AUTO

1. The following is added to Paragraph A.1., Who Is An Insured, of SECTION II ~~II~~ COVERED AUTOS LIABILITY COVERAGE:

An "employee" of yours is an "insured" while operating an "auto" hired or rented under a contract or agreement in an "employee's" name, with your permission, while performing duties related to the conduct of your business.

2. The following replaces Paragraph b. in B.5., Other Insurance, of SECTION IV ~~IV~~ BUSINESS AUTO CONDITIONS:

b. For Hired Auto Physical Damage Coverage, the following are deemed to be covered "autos" you own:

- (1) Any covered "auto" you lease, hire, rent or borrow; and
- (2) Any covered "auto" hired or rented by your "employee" under a contract in an "employee's" name, with your

COMMERCIAL AUTO

permission, while performing duties related to the conduct of your business.

However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

D. EMPLOYEES AS INSURED

The following is added to Paragraph A.1., Who Is An Insured, of SECTION II — COVERED AUTOS LIABILITY COVERAGE:

Any "employee" of yours is an "insured" while using a covered "auto" you don't own, hire or borrow in your business or your personal affairs.

E. SUPPLEMENTARY PAYMENTS — INCREASED LIMITS

1. The following replaces Paragraph A.2.a.(2), of SECTION II — COVERED AUTOS LIABILITY COVERAGE:

(2) Up to \$3,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.

2. The following replaces Paragraph A.2.a.(4), of SECTION II — COVERED AUTOS LIABILITY COVERAGE:

(4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to \$500 a day because of time off from work.

F. HIRED AUTO — COVERAGE — INDEMNITY BASIS

The following replaces Subparagraph (5) in Paragraph B.7., Policy Period, Coverage Territory, of SECTION IV — BUSINESS AUTO CONDITIONS:

(5) Anywhere in the world, except any country or jurisdiction while any trade sanction, embargo, or similar regulation imposed by the United States of America applies to and prohibits the transaction of business with or within such country or jurisdiction, for Covered Autos Liability Coverage for any covered "auto" that you lease, hire, rent or borrow without a driver for a period of 30 days or less and that is not an "auto" you lease, hire, rent or borrow from any of your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households.

(a) With respect to any claim made or "suit" brought outside the United States of America, the territories and possessions of the United States of America, Puerto Rico and Canada:

(i) You must arrange to defend the "insured" against, and investigate or settle any such claim or "suit" and keep us advised of all proceedings and actions.

(ii) Neither you nor any other involved "insured" will make any settlement without our consent.

(iii) We may, at our discretion, participate in defending the "insured" against, or in the settlement of, any claim or "suit".

(iv) We will reimburse the "insured" for sums that the "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, that the "insured" pays with our consent, but only up to the limit described in Paragraph C., Limits Of Insurance, of SECTION II — COVERED AUTOS LIABILITY COVERAGE.

(v) We will reimburse the "insured" for the reasonable expenses incurred with our consent for your investigation of such claims and your defense of the "insured" against any such "suit", but only up to and included within the limit described in Paragraph C., Limits Of Insurance, of SECTION II — COVERED AUTOS LIABILITY COVERAGE, and not in addition to such limit. Our duty to make such payments ends when we have used up the applicable limit of insurance in payments for damages, settlements or defense expenses.

(b) This insurance is excess over any valid and collectible other insurance available to the "insured" whether primary, excess, contingent or on any other basis.

(c) This insurance is not a substitute for required or compulsory insurance in any country outside the United States, its territories and possessions, Puerto Rico and Canada.

LIMITED WORLDWIDE COVERAGE

You agree to maintain all required or compulsory insurance in any such country up to the minimum limits required by local law. Your failure to comply with compulsory insurance requirements will not invalidate the coverage afforded by this policy, but we will only be liable to the same extent we would have been liable had you complied with the compulsory insurance requirements.

- (d) It is understood that we are not an admitted or authorized insurer outside the United States of America, its territories and possessions, Puerto Rico and Canada. We assume no responsibility for the furnishing of certificates of insurance, or for compliance in any way with the laws of other countries relating to insurance.

G. WAIVER OF DEDUCTIBLE GLASS

The following is added to Paragraph D., Deductible, of SECTION III — PHYSICAL DAMAGE COVERAGE:

No deductible for a covered "auto" will apply to glass damage if the glass is repaired rather than replaced.

H. HIRED AUTO PHYSICAL DAMAGE— LOSS OF USE — INCREASED LIMIT

The following replaces the last sentence of Paragraph A.4.b., Loss Of Use Expenses, of SECTION III — PHYSICAL DAMAGE COVERAGE:

However, the most we will pay for any expenses for loss of use is \$65 per day, to a maximum of \$750 for any one "accident".

I. PHYSICAL DAMAGE — TRANSPORTATION EXPENSES — INCREASED LIMIT

The following replaces the first sentence in Paragraph A.4.a., Transportation Expenses, of SECTION III — PHYSICAL DAMAGE COVERAGE:

We will pay up to \$50 per day to a maximum of \$1,500 for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type.

J. PERSONAL PROPERTY

The following is added to Paragraph A.4., Coverage Extensions, of SECTION III — PHYSICAL DAMAGE COVERAGE:

Personal Property

We will pay up to \$400 for "loss" to wearing apparel and other personal property which is:

- (1) Owned by an "insured"; and

- (2) In or on your covered "auto".

This coverage applies only in the event of a total theft of your covered "auto".

No deductibles apply to this Personal Property coverage.

K. AIRBAGS

The following is added to Paragraph B.3., Exclusions, of SECTION III— PHYSICAL DAMAGE COVERAGE:

Exclusion 3.a. does not apply to "loss" to one or more airbags in a covered "auto" you own that inflate due to a cause other than a cause of "loss" set forth in Paragraphs A.1.b. and A.1.c., but only:

- a. If that "auto" is a covered "auto" for Comprehensive Coverage under this policy;
- b. The airbags are not covered under any warranty; and
- c. The airbags were not intentionally inflated. We will pay up to a maximum of \$1,000 for any one "loss".

L. NOTICE AND KNOWLEDGE OF ACCIDENT OR LOSS

The following is added to Paragraph A.2.a., of SECTION IV BUSINESS AUTO CONDITIONS:

Your duty to give us or our authorized representative prompt notice of the "accident" or "loss" applies only when the "accident" or "loss" is known to:

- (a) You (if you are an individual);
- (b) A partner (if you are a partnership);
- (c) A member (if you are a limited liability company);
- (d) An executive officer, director or insurance manager (if you are a corporation or other organization); or
- (e) Any "employee" authorized by you to give notice of the "accident" or "loss".

M. BLANKET WAIVER OF SUBROGATION

The following replaces Paragraph A.5., Transfer Of Rights Of Recovery Against Others To Us, of SECTION IV BUSINESS AUTO CONDITIONS:

5. Transfer Of Rights Of Recovery Against Others To Us

We waive any right of recovery we may have against any person or organization to the extent required of you by a written contract signed and executed prior to any "accident" or "loss", provided that the "accident" or "loss" arises out of operations contemplated by

COMMERCIAL AUTO

such contract. The waiver applies only to the person or organization designated in such contract.

N. UNINTENTIONAL ERRORS OR OMISSIONS

The following is added to Paragraph B.2., Concealment, Misrepresentation, Or Fraud, of SECTION IV BUSINESS AUTO CONDITIONS:

The unintentional omission of, or unintentional error in, any information given by you shall not prejudice your rights under this insurance. However this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.



Administrative Report

H.6., File # 21-2149

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL

From: CHRISTOPHER BENSON, INFORMATION TECH DIRECTOR

TITLE

APPROVE FIRST AMENDMENT TO THE AGREEMENT WITH COM-STRAT, LLC FOR LOCAL AREA NETWORK AND WIRELESS LAN SWITCHING AND ROUTING INFRASTRUCTURE EQUIPMENT REPLACEMENT PHASE IV IMPLEMENTATION AND PROJECT MANAGEMENT SERVICES FOR AN ADDITIONAL AMOUNT NOT TO EXCEED \$35,025 AND EXTEND THE TERM TO MARCH 31, 2022.

EXECUTIVE SUMMARY

The City's data network and wireless equipment infrastructure are reaching end-of-life and need to be replaced. Given the complexity of the Local Area Network (LAN) and Wireless Local Area Network (WLAN) communications landscape, combined with needed security enhancements, the Information Technology Department recommended, and the City Council approved at the March 03, 2020 City Council Meeting, Com-Strat, LLC (Com-Strat) to guide us through the vetting and selection process of choosing a new LAN and WLAN infrastructure (LAN/WLAN).

Com-Strat has been providing service and guidance in two critical areas: Requirements Documentation (Phase II) and Vendor Evaluation & Technology Selection (Phase III). The City did not opt for Phase I, strategic planning to determine a project budget. Com-Strat has helped to define the business and technical requirements, created the request for proposal document released in January, 2021 and are now evaluating responses and preparing a formal vendor recommendation report.

This proposed amendment for Phase IV adds implementation support and project management services. Specific implementation support and project management tasks are listed in the attached amendment. Com-Strat has extensive municipal experience and does not sell, nor are they aligned with, any vendor's equipment or services.

BACKGROUND

The last major network and wireless replacement took place in December, 2013. Previous replacements occurred in 2006 and 2000. Prior to 2000, network infrastructures were not robust implementations, unreliable, required frequent maintenance and prone to failure. The City currently has a fast, robust and reliable LAN/WLAN network which includes a fiber-optic network to 14 off-site locations. However, the network equipment is showing its age and needs to be replaced.

The City's data network is the infrastructure upon which all processes that utilize hardware and software technology depend on to function properly, efficiently and reliably. Staff relies daily on a properly functioning network to effectively use software applications, access the Internet and connect to cloud infrastructures to perform core departmental work. Without a properly designed and configured network, staff work could not be accomplished in an effective, efficient and timely manner.

Com-Strat and IT staff have been working on the network upgrade project that will: refresh core network equipment, increase the speed of the network, enhance network security, refresh and increase the performance and manageability of the City's wireless network, provide new and more flexible management tools for IT staff, and most notably, maintain and enhance the existing redundant design that has provided for unparalleled network reliability and uptime.

The project will ultimately replace two core network routers, approximately 50 network edge switches and approximately 80 wireless access points installed throughout all network connected City facilities. In addition to all of the new network hardware, the underlying network design, security infrastructure, management tools and managed support services will all potentially change.

Specific to Phase IV, Com-Strat will act as the Subject Matter Expert who will ultimately ensure a successful installation of the new LAN/WLAN equipment. They will provide project management coordination between the vendor's project managers and the designated IT project manager in addition to supervising all programming, configuration and deployment tasks to make sure established timelines and budgets are met.

Mission Critical Systems Connected to City Network (Sample)

- Police Records Management and Computer Aided Dispatch System (911)
- 911 Primary and Alternate Dispatch Centers
- Emergency Operations Center
- Police Station, Police Sub-station and Three Fire Stations
- Geo Redundant Telecommunications System
- Core Financials, Payroll, and Building Permit Systems
- Police and Fire Mobile Data Computers
- City Enterprise Telephone System
- Public Safety Video Surveillance
- 12 Off Site Facilities (Fire, Police, Public Works, Community Services, Library)

About Com-Strat:

Communication Strategies is a premier technology consulting company specializing in enterprise technology and infrastructure. Established in 1987, we have become a recognized leader serving clients' domestic and global requirements. Because we are independent consultants, our clients receive value from wide industry experience, objective expertise, unbiased recommendations and cost-effective solutions. Our consultants have an *average of 25 years' experience* in IT/IS line of

business, management, and/or consulting. Communication Strategies has experience managing projects throughout the United States and abroad.

Communication Strategies offers value to its clients in many ways:

- Our market knowledge allows us to negotiate significant discounts from solution providers, often covering most or all of our consulting fees.
- Our broad technology experience allows us to address projects holistically rather than being centered around one of the solution components.
- We assist clients in not over-buying, or under-buying technology and services
- We have been successful in developing long term relationships with our clients, allowing us to leverage knowledge gained on projects towards future projects.

COORDINATION

Information Technology staff worked directly with Com-Strat to structure the Amendment. The City Attorney's office reviewed and approved the Amendment as to form.

FISCAL IMPACT

The FY20-21 additional cost of \$35,025.00 for Phase IV LAN and WLAN implementation and project management services will be paid from the FY20-21 IT Department Internal Service Fund and is included in the IT Department FY20-21 core annual operating budget.

At the City's request, Com-Strat has discounted their normal hourly rate of \$195/hour to \$175/hour for Phase IV. The number of billable hours specified in the amendment are an estimate. The City will only be billed for hours actually used. To date, we have trended under estimated hours usage for Phase II and Phase III.

Funding		Expenditures	
\$70,760.00	IT Internal Service Fund	\$35,735.00	Original Agreement Phase II Requirements Documentation and Phase III Vendor Evaluation and Selection
		35,025.00	Phase IV Installation and Project Management
\$70,760.00		\$70,760.00	New Not to Exceed Total

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

First Amendment to Original Agreement

Original Agreement for Consulting Services

Certificate of Insurance

**FIRST AMENDMENT TO THE AGREEMENT FOR CONSULTING SERVICES
BETWEEN THE CITY OF REDONDO BEACH
AND COM-STRAT, LLC**

THIS FIRST AMENDMENT TO THE AGREEMENT FOR CONSULTING SERVICES ("First Amendment") is made between the City of Redondo Beach, a chartered municipal corporation ("City") and Com-Strat, LLC, a California limited liability company ("Consultant").

WHEREAS, on March 3, 2020, the parties entered into the Agreement for Consulting Services between the City and Consultant (the "Agreement"); and

WHEREAS, the parties desire to amend the Agreement to add services and increase the not to exceed amount.

NOW THEREFORE, in consideration of the promises and mutual covenants contained herein, and intending to be legally bound, the parties hereby agree to make the following amendments to the Agreement:

1. Scope of Services. Exhibit "A" of the Agreement is hereby amended to add Exhibit "A-1", which adds Implementation Support and Project Management services to the scope of work. Exhibit "A-1" is attached hereto and incorporated by reference. Consultant perform all services described in Exhibits "A" and "A-1".
2. Compensation. Exhibit "C" of the Agreement is hereby amended to add Exhibit "C-1" to increase Consultant's limit on compensation to \$70,760. Exhibit "C-1" is attached hereto and incorporated by reference. Consultant shall be compensated for the services described in Exhibit "A" and "A-1".
3. No Other Amendments. Except as expressly stated herein, the Agreement shall remain unchanged and in full force and effect. The Agreement and this First Amendment constitute the entire agreement between the parties and supersede any previous oral or written agreement with respect to the subject matter hereof. In the event of any inconsistency between the terms of the Agreement and this First Amendment, the terms of this First Amendment shall govern.

IN WITNESS WHEREOF, the parties have executed this First Amendment in Redondo Beach, California, as of this 6th day of April, 2021.

CITY OF REDONDO BEACH,
a chartered municipal corporation

COM-STRAT, LLC,
a California limited liability company

William C. Brand, Mayor

By: _____
Name: _____
Title: _____

ATTEST:

APPROVED:

Eleanor Manzano, City Clerk

Diane Strickfaden, Risk Manager

APPROVED AS TO FORM:

Michael W. Webb, City Attorney

EXHIBIT "A-1"
SCOPE OF SERVICES

CONSULTANT'S DUTIES

Consultant shall perform the following duties to assist the City in replacing its Local Area Network ("LAN") and Wireless LAN ("WLAN") switching and routing infrastructure (collectively the "Project").

Implementation Support and Project Management

1. Provide a kickoff meeting about the deployment plan and installation schedule.
2. Provide Project planning and deployment strategy workshops.
3. Review Consultant's Project plan with all Consultant and City resources accounted for, establish dependencies, and update and manage the Project Plan.
4. Perform site walkthrough and final design review.
5. Provide Radio Frequency Assessment and Wireless Access Point placement recommendations review.
6. Provide access Switch Implementation and Configuration Workshops.
7. Provide Core/Data Center Implementation and Configuration Workshops.
8. Provide Security Implementation and Configuration Workshops.
9. Provide WAN/CDMA Fiber integration workshop.
10. Provide LAN and Wireless Management Workshops.
11. Provide Wi-Fi Implementation, Configuration and Deployment.
12. Provide Deployment/Cut Coverage Workshops.
13. Review and amend Vendor provided User Acceptance Test ("UAT") plan.
14. Prepare communication plan to end user community to improve Project acceptance, and prepare at least four communications (email, company meeting).
15. Participate in UAT and failover testing according to UAT test plan and provide minor remediation as required.
16. Perform system cutover.

17. Perform system cutover coverage.
18. Manage Punch List and Remediation.
19. Provide Project close out, manage Vendor's system acceptance process and project close-out, review as-built documentation, and final exception lists. Provide a lessons learned meeting.
20. Participate in weekly planning meetings.
21. Draft and respond to miscellaneous emails; Project manage and follow up weekly.
22. Prepare weekly meeting notes.

EXHIBIT "C-1"
COMPENSATION

Provided Consultant is not in default under this Agreement, Consultant shall be compensated as provided below.

- A. **AMOUNT.** Consultant shall be paid in accordance with the schedule set forth below.

Task	Hourly Rate	Not to Exceed Hours	Not to Exceed Cost
Implementation Support and Project Management	\$175.00	183	\$32,025
Travel			\$3,000
Implementation Support and Project Management Not to Exceed Amount			\$35,025
Not to Exceed Amount Under Original Agreement			\$35,735
Total Not to Exceed Amount			\$70,760

Travel includes potential air, hotel, ground, and parking. There are no mileage charges that apply. Consultant shall invoice on exact costs with cumulative receipts not to exceed a total of \$3,000.00.

City will reimburse expenses incurred by Consultant; provided that, the following conditions are met.

1. Expenses are reasonable.
2. Expenses are billed at cost.
3. Consultant provides receipts to the City.
4. Expenses are incurred in the course of Consultant's duties described herein.
5. Consultant obtains written approval from the City prior to incurring the expense.

In no event shall the total compensation, including travel and expenses exceed the following amounts.

- B. **METHOD OF PAYMENT.** Consultant shall provide monthly invoices to City for approval and payment for those services performed in the month prior to invoice submission. Invoices must include the hourly rate, number of hours, service, and expenses incurred. Receipts for expenses shall be attached to the invoice. Invoice must be itemized, adequately detailed, based on accurate records, in a form reasonably satisfactory to City.

- C. **SCHEDULE FOR PAYMENT.** City agrees to pay Consultant within thirty days of City's receipt of Consultant's monthly invoice; provided that services are completed to the City's reasonable satisfaction and there is no dispute over the amount.
- D. **NOTICE.** Written notices to City and Consultant shall be given by registered or certified mail, postage prepaid and addressed to or personally served on the following parties.

Consultant: COM-STRAT, LLC
1222 Grandview Rd
Sebastopol, CA 95472
Attention: Chuck Vondra, Sr. Consultant, Principal

City: City of Redondo Beach
Information Technology Department
415 Diamond Street
Redondo Beach, CA 90277
Attention: Information Technology Director

All notices, including notices of address changes, provided under this Agreement are deemed received on the third day after mailing if sent by registered or certified mail. Changes in the respective address set forth above may be made from time to time by any party upon written notice to the other party.

**AGREEMENT FOR CONSULTING SERVICES
BETWEEN THE CITY OF REDONDO BEACH
AND COM-STRAT, LLC**

THIS AGREEMENT FOR CONSULTING SERVICES (this "Agreement") is made between the City of Redondo Beach, a chartered municipal corporation ("City") and Com-Strat, LLC, a California limited liability company ("Consultant" or "Contractor").

The parties hereby agree as follows:

1. Description of Project or Scope of Services. The project description or scope of services to be provided by Consultant, and any corresponding responsibilities of City, or services required to be performed by City are set forth in Exhibit "A."
2. Term and Time of Completion. Consultant shall commence and complete the project or services described in Exhibit "A" in accordance with the schedule set forth in Exhibit "B".
3. Compensation. City agrees to pay Consultant for work performed in accordance with Exhibit "C".

* * * * *

GENERAL PROVISIONS

1. Independent Contractor. Consultant acknowledges, represents and warrants that Consultant is not a regular or temporary employee, officer, agent, joint venturer or partner of the City, but rather an independent contractor. This Agreement shall not be construed as a contract of employment. Consultant shall have no rights to any benefits which accrue to City employees unless otherwise expressly provided in this Agreement. Due to the independent contractor relationship created by this Agreement, the City shall not withhold state or federal income taxes, the reporting of which shall be Consultant's sole responsibility.
2. Brokers. Consultant acknowledges, represents and warrants that Consultant has not hired, retained or agreed to pay any entity or person any fee, commission, percentage, gift, or any other consideration, contingent upon or resulting from the award or making of this Agreement.
3. City Property. All plans, drawings, reports, calculations, data, specifications, videos, graphics or other materials prepared for or obtained pursuant to this Agreement shall upon request be delivered to the City within a reasonable time, and the rights thereto shall be deemed assigned to the City. If applicable, Consultant shall prepare check prints upon request. Said plans, drawings, reports, calculations, data, specifications, videos, graphics or other materials,

shall be specific for the project herein and shall not be used by the City for any other project without Consultant's consent. Notwithstanding the foregoing, Consultant shall not be obligated to assign any proprietary software or data developed by or at the direction of Consultant for Consultant's own use; provided, however, that Consultant shall, pursuant to Paragraph 14 below, indemnify, defend and hold the City harmless from and against any discovery or Public Records Act request seeking the disclosure of any such proprietary software or data.

4. Inspection. If the services set forth in Exhibit "A" shall be performed on City or other public property, the City shall have the right to inspect such work without notice. If such services shall not be performed on City or other public property, the City shall have the right to inspect such work upon reasonable notice. Inspections by the City shall not relieve or minimize the responsibility of Consultant to conduct any inspections Consultant has agreed to perform pursuant to the terms of this Agreement. Consultant shall be solely liable for said inspections performed by Consultant. Consultant shall certify in writing to the City as to the completeness and accuracy of each inspection required to be conducted by Consultant hereunder.
5. Services. The project or services set forth in Exhibit "A" shall be performed to the full satisfaction and approval of the City. In the event that the project or services set forth in Exhibit "A" are itemized by price in Exhibit "C", the City in its sole discretion may, upon notice to Consultant, delete certain items or services set forth in Exhibit "A", in which case there shall be a corresponding reduction in the amount of compensation paid to Consultant. City shall furnish Consultant to the extent available, with any City standards, details, specifications and regulations applicable to the Project and necessary for the performance of Consultant's services hereunder. Notwithstanding the foregoing, any and all additional data necessary for design shall be the responsibility of Consultant.
6. Records. Consultant, including any of its subcontractors shall maintain full and complete documents and records, including accounting records, employee time sheets, work papers, and correspondence pertaining to the project or services set forth in Exhibit "A". Consultant, including any of its subcontractors shall make such documents and records available for City review or audit upon request and reasonable notice, and shall keep such documents and records, for at least four (4) years after Consultant's completion of performance of this Agreement. Copies of all pertinent reports and correspondence shall be furnished to the City for its files.
7. Changes and Extra Work. All changes and/or extra work under this Agreement shall be provided for by a subsequent written amendment executed by City and Consultant.

8. Additional Assistance. If this Agreement requires Consultant to prepare plans and specifications, Consultant shall provide assistance as necessary to resolve any questions regarding such plans and specifications that may arise during the period of advertising for bids, and Consultant shall issue any necessary addenda to the plans and specifications as requested. In the event Consultant is of the opinion that City's requests for addenda and assistance is outside the scope of normal services, the parties shall proceed in accordance with the changes and extra work provisions of this Agreement.
9. Professional Ability. Consultant acknowledges, represents and warrants that Consultant is skilled and able to competently provide the services hereunder, and possesses all professional licenses, certifications, and approvals necessary to engage in its occupation. City has relied upon the professional ability and training of Consultant as a material inducement to enter into this Agreement. Consultant shall perform in accordance with generally accepted professional practices and standards of Consultant's profession.
10. Business License. Consultant shall obtain a Redondo Beach Business License before performing any services required under this Agreement. The failure to so obtain such license shall be a material breach of this Agreement and grounds for immediate termination by City; provided, however, that City may waive the business license requirement in writing under unusual circumstances without necessitating any modification of this Agreement to reflect such waiver.
11. Termination Without Default. Notwithstanding any provision herein to the contrary, the City may, in its sole and absolute discretion and without cause, terminate this Agreement at any time prior to completion by Consultant of the project or services hereunder, immediately upon written notice to Consultant. In the event of any such termination, Consultant shall be compensated for: (1) all authorized work satisfactorily performed prior to the effective date of termination; and (2) necessary materials or services of others ordered by Consultant for this Agreement, prior to Consultant's receipt of notice of termination, irrespective of whether such materials or services of others have actually been delivered, and further provided that Consultant is not able to cancel such orders. Compensation for Consultant in such event shall be determined by the City in accordance with the percentage of the project or services completed by Consultant; and all of Consultant's finished or unfinished work product through the time of the City's last payment shall be transferred and assigned to the City. In conjunction with any termination of this Agreement, the City may, at its own expense, make copies or extract information from any notes, sketches, computations, drawings, and specifications or other data, whether complete or not.
12. Termination in the Event of Default. Should Consultant fail to perform any of its obligations hereunder, within the time and in the manner provided or otherwise violate any of the terms of this Agreement, the City may immediately terminate this Agreement by giving written notice of such termination, stating the reasons

for such termination. Consultant shall be compensated as provided immediately above, provided, however, there shall be deducted from such amount the amount of damages if any, sustained by the City by virtue of Consultant's breach of this Agreement.

13. Conflict of Interest. Consultant acknowledges, represents and warrants that Consultant shall avoid all conflicts of interest (as defined under any federal, state or local statute, rule or regulation, or at common law) with respect to this Agreement. Consultant further acknowledges, represents and warrants that Consultant has no business relationship or arrangement of any kind with any City official or employee with respect to this Agreement. Consultant acknowledges that in the event that Consultant shall be found by any judicial or administrative body to have any conflict of interest (as defined above) with respect to this Agreement, all consideration received under this Agreement shall be forfeited and returned to City forthwith. This provision shall survive the termination of this Agreement for one (1) year.
14. Indemnity. To the maximum extent permitted by law, Consultant hereby agrees, at its sole cost and expense, to defend protect, indemnify, and hold harmless the City, its elected and appointed officials, officers, employees, volunteers, attorneys, and agents (collectively "Indemnitees") from and against any and all claims, including, without limitation, claims for bodily injury, death or damage to property, demands, charges, obligations, damages, causes of action, proceedings, suits, losses, stop payment notices, judgments, fines, liens, penalties, liabilities, costs and expenses of every kind and nature whatsoever, in any manner arising out of, incident to, related to, in connection with or arising from any act, failure to act, error or omission of Consultant's performance or work hereunder (including any of its officers, agents, employees, Subcontractors) or its failure to comply with any of its obligations contained in the Agreement, or its failure to comply with any current or prospective law, except for such loss or damage which was caused by the sole negligence or willful misconduct of the City. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant or Indemnitees. This indemnification obligation shall survive this Agreement and shall not be limited by any term of any insurance policy required under this Agreement.
 - a. Nonwaiver of Rights. Indemnitees do not and shall not waive any rights that they may possess against Consultant because the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement.
 - b. Waiver of Right of Subrogation. Consultant, on behalf of itself and all parties claiming under or through it, hereby waives all rights of subrogation and contribution against the Indemnitees.

15. Insurance. Consultant shall comply with the requirements set forth in Exhibit "D." Insurance requirements that are waived by the City's Risk Manager do not require amendments or revisions to this Agreement.
16. Non-Liability of Officials and Employees of the City. No official or employee of the City shall be personally liable for any default or liability under this Agreement.
17. Compliance with Laws. Consultant shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals, with respect to this Agreement, including without limitation all environmental laws, employment laws, and non-discrimination laws.
18. Limitations upon Subcontracting and Assignment. Consultant acknowledges that the services which Consultant shall provide under this Agreement are unique, personal services which, except as otherwise provided herein, Consultant shall not assign or sublet to any other party without the prior written approval of City, which approval may be withheld in the City's sole and absolute discretion. In the event that the City, in writing, approves any assignment or subletting of this Agreement or the retention of subcontractors by Consultant, Consultant shall provide to the City upon request copies of each and every subcontract prior to the execution thereof by Consultant and subcontractor. Any attempt by Consultant to assign any or all of its rights under this Agreement without first obtaining the City's prior written consent shall constitute a material default under this Agreement.

The sale, assignment, transfer or other disposition, on a cumulative basis, of twenty-five percent (25%) or more of the ownership interest in Consultant or twenty-five percent (25%) or more the voting control of Consultant (whether Consultant is a corporation, limited liability company, partnership, joint venture or otherwise) shall constitute an assignment for purposes of this Agreement. Further, the involvement of Consultant or its assets in any transaction or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Agreement or Consultant's assets occurs, which reduces Consultant's assets or net worth by twenty-five percent (25%) or more shall also constitute an assignment for purposes of this Agreement.

19. Subcontractors. Consultant shall provide properly skilled professional and technical personnel to perform any approved subcontracting duties. Consultant shall not engage the services of any person or persons now employed by the City without the prior written approval of City, which approval may be withheld in the City's sole and absolute discretion.
20. Integration. This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes any previous oral or written agreement; provided, however, that correspondence or documents

exchanged between Consultant and City may be used to assist in the interpretation of the exhibits to this Agreement.

21. Amendment. This Agreement may be amended or modified only by a subsequent written amendment executed by both parties.
22. Conflicting Provisions. In the event of a conflict between the terms and conditions of this Agreement and those of any exhibit or attachment hereto, this Agreement proper shall prevail. In the event of a conflict between the terms and conditions of any two or more exhibits or attachments hereto, those prepared by the City shall prevail over those prepared by Consultant.
23. Non-Exclusivity. Notwithstanding any provision herein to the contrary, the services provided by Consultant hereunder shall be non-exclusive, and City reserves the right to employ other contractors in connection with the project.
24. Exhibits. All exhibits hereto are made a part hereof and incorporated herein by reference; provided, however, that any language in Exhibit "A" which does not pertain to the project description, proposal, or scope of services (as applicable) to be provided by Consultant, or any corresponding responsibilities of City, shall be deemed extraneous to, and not a part of, this Agreement.
25. Time of Essence. Time is of the essence of this Agreement.
26. Confidentiality. To the extent permissible under law, Consultant shall keep confidential its obligations hereunder and the information acquired during the performance of the project or services hereunder.
27. Third Parties. Nothing herein shall be interpreted as creating any rights or benefits in any third parties. For purposes hereof, transferees or assignees as permitted under this Agreement shall not be considered "third parties."
28. Governing Law and Venue. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law. Venue for any litigation or other action arising hereunder shall reside exclusively in the Superior Court of the County of Los Angeles, Southwest Judicial District.
29. Attorneys' Fees. In the event either party to this Agreement brings any action to enforce or interpret this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees (including expert witness fees) and costs. This provision shall survive the termination of this Agreement.
30. Claims. Any claim by Consultant against City hereunder shall be subject to Government Code §§ 800 *et seq.* The claims presentation provisions of said Act are hereby modified such that the presentation of all claims hereunder to the City

shall be waived if not made within six (6) months after accrual of the cause of action.

31. Interpretation. Consultant acknowledges that it has had ample opportunity to seek legal advice with respect to the negotiation of this Agreement. This Agreement shall be interpreted as if drafted by both parties.
32. Warranty. In the event that any product shall be provided to the City as part of this Agreement, Consultant warrants as follows: Consultant possesses good title to the product and the right to transfer the product to City; the product shall be delivered to the City free from any security interest or other lien; the product meets all specifications contained herein; the product shall be free from material defects in materials and workmanship under normal use for a period of one (1) year from the date of delivery; and the product shall be fit for its intended purpose(s). Notwithstanding the foregoing, consumable and maintenance items (such as light bulbs and batteries) shall be warranted for a period of thirty (30) days from the date of delivery. All repairs during the warranty period shall be promptly performed by Consultant, at Consultant's expense, including shipping. Consultant shall not be liable under this warranty for an amount greater than the amount set forth in Exhibit "C" hereto.
33. Severance. Any provision of this Agreement that is found invalid or unenforceable shall be deemed severed, and all remaining provisions of this Agreement shall remain enforceable to the fullest extent permitted by law.
34. Authority. City warrants and represents that upon City Council approval, the Mayor of the City of Redondo Beach is duly authorized to enter into and execute this Agreement on behalf of City. The party signing on behalf of Consultant warrants and represents that he or she is duly authorized to enter into and execute this Agreement on behalf of Consultant, and shall be personally liable to City if he or she is not duly authorized to enter into and execute this Agreement on behalf of Consultant.
35. Waiver. The waiver by the City of any breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

SIGNATURES FOLLOW ON NEXT PAGE

IN WITNESS WHEREOF, the parties have executed this Agreement in Redondo Beach, California, as of this 3rd day of March, 2020.

CITY OF REDONDO BEACH,
a chartered municipal corporation

COM-STRAT, LLC
a California limited liability company

William C. Brand, Mayor

By: _____
Name: _____
Title: _____

ATTEST:

APPROVED:

Eleanor Manzano, City Clerk

Jill Buchholz, Risk Manager

APPROVED AS TO FORM:

Michael W. Webb, City Attorney

EXHIBIT "A"

SCOPE OF SERVICES

CONSULTANT'S DUTIES

Consultant shall perform the following duties to assist the City in replacing its Local Area Network ("LAN") and Wireless LAN ("WLAN") switching and routing infrastructure (collectively the "Project").

A. Requirements Documentation Tasks

1. Provide kickoff meeting, review project objectives and budget, team resources, project plan and schedule.
2. Create Discovery workbook, and work with client on obtaining site details, counts, capacities, compatibility, and infrastructure.
3. Review business requirements provided by the City, and information obtained from Discovery workshops. Provide Subject Matter Expert consultation on ways different architectures and providers may meet the needs.
4. Review Disaster Recovery/Business Continuity Goals.
5. Collaborate with the City to develop base level business requirements and/or technical specifications for LAN switching, WLAN, and security requirements (as relevant).
6. Perform a physical survey of Main Distribution Frame and Data Center for design, suitability, infrastructure, and upgrade requirements
7. Perform a physical survey of Intermediate Distribution Frame equipment/wiring closets at City designated locations to review power, cable plant, rack space, and current installed equipment
8. Design and develop LAN/WLAN replacement/upgrade specifications for inclusion in the Request for Proposal ("RFP")
9. Develop RFP and include components, including but not limited to, technical specifications, response criteria, installation requirements, terms and conditions, and warranty.
10. Create standardized pricing and capacity spreadsheets for vendors to review the comparability of bidders.
11. Develop evaluation weighting and scoring matrix.

12. Compile potential vendor list and distribute RFP.
13. Participate in weekly planning meetings.
14. Draft and respond to miscellaneous emails; Project manage and follow up weekly.

B. Vendor Evaluation and Selection Tasks

1. Conduct bidders conference.
2. Assist with any bidder's questions and answers ("Q&A"), research and formulate responses to all bidders.
3. Read and evaluate all RFP responses, determine compliance and technical merit, clarify any bidder ambiguity.
4. Provide a technical evaluation and scoring of each vendor's proposal.
5. Participate in Short List Decision Process, mediate Q&A, and finalize short list justification reasoning.
6. Provide a detailed and independent evaluation of technologies proposed by each of the final two vendors. Compare, contrast the bids, and provide a comparative analysis between the City's requirements and vendors' proposal to determine if any components are missing or incomplete.
7. Provide demo coordination and agenda preparation.
8. Assist in running short list bidder presentation
9. At a meeting, review vendor presentations with evaluation committee, determine any amendments to requirements based on information gathered in demonstration process.
10. At a subsequent meeting, review finalist vendors' presentations, follow up and have a Q&A with finalist vendors.
11. Coordinate and consult on best and final offer to add or remove any revised requirements from the demonstration process.
12. Reference check calls.
13. Gather final contract documents from the finalist vendor and evaluate contract, terms and conditions, and scope of work for industry best practice and Project requirements.

14. Assist with a formal recommendation report and a justification presentation, which shall include a draft report, facilitation of consensus editing, and a finalized recommendation report.
15. Present recommendations at City Council meeting(s).
16. Participate in weekly planning meetings.
17. Draft and respond to miscellaneous emails Project manage and follow up weekly.

EXHIBIT "B"
SCHEDULE FOR COMPLETION

TERM: The term of this Agreement shall commence on March 3, 2020 and continue through September 2, 2021 ("Term"), unless otherwise terminated as herein provided. Upon City Manager's recommendation to the Mayor, this Agreement shall be extended for one year subject to the same terms and conditions contained herein. However, no extension shall be effective unless the Mayor provides a written letter authorizing the extension at least thirty (30) days prior to the expiration of the current term. Consultant's proposed hours for the scope of work is as follows.

Section	Quantity	Hours	Net Hours
Requirements Documentation Tasks			
A.1	1	2	2
A.2	1	4	4
A.3	1	6	6
A.4	1	1	1
A.5	1	8	8
A.6	1	2	2
A.7	12	0.5	6
A.8	1	8	8
A.9	1	20	20
A.10	1	4	4
A.11	1	2	2
A.12	6	0.5	3
A.13	8	0.5	4
A.14	8	0.5	4
Travel Time (1/2 rate)	2	2	4
Contingency			8
Total Hours for Requirements Documentation Tasks			86
Vendor Evaluation and Selection Tasks			
B.1	1	2	2
B.2	6	0.5	3
B.3	6	2.5	15
B.4	6	1	6
B.5	1	2	2
B.6	1	4	4
B.7	3	0.5	1.5
B.8	3	3	9

Section	Quantity	Hours	Net Hours
B.9	1	2	2
B.10	1	2	2
B.11	1	3	3
B.12	3	0.5	1.5
B.13	1	6	6
B.14	1	4	4
B.15	1	2	2
B.16	10	0.5	5
B.17	10	1	10
Travel Time (1/2 rate)	3	2	6
Contingency			8
Total Hours for Vendor Evaluation and Selection Tasks			92

EXHIBIT "C"
COMPENSATION

Provided Consultant is not in default under this Agreement, Consultant shall be compensated as provided below.

- A. **AMOUNT.** Consultant shall be paid an hourly rate of \$195.00 for services and paid \$97.50 for travel time in accordance with the following schedule. In no event shall the total compensation, including travel and expenses exceed the following amounts.

Task	Not to Exceed Hours	Not to Exceed Cost
Requirements Documentation Tasks and Vendor Evaluation and Selection Tasks	168	\$32,760.00
Travel	10	\$975.00
Travel and Expenses (Travel Time Excluded)		\$2,000.00
Total Not to Exceed Amount		\$35,735.00

Travel includes potential air, hotel, ground, and parking. There are no mileage charges that apply. Consultant shall invoice on exact costs with cumulative receipts not to exceed a total of \$2,000.00.

City will reimburse expenses incurred by Consultant; provided that, the following conditions are met.

1. Expenses are reasonable.
 2. Expenses are billed at cost.
 3. Consultant provides receipts to the City.
 4. Expenses are incurred in the course of Consultant's duties described herein.
 5. Consultant obtains written approval from the City prior to incurring the expense.
- B. **METHOD OF PAYMENT.** Consultant shall provide monthly invoices to City for approval and payment for those services performed in the month prior to invoice submission. Invoices must include the hourly rate, number of hours, service, and expenses incurred. Receipts for expenses shall be attached to the invoice. Invoice must be itemized, adequately detailed, based on accurate records, in a form reasonably satisfactory to City.

- C. **SCHEDULE FOR PAYMENT.** City agrees to pay Consultant within thirty days of City's receipt of Consultant's monthly invoice; provided that services are completed to the City's reasonable satisfaction and there is no dispute over the amount.
- D. **NOTICE.** Written notices to City and Consultant shall be given by registered or certified mail, postage prepaid and addressed to or personally served on the following parties.

Consultant: COM-STRAT, LLC
1222 Grandview Rd
Sebastopol, CA 95472
Attention: Chuck Vondra, Sr. Consultant, Principal

City: City of Redondo Beach
Information Technology Department
415 Diamond Street
Redondo Beach, CA 90277
Attention: Information Technology Director

All notices, including notices of address changes, provided under this Agreement are deemed received on the third day after mailing if sent by registered or certified mail. Changes in the respective address set forth above may be made from time to time by any party upon written notice to the other party.

EXHIBIT "D"
INSURANCE REQUIREMENTS FOR CONSULTANTS

Without limiting Consultant's indemnification obligations under this Agreement, Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).

Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).

Workers' Compensation insurance as required by the State of California.

Employer's Liability Insurance.

Minimum Limits of Insurance

Consultant shall maintain limits no less than:

General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. The general aggregate limit shall apply separately to this project.

Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

Employer's Liability: \$1,000,000 per accident for bodily injury or disease.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers or (2) the Consultant shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Endorsement:

General Liability: The City, its officers, elected and appointed officials, employees, and volunteers shall be covered as insureds with respect to liability arising out of work performed by or on behalf of the Consultant. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance, or as a separate owner's policy.

Automobile Liability: The City, its officers, elected and appointed officials, employees, and volunteers shall be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Consultant.

For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, elected and appointed officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.

Each insurance policy shall be endorsed to state that the inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverages afforded shall apply as though separate policies had been issued to each insured.

Each insurance policy shall be in effect prior to awarding the contract and each insurance policy or a successor policy shall be in effect for the duration of the project. The maintenance of proper insurance coverage is a material element of the contract and failure to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of contract on the Consultant's part.

Acceptability of Insurers

Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A:VII and which are authorized to transact insurance business in the State of California by the Department of Insurance.

Verification of Coverage

Consultant shall furnish the City with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on the City authorized forms provided with the contract specifications. Standard ISO forms which shall be subject to City approval and amended to conform to the City's requirements may be acceptable in lieu of City authorized forms. All certificates and endorsements shall be received and approved by the City before the contract is awarded. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

Subcontractors

Consultant shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

Risk Management

Consultant acknowledges that insurance underwriting standards and practices are subject to change, and the City reserves the right to make changes to these provisions in the reasonable discretion of its Risk Manager.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
04/07/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER LIC #0B29370 Edgewood Partners Insurance Center 2300 Contra Costa Blvd Suite 375 Pleasant Hill, CA 94523		1-925-682-7001 CONTACT NAME: Cheryl Kough PHONE (A/C No. Ext): 925-852-0420 FAX (A/C No): 925-852-0470 E-MAIL ADDRESS: Cheryl.Kough@epicbrokers.com															
INSURED Com-Strat LLC DBA: Communication Strategies 1176 Starr Avenue St. Helena, CA 94574		<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A: SENTINEL INS CO LTD</td> <td>11000</td> </tr> <tr> <td>INSURER B: HARTFORD ACCIDENT & IND CO</td> <td>22357</td> </tr> <tr> <td>INSURER C: LLOYD'S OF LONDON</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: SENTINEL INS CO LTD	11000	INSURER B: HARTFORD ACCIDENT & IND CO	22357	INSURER C: LLOYD'S OF LONDON		INSURER D:		INSURER E:		INSURER F:	
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INSURER D:																	
INSURER E:																	
INSURER F:																	

COVERAGES

CERTIFICATE NUMBER: 59011734

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	X	X	57SBARH8450	04/27/20	04/27/21	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ Excluded \$
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			57SBARH8450	04/27/20	04/27/21	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			57SBARH8450	04/27/20	04/27/21	EACH OCCURRENCE \$ 3,000,000 AGGREGATE \$ 3,000,000 \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> Y	N/A	57WECZV1809	04/15/20	04/15/21	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Professional Liability			ESIO215836747	04/14/20	04/14/21	Each Claim 1,000,000 Aggregate 3,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)


Additional Insured(s): City of Redondo Beach, its officers, elected and appointed officials, employees and volunteers.

General Liability coverage is primary & waiver of subrogation applies per the attached forms.

Applicable Form(s): SS00080405 & WC040306

CERTIFICATE HOLDER

CANCELLATION

City of Redondo Beach 531 N Gertruda Ave Redondo Beach, CA 90277 USA	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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ACORD 25 (2016/03)

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BrunyArgo
59011734

This Paragraph f. applies separately to you and any additional insured.

3. Financial Responsibility Laws

- a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.
- b. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

4. Legal Action Against Us

No person or organization has a right under this Coverage Form:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Form unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this insurance or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

5. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom a claim is made or "suit" is brought.

6. Representations

a. When You Accept This Policy

By accepting this policy, you agree:

- (1) The statements in the Declarations are accurate and complete;
- (2) Those statements are based upon representations you made to us; and

- (3) We have issued this policy in reliance upon your representations.

b. Unintentional Failure To Disclose Hazards

If unintentionally you should fail to disclose all hazards relating to the conduct of your business at the inception date of this Coverage Part, we shall not deny any coverage under this Coverage Part because of such failure.

7. Other Insurance

If other valid and collectible insurance is available for a loss we cover under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If other insurance is also primary, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

(1) Your Work

That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(2) Premises Rented To You

That is fire, lightning or explosion insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(3) Tenant Liability

That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner;

(4) Aircraft, Auto Or Watercraft

If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Section A. – Coverages.

(5) Property Damage To Borrowed Equipment Or Use Of Elevators

If the loss arises out of "property damage" to borrowed equipment or the use of elevators to the extent not subject to Exclusion k. of Section A. – Coverages.

(6) When You Are Added As An Additional Insured To Other Insurance

That is other insurance available to you covering liability for damages arising out of the premises or operations, or products and completed operations, for which you have been added as an additional insured by that insurance; or

(7) When You Add Others As An Additional Insured To This Insurance

That is other insurance available to an additional insured.

However, the following provisions apply to other insurance available to any person or organization who is an additional insured under this Coverage Part:

(a) Primary Insurance When Required By Contract

This insurance is primary if you have agreed in a written contract, written agreement or permit that this insurance be primary. If other insurance is also primary, we will share with all that other insurance by the method described in **c.** below.

(b) Primary And Non-Contributory To Other Insurance When Required By Contract

If you have agreed in a written contract, written agreement or permit that this insurance is primary and non-contributory with the additional insured's own insurance, this insurance is primary and we will not seek contribution from that other insurance.

Paragraphs **(a)** and **(b)** do not apply to other insurance to which the additional insured has been added as an additional insured.

When this insurance is excess, we will have no duty under this Coverage Part to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1)** The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2)** The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all the other insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

8. Transfer Of Rights Of Recovery Against Others To Us

a. Transfer Of Rights Of Recovery

If the insured has rights to recover all or part of any payment, including Supplementary Payments, we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

b. Waiver Of Rights Of Recovery (Waiver Of Subrogation)

If the insured has waived any rights of recovery against any person or organization for all or part of any payment, including Supplementary Payments, we have made under this Coverage Part, we also waive that right, provided the insured waived their rights of recovery against such person or organization in a contract, agreement or permit that was executed prior to the injury or damage.

F. OPTIONAL ADDITIONAL INSURED COVERAGES

If listed or shown as applicable in the Declarations, one or more of the following Optional Additional Insured Coverages also apply. When any of these Optional Additional Insured Coverages apply, Paragraph 6. (Additional Insureds When Required by Written Contract, Written Agreement or Permit) of Section C., Who Is An Insured, does not apply to the person or organization shown in the Declarations. These coverages are subject to the terms and conditions applicable to Business Liability Coverage in this policy, except as provided below:

1. Additional Insured - Designated Person Or Organization

WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- a. In the performance of your ongoing operations; or
- b. In connection with your premises owned by or rented to you.

2. Additional Insured - Managers Or Lessors Of Premises

- a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured - Designated Person Or Organization; but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Declarations.

- b. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

- (1) Any "occurrence" which takes place after you cease to be a tenant in that premises; or
- (2) Structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.

3. Additional Insured - Grantor Of Franchise

WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured - Grantor Of Franchise, but only with respect to their liability as grantor of franchise to you.

4. Additional Insured - Lessor Of Leased Equipment

- a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured - Lessor of Leased Equipment, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person(s) or organization(s).

- b. With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after you cease to lease that equipment.

5. Additional Insured - Owners Or Other Interests From Whom Land Has Been Leased

- a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured - Owners Or Other Interests From Whom Land Has Been Leased, but only with respect to liability arising out of the ownership, maintenance or use of that part of the land leased to you and shown in the Declarations.

- b. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

- (1) Any "occurrence" that takes place after you cease to lease that land; or
- (2) Structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.

6. Additional Insured - State Or Political Subdivision - Permits

- a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the state or political subdivision shown in the Declarations as an Additional

Insured – State Or Political Subdivision - Permits, but only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit.

- b.** With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

- (1)** "Bodily injury", "property damage" or "personal and advertising injury" arising out of operations performed for the state or municipality; or
- (2)** "Bodily injury" or "property damage" included in the "product-completed operations" hazard.

7. Additional Insured – Vendors

- a.** WHO IS AN INSURED under Section **C.** is amended to include as an additional insured the person(s) or organization(s) (referred to below as vendor) shown in the Declarations as an Additional Insured - Vendor, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business and only if this Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".
- b.** The insurance afforded to the vendor is subject to the following additional exclusions:

- (1)** This insurance does not apply to:
 - (a)** "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
 - (b)** Any express warranty unauthorized by you;
 - (c)** Any physical or chemical change in the product made intentionally by the vendor;
 - (d)** Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

- (e)** Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;

- (f)** Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;

- (g)** Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or

- (h)** "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:

- (i)** The exceptions contained in Subparagraphs **(d)** or **(f)**; or

- (ii)** Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

- (2)** This insurance does not apply to any insured person or organization from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

8. Additional Insured – Controlling Interest

WHO IS AN INSURED under Section **C.** is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured – Controlling Interest, but only with respect to their liability arising out of:

- a.** Their financial control of you; or
- b.** Premises they own, maintain or control while you lease or occupy these premises.

BUSINESS LIABILITY COVERAGE FORM

This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

9. Additional Insured – Owners, Lessees Or Contractors – Scheduled Person Or Organization

a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured – Owner, Lessees Or Contractors, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- (1) In the performance of your ongoing operations for the additional insured(s); or
- (2) In connection with "your work" performed for that additional insured and included within the "products-completed operations hazard", but only if this Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".

b. With respect to the insurance afforded to these additional insureds, this insurance does not apply to "bodily injury", "property damage" or "personal an advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

- (1) The preparing, approving, or failure to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications; or
- (2) Supervisory, inspection, architectural or engineering activities.

10. Additional Insured – Co-Owner Of Insured Premises

WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or Organization(s) shown in the Declarations as an Additional Insured – Co-Owner Of Insured Premises, but only with respect to their liability as co-owner of the premises shown in the Declarations.

The limits of insurance that apply to additional insureds are described in Section D. – Limits Of Insurance.

How this insurance applies when other insurance is available to an additional insured is described in the Other Insurance Condition in Section E. – Liability And Medical Expenses General Conditions.

G. LIABILITY AND MEDICAL EXPENSES DEFINITIONS

1. "Advertisement" means the widespread public dissemination of information or images that has the purpose of inducing the sale of goods, products or services through:

- a. (1) Radio;
- (2) Television;
- (3) Billboard;
- (4) Magazine;
- (5) Newspaper;

b. The Internet, but only that part of a web site that is about goods, products or services for the purposes of inducing the sale of goods, products or services; or

c. Any other publication that is given widespread public distribution.

However, "advertisement" does not include:

a. The design, printed material, information or images contained in, on or upon the packaging or labeling of any goods or products; or

b. An interactive conversation between or among persons through a computer network.

2. "Advertising idea" means any idea for an "advertisement".

3. "Asbestos hazard" means an exposure or threat of exposure to the actual or alleged properties of asbestos and includes the mere presence of asbestos in any form.

4. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

5. "Bodily injury" means physical:

- a. Injury;
- b. Sickness; or
- c. Disease

sustained by a person and, if arising out of the above, mental anguish or death at any time.

6. "Coverage territory" means:



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**WAIVER OF OUR RIGHT TO RECOVER FROM
OTHERS ENDORSEMENT - CALIFORNIA**

Policy Number: 57 WEC ZV1809

Endorsement Number:

Effective Date: 04/15/20

Effective hour is the same as stated on the Information Page of the policy.

Named Insured and Address: COM-STRAT, LLC

1176 STARR AVE

SAINT HELENA CA 94574

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be 2 % of the California workers' compensation premium otherwise due on such remuneration.

SCHEDULE

Person or Organization

Job Description

Any person or organization from whom you are required by written contract or agreement to obtain this waiver of rights from us

Countersigned by _____
Authorized Representative



Administrative Report

H.7., File # 21-2235

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL
From: TED SEMAAN, PUBLIC WORKS DIRECTOR

TITLE

ADOPT BY TITLE ONLY, RESOLUTION NO. CC-2104-026, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, ORDERING THE CITY ENGINEER TO PREPARE AND FILE A REPORT PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972 SECTIONS 22500 ET SEQ. OF THE CALIFORNIA STREETS AND HIGHWAYS CODE DESCRIBING THE MAINTENANCE AND IMPROVEMENT OF STREET LIGHTS AND LANDSCAPING IN THE CITY OF REDONDO BEACH, CALIFORNIA, FOR THE FISCAL YEAR COMMENCING JULY 1, 2021, AND ENDING JUNE 30, 2022

EXECUTIVE SUMMARY

As part of the annual process to levy and collect assessment fees for the City's Street Landscaping and Lighting District, the City Council is required to adopt a resolution ordering the City Engineer to prepare and file a report on the proposed assessments. Staff intends for the City Council to receive the report on May 4, 2021, and hold a public hearing on the assessment on June 1, 2021.

BACKGROUND

Section 22500 et seq. of the Streets and Highways Code requires the City Council to annually adopt a resolution ordering the City Engineer to prepare and file a report on the proposed assessments for the Street Landscaping and Lighting District. If so ordered, the report will be completed in the next few weeks and will include a diagram of the assessed area, plans and specifications for any proposed improvements, and an analysis of assessment district operating revenues and expenditures.

Typically, the report is presented to the City Council for review in May each year with a recommendation to adopt a resolution of intention to levy and collect assessments, and to schedule a public hearing in June to consider final approval of the District's proposed assessment for the coming fiscal year.

The City's Street Landscaping and Lighting District is a citywide district that includes approximately 20,000 parcels that are divided into Zones of Benefit per the Street and Highways Code. Zone 1 includes parcels situated along residential streets and Zone 2 includes those situated along boulevards and within commercial areas. It is estimated that 80% of all parcels are within Zone 1 and 20% in Zone 2. For FY2020-21, the Zone 1 assessment is \$1.48 per foot of street frontage, or \$59.20 for a typical 40 ft. parcel. The Zone 2 assessment is \$3.02 per foot, or \$120.80 for a typical

40 ft. parcel.

The District was formed in 1983 under the requirements of the 1972 Landscaping and Lighting Act. The District operates and maintains the following public improvements: 5,127 Street Lights (3,228 of which are owned and operated by Southern California Edison and 1,899 of which are owned and operated by the City); 102 Signals (55 Traffic, 23 Flashing Yellow Beacon and 24 Flashing Red Beacon); and 21.85 Acres of Landscaping. In FY 2020-21, the District operated at a deficit and received a \$856,367 subsidy from the General Fund. It is anticipated that in FY 2021-22 a similar subsidy will be required.

As described above, a typical home in Redondo Beach with a frontage of 40 feet pays approximately \$59.20 a year for street landscaping and lighting under the District's assessment methodology. This has not changed since 1991, despite costs to operate the District exceeding revenues. In 2006, the City sought voter approval under Proposition 218 to raise the assessment to pay for all District costs. Redondo Beach property owners voted against the proposed fee increase.

The City Council received information about the process to increase the assessment as part of the FY 2020-21 budget review process. The budget response report and attachment (BRR 17 & 17A) detailing the process to increase the assessment is included for convenient reference.

COORDINATION

The attached resolution has been reviewed and approved as to form by the City Attorney.

FISCAL IMPACT

The cost of preparing this Engineer's Report is included within the Public Works Department's adopted FY 2020-21 Annual Budget, and is part of the Department's annual work program.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

1. RESO CC-2104-026 LANDSCAPE & LIGHTING ACT
2. FY 2020-21 BRR 17 & 17A

RESOLUTION NO. CC-2104-026

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, ORDERING THE CITY ENGINEER TO PREPARE AND FILE A REPORT PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972 SECTIONS 22500 ET SEQ. OF THE CALIFORNIA STREETS AND HIGHWAYS CODE DESCRIBING THE MAINTENANCE AND IMPROVEMENT OF STREET LIGHTS AND LANDSCAPING IN THE CITY OF REDONDO BEACH, CALIFORNIA, FOR THE FISCAL YEAR COMMENCING JULY 1, 2021, AND ENDING JUNE 30, 2022

WHEREAS, the City Council of the City of Redondo Beach ("City Council") formed the Landscaping and Street Lighting District ("District") by a prior resolution pursuant to the Landscaping and Lighting Act of 1972 (the "Act"), Division 15, Part 2 (commencing with Sections 22500 et seq.) of the California Streets and Highways Code; and

WHEREAS, the Act requires that the City of Redondo Beach ("City") adopt a resolution describing any proposed new improvements or substantial changes in existing improvements and order the City Engineer to prepare and file a report to levy annual assessments on the District; and

WHEREAS, the City Council shall order the City Engineer to prepare the report for the fiscal year 2021-2022 in accordance with the provisions of the Act; and

WHEREAS, said report shall include all parcels of land within the City that are designated as part of the District; and

WHEREAS, it is necessary for the City to furnish maintenance and improvement to the street lighting system and certain existing landscaped areas; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Engineer is hereby ordered to prepare and file a report in accordance with the provisions of the Landscaping and Lighting Act of 1972, Division 15, Part 2 (commencing with Sections 22500 et seq.) of the California Streets and Highways Code, to furnish maintenance and improvement to the street lighting system and certain existing landscaped areas for the fiscal year commencing July 1, 2021, and ending June 30, 2022, as set forth in this resolution.

SECTION 2. A certified copy of this resolution be presented to the City Engineer for his information and guidance.

SECTION 3. The City Clerk shall certify to the passage and adoption of this resolution and shall enter the same in the Book of Original Resolutions.

PASSED, APPROVED AND ADOPTED this 6th day of April, 2021.

William C. Brand, Mayor

APPROVED AS TO FORM:

ATTEST:

Michael W. Webb, City Attorney

Eleanor Manzano, CMC, City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF REDONDO BEACH)

I, Eleanor Manzano, City Clerk of the City of Redondo Beach, California, do hereby certify that Resolution No. CC-2104-026 was passed and adopted by the City Council of the City of Redondo Beach, California, at a regular meeting of said City Council held on the 6th day of April, 2021, and there after signed and approved by the Mayor and attested by the City Clerk, and that said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Eleanor Manzano, CMC
City Clerk

CITY OF REDONDO BEACH
Budget Response Report #17

June 9, 2020

Question:

What is the process for increasing Street Landscaping and Lighting assessments in accordance with Proposition 218?

Response:

The City's Street Landscaping and Lighting Assessment District (District) was formed in 1983 under the requirements of the 1972 Landscaping and Lighting Act. The District operates and maintains: 5,127 street lights (3,228 Southern California Edison owned and 1,899 City owned); 102 signals (55 traffic and 23 flashing yellow beacon and 24 flashing red beacon); and 21.85 acres of landscaping. To fund the District, the City collects assessments from residential and commercial parcels based on the street frontage and is supplemented by a subsidy from the General Fund.

The annual assessment fee has not been changed since 1991. In 2006, the City sought voter approval under Proposition 218 to raise the assessment to pay for all District costs. Redondo Beach property owners voted against the proposed fee increase.

In response to City Council's request to understand the process of amending the Assessment District, the City Attorney's office prepared the attached document, Prop 218 Requirements. The document outlines the process that must be followed to increase revenue to the District with a supplemental assessment to fully fund the assessment and meet the requirements of Proposition 218. The process has not changed since 2017.

Consideration of a supplemental assessment to the District is recommended when politically appropriate. To do so, Council direction would be needed to initiate actions to retain the services of a registered engineer with assessment district expertise to prepare a detailed engineer's report and methodology under current assessment requirements. In 2006, Harris & Associates, the firm that prepared the benefit assessment methodology, rate study and engineer's report for the attempted supplemental assessment,

was paid approximately \$70,000 for their services. Staff has reached out to qualified engineering firms to determine costs to perform a similar study and a budget of \$120,000 is recommended. In addition, mailings and administrative costs to hold a ballot by mail is estimated to be \$30,000, if Council decided to move forward with a vote of the property owners.

As outlined in the Proposed FY 20-21 Budget, Decision Package #20 recommends deauthorizing a projected to be vacant position of Public Works Maintenance Supervisor (\$144,075) and decreased funding for street light electric costs (\$98,000) to reflect the distribution pole credit from Southern California Edison resulting in an ongoing General Fund savings of \$242,075. This represents a 22% reduction in available work hours for median and parkway landscaping maintenance as compared to the current year, and a reduction of over 36% (5.5 positions in FY1819 to 3.5 positions in FY2021) over the last two years. This permanent loss of available work hours will continue the trend of less frequent maintenance at most locations.

BRR #9 in this year's budget discussion outlines the potential for other savings in short term costs. However, the long-term cost of deferring needed maintenance and the potential for reduced safety by eliminating street lighting and/or reducing tree trimming frequency make these decisions unfavorable and staff does not recommend them.

With no additional assessment, the District will continue to require a significant subsidy from the City's General Fund. If DP #20 is approved, that subsidy will be approximately 25% less moving forward, but the District should expect a reduced landscaping effort along the medians and parkways in the City. A supplemental assessment if pursued by the City, could not come into effect prior to FY21-22. If the City Council chooses to pursue a supplemental assessment, staff recommends incorporating restoration of the two Sr. Park Caretaker positions and the Public Works Maintenance Supervisor position into the proposed assessment. Staff also recommends adding other enhanced landscape efforts to the supplemental assessment expenditure plan. The marginal cost to fund a slightly more robust effort is relatively minor on a per property basis.

Attachment A - Prop 218 Requirements

PROP 218 REQUIREMENTS

I. SUBSTANTIVE REQUIREMENTS

A. Assessments **must be supported by a detailed engineer's report** prepared by a registered engineer certified by the State.

1. Determine **the proportionate special benefit** in relationship to the entire cost of the improvement or service.
2. **Must calculate the amount of the assessment** to be imposed on each identified parcel.
3. **No assessment shall exceed the reasonable cost of the proportional special benefit** that is conferred on a parcel.

B. **Identify all properties** that receive special benefit.

C. **Separate** the general benefits from the special benefits.

II. PROCEDURAL REQUIREMENTS

A. **SCHEDULE DATE.** Set a Public Hearing date for the levying of the new or increased assessment.

B. **NOTICE.** Mail notice to record property owners of each identified parcel in the district to be assessed.

1. Must be mailed not less than **45 calendar days prior to the public hearing**. The day of mailing is excluded from the 45 day mailing period.
2. Must include the **following information**.
 - a. **Amount** of the proposed assessment to be imposed on the identified parcel
 - b. **Total amount** to be imposed in the entire assessment district
 - c. **Duration** of the assessment
 - d. **Reason** for the assessment
 - e. **Basis** upon which the assessment was **calculated**
 - f. The **date, time, and location of the public hearing**
 - g. A **ballot**
 - h. A **summary of the procedures** for completing it, including a **disclosure statement that if the ballots opposing the proposed assessment exceed the ballots submitted in favor of the assessment (referred to as a majority protest), the assessment may not be imposed.**



- C. **BALLOT REQUIREMENTS.** Set a Public Hearing date for the levying of the new or increased assessment.
1. Face of the envelope with the ballot and notice **must be in at least sixteen-point type**, the following statement in substantially the following form: **"OFFICIAL BALLOT ENCLOSED."**
 2. Ballot must include the following information.
 - a. **City's address** for the receipt of completed ballot
 - b. A place for the property owner to indicate **name** and a **reasonable identification of the parcel** subject to the proposed assessment.
 - c. A place for the property owner to indicate **support or opposition** for the proposed assessment.
 3. The ballot must be **in a form that conceals its contents** once it is sealed and delivered by the person submitting the ballot.
 4. Ballot must be:
 - a. **Signed by the record owner** or his or her authorized representative
 - b. **Mailed or otherwise delivered** to the City address on notice
 - c. **Received by the City prior to the close of the public hearing.**
 5. Ballots must **remain sealed** until the close of the public hearing.
 6. Ballots **may be submitted, changed, or withdrawn prior to the close of the public hearing.**
 7. City **may provide return envelope.**
- D. **PUBLIC HEARING**
1. **Conduct public hearing** on the date and time stated in the notice and must not be held less than 45 calendar days after the notice of the proposed assessment and public hearing is mailed to the record owner(s) of each identified parcel.
 2. City must **consider all objections or protests.**
 3. City must **only consider valid ballots as official protests.**
 4. After public hearing has been closed, City shall **tabulate ballots.**
 5. City **may continue** public hearing.



6. City **may also continue the tabulation** of the ballots to a different time and location accessible to the public, **BUT** City must announce the time and location.

E. PROTESTS

1. An impartial person (City Clerk) shall tabulate the ballots.
2. Tabulation must be done in view of the public.
3. **Majority protests exists if**, upon conclusion of the public hearing, **ballots submitted in opposition exceed ballots submitted in favor.**
4. All returned ballots are **weighted according to the amount assessed** on each particular parcel.
5. Ballots submitted by **more than one property owner are allocated based on ownership interest.**

F. BURDEN OF PROOF IS ON THE CITY

1. Burden is on the City to **demonstrate that the properties in question receive special benefit.**
2. Burden is on the City to **demonstrate that the amount of the assessment is proportional** to the benefits conferred.





Administrative Report

H.8., File # 21-2236

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL
From: TED SEMAAN, PUBLIC WORKS DIRECTOR

TITLE

ADOPT BY TITLE ONLY ORDINANCE NO. 3213-21, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, AMENDING MUNICIPAL CODE TITLE 5, CHAPTER 10, SECTION 5-10.05 TO CLARIFY REGULATIONS REGARDING THE SALE, DISTRIBUTION AND USE OF CERTAIN BALLOONS IN THE CITY OF REDONDO BEACH, FOR SECOND READING AND ADOPTION

EXECUTIVE SUMMARY

On March 16, 2021, the City Council introduced by title only Ordinance No. 3213-21 amending Title 5, Chapter 10, Section 5-10.05 of the Municipal Code clarifying regulations regarding the sale, distribution and use of certain balloons in the City. The Ordinance was introduced in response to City Council direction from January 19, 2021, directing staff to supplement Section 5-10.05 of the Redondo Beach Municipal Code to include regulations addressing foil, metalized, mylar and latex balloons filled with air, helium, and lighter than air gas in the City. Staff is presenting this Ordinance for second reading and adoption.

BACKGROUND

On September 17, 2019 the City Council directed staff to draft an ordinance prohibiting the use of polystyrene products by food vendors, including single-use disposable products and the release of certain types of balloons, using the City of Manhattan Beach ordinance as a model. On January 7, 2020, the City Council introduced Ordinance 3201-20, adding Title 5, Chapter 10 to the Redondo Beach Municipal Code. The ordinance was adopted on January 14, 2020. The ordinance mainly addressed polystyrene and single-use disposable products and addressed the release of helium-filled balloons. The portion of the ordinance dealing with the plastics ban became enforceable six months after the effective date of the ordinance, on August 13, 2020.

The adopted ordinance also prohibits any person from releasing any balloon (foil, "metalized", Mylar, latex, etc.) filled with helium from anywhere within City limits. Per the language and effective dates included in the ordinance, the ban on releasing any balloon filled with helium from anywhere within City limits took effect one year from the effective date on February 13, 2021.

On January 19, 2021, the City Council directed staff to supplement Section 5-10.05 of the Redondo Beach Municipal Code to include regulations addressing foil, metalized, mylar and latex balloons filled with air, helium, and lighter than air gas. The proposed Municipal Code additional language

regarding balloons includes the following:

Section 5-10.05 Regulations on the sale, distribution, and use of balloons; Prohibition of the sale, distribution and use of "foil," "metalized," or "Mylar" balloons; prohibition on the release of latex balloons.

- A. No Person, including, but not limited to, a balloon wholesaler, retailer (e.g., party supply, craft store), or third-party vendor shall sell or distribute foil, "metalized" or Mylar balloons within the City either as a separate item or included in a packaged product set.
- B. No Person shall use or distribute foil, "metalized" or Mylar balloons on public property including parks and beaches.
- C. No Person shall use or distribute latex balloons filled with helium or lighter than air gas at any City function or City sponsored event.
- D. No Person shall release latex balloons filled with air, helium, or lighter than air gas anywhere within the City limits.

The City will develop an educational flier for distribution to balloon vendors within the City. An outreach and education program with balloon vendors will be conducted by the City's contracted environmental inspector, Charles Abbott and Associates (CAA) as part of their annual work program. CAA currently conducts the Fats, Oils, and Grease (FOG) inspections, Critical Source (industrial Site) inspections, and outreach and education related to the previously adopted plastics ban. Enforcement will be conducted by Code Enforcement based on complaints and will follow the City's standard progressive enforcement steps.

Staff is presenting the second reading of the Ordinance for City Council's consideration. If approved, the Ordinance will become effective in 30 days.

COORDINATION

The City Attorney's Office drafted the attached ordinance in coordination with the Public Works Department.

FISCAL IMPACT

The outreach, education, and annual inspections for the balloon vendors will be incorporated into the current CAA work program and is estimated to cost less than \$3,500 per year, based on CAA's current contract. The costs will be included in the Public Works Department annual budget.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

- 1. Ordinance 3213-21
- 2. Ordinance 3201-20, Adopted January 14, 2020

ORDINANCE NO. 3213-21

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, AMENDING MUNICIPAL CODE TITLE 5, CHAPTER 10, SECTION 5-10.05 TO CLARIFY REGULATIONS REGARDING THE SALE, DISTRIBUTION AND USE OF CERTAIN BALLOONS IN THE CITY OF REDONDO BEACH

WHEREAS, on September 17, 2019 the City Council of the City of Redondo Beach ("City") directed staff to draft an ordinance prohibiting the use of polystyrene products by food vendors, including single-use disposable products and the release of certain types of balloons; and

WHEREAS, on January 7, 2020, the City Council voted to introduce Ordinance No. 3201-20, adding Title 5, Chapter 10 to the Redondo Beach Municipal Code; and

WHEREAS, at its January 7, 2020 meeting, the City Council amended proposes Ordinance No. 3201-20 to mainly address polystyrene and single-use disposable products and only address the release of helium-filled balloons. However, the City Council also indicated that they would revisit balloon regulations at a future date; and

WHEREAS, on August 4, 2020 staff returned with a discussion item regarding the effectiveness of the plastic ban as well as potential regulations on balloons. The City Council voted to continue the item to January of 2021; and

WHEREAS, on January 19, 2021 the City Council voted to clarify Section 5-10.05 of the Redondo Beach Municipal Code ("RBMC") to include regulations addressing foil, metalized, mylar and latex balloons filled with air, helium, and lighter than air gas.

WHEREAS, as such, staff prepared the following ordinance amending RBMC Section 5-10.05.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES ORDAIN AS FOLLOWS:

SECTION 1. AMENDMENT OF CODE. Title 5, Chapter 10, Section 5-10.05 is hereby amended to read:

"Section 5-10.05 Regulations on the sale, distribution, and use of balloons; Prohibition of the sale, distribution and use of "foil," "metalized," or "Mylar" balloons; prohibition of the release of latex balloons.

(a) No person, including, but not limited to, a balloon wholesaler, retailer (e.g., party supply, craft store) or third-party vendor shall sell or distribute foil, "metalized" or Mylar balloons within the City either as a separate item or included in a packaged product set.

(b) No person shall use or distribute foil, "metalized" or Mylar balloons on public property including parks and beaches.

(c) No person shall use or distribute latex balloons filled with helium or lighter than air gas at any City function or City sponsored event.

(d) No person shall release latex balloons filled with air, helium, or lighter than air gas anywhere within the City limits."

SECTION 2. INCONSISTENT PROVISIONS. Any provisions of the Redondo Beach Municipal Code, or appendices thereto, or any other ordinances of the City inconsistent herewith, to the extent of such inconsistencies and no further, are hereby repealed.

SECTION 3. SEVERANCE. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. The City Council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid or unconstitutional.

SECTION 4. PUBLICATION AND EFFECTIVE DATE. This ordinance shall be published by one insertion in The Easy Reader, the official newspaper of said city, and same shall go into effect and be in full force and operation from and after thirty (30) days after its final passage and adoption.

PASSED, APPROVED AND ADOPTED this 6th day of April, 2021.

Mayor William C. Brand

APPROVED AS TO FORM:

ATTEST:

Michael W. Webb, City Attorney

Eleanor Manzano, CMC, City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF REDONDO BEACH)

I, Eleanor Manzano, City Clerk of Redondo Beach, California, do hereby certify that the foregoing Ordinance No. 3213-21 was duly introduced at a regular meeting of the City Council held on the 16th day of March, 2021, and was duly approved and adopted at a regular meeting of said City Council held on the 6th day of April, 2021, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Eleanor Manzano, CMC
City Clerk

ORDINANCE NO. O-3201-20

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, ADDING MUNICIPAL CODE CHAPTER 10 TO TITLE 5 TO DISALLOW THE USE OF POLYSTYRENE AND SINGLE-USE PLASTIC PRODUCTS AND CERTAIN BALLOONS IN THE CITY OF REDONDO BEACH

WHEREAS, on September 17, 2019 the City Council of the City of Redondo Beach ("City") directed staff to draft an ordinance prohibiting the use of polystyrene products by food vendors, including single-use disposable products and the sales and use of certain types of balloons; and

WHEREAS, Balloons and plastic pollution raise environmental and health concerns related to water pollution as well as the welfare of marine and human life; and

WHEREAS, the California legislature has declared that littered plastic products have cause and continue to cause significant environmental harm; and

WHEREAS, it is the intent of this Ordinance to improve the environmental health of the City and to reduce the impact of polystyrene, single-use plastic products and certain balloons on the environment.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES ORDAIN AS FOLLOWS:

SECTION 1. CEQA Finding. This Ordinance is exempt from the environmental review requirements of the California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) of Title 14 of the California Code of Regulations because it can be seen with certainty that there is no possibility that the activity in question may have a significant impact on the environment. Further, the proposed Ordinance is exempt from CEQA on the separate and independent ground that it is an action of a regulatory agency for the protection of the environment because it regulates products that harm the environment. As such, this Ordinance is categorically exempt from the requirements of CEQA under Section 15308 of Title 14 of the California Code of Regulations as an action by a regulatory agency for the protection of the environment.

SECTION 2. AMENDMENT OF CODE. Title 5, Chapter 10, Section 5-10.01 is hereby added to the Redondo Beach Municipal Code and shall read as follows:

"Section 5-10.01 Purpose

Redondo Beach enacts this Chapter in order to address pollution issues created by Balloons and plastic pollution. Balloons and plastic pollution, including single-use plastics and polystyrene, have raised environmental and health concerns related to water pollution, the welfare of marine life, and human health. These regulations reduce single-use waste; reduce greenhouse gas emissions; reduce the distribution of disposable single-use plastic; reduce polystyrene use and litter in the City; keep plastic waste from landfills; and reduce balloon litter threats to natural ecosystems and ocean wildlife, in order to protect the health of the Redondo Beach community and promote environmentally sustainable practices in the City.

SECTION 3. AMENDMENT OF CODE. Title 5, Chapter 10, Section 5-10.02 is hereby added to the Redondo Beach Municipal Code and shall read as follows:

"Section 5-10.02 Definitions

As used in this chapter, unless the context otherwise clearly indicates, the words and phrases are defined as follows:

(1) "Affected retail establishment" means any retail establishment located within or doing business within the geographical limits of the City.

(2) "ASTM Standard Specification" means Standard Specification for Compostable Plastics D6400 or Standard Specification for Biodegradable Plastics D6868 as certified by the Biodegradable Products Institute (BPI), as adopted or subsequently amended by the American Society for Testing and Materials (ASTM).

(3) "Balloon" means a flexible bag, including, but not limited to, those made from rubber, latex, foil, metal, polychloroprene, Mylar, or nylon fabric, that is designed to be inflated with air or gas lighter than air such as helium, hydrogen, nitrous oxide, or oxygen, causing it to float.

(4) "Beverage provider" means any business, organization, entity, group, or individual that offers liquid, slurry, frozen, semi-frozen, or other forms of beverages to the public for consumption. Beverage provider also includes any organization, group or individual that regularly provides beverages to its members or the general public as a part of its activities or services.

(5) "BPI" or Biodegradable Products Institute is a multi-stakeholder association of key individuals and groups from government, industry, and academia, which promotes the use, and recycling of biodegradable polymeric materials (via composting). The BPI is open to any materials and products that demonstrate that they meet the requirements in ASTM D6400 or D6868, based on testing in an approved laboratory.

(6) "City contractor" means any person that enters into an agreement with the City to furnish products or services to or for the City.

(7) "City facility" means any building, structure, property, park, open space, or vehicle, owned or leased by the City, its agents, agencies, or departments.

(8) "City-sponsored event" means any event, activity or meeting organized or sponsored, in whole or in part, by the City or any department of the City.

(9) "Compostable" means all the materials in the product or package that will break down, or otherwise become part of usable compost (soil-conditioning material, mulch), such as paper and certified compostable plastics that meet the American Society for Testing and Materials (ASTM) standard specifications for compostable plastics D6400 or biodegradable plastics D6868 for compostability, as certified by the Biodegradable Products Institute (BPI).

(10) "Customer" means any person obtaining goods from an affected retail establishment, vendor or non-profit vendor.

(11) "Disposable food service ware" or "disposables" means single-use, disposable products used for serving, consuming or transporting prepared food and, raw food, or beverages, including, but not limited to, plates, bowls, trays, wrappers or wrapping, platters, cartons, condiment containers, cups or drink ware, straws, lids, utensils, stirrers, lid plugs (splash sticks), or any container in or on which prepared food and, raw food, or beverages are placed or packaged for consumption.

(12) "Foil balloon" includes but is not limited to balloons that are made of "metalized" nylon film, and include balloons often referred to as made of Mylar, which is a brand name for a special type of polyester film. Foil or metallic balloons are made of plastic (nylon) sheets coated with polyethylene and metallic materials that are sealed together with heat.

(13) "Food provider" means any person or establishment that provides or sells prepared food or raw food or beverages within the City to the general public to be consumed on the premises or for take-away consumption. Food provider includes but is not limited to: (1) a grocery store, supermarket, restaurant, drive-thru, cafe, coffee shop, snack shop, public food market, farmers' market, convenience store, or similar fixed place where prepared food or raw food or beverages is available for sale on the premises or for take-away consumption; and (2) any mobile store, food vendor, caterer, food truck, vending machine or similar mobile outlet. Food provider also includes any organization, group or individual that regularly provides prepared food or raw food or beverages to its members or the general public as a part of its activities or services. Food provider also means any school in the Redondo Beach Unified School District.

(14) "Grocery store" means any dealer in staple foodstuffs, meats, produce and dairy products and usual household supplies.

(15) "Latex balloon" is a balloon made with the sap from a rubber tree. During the manufacturing process many chemicals are added to raw rubber including pigments, oils, curing agents and accelerators.

(16) "Meat and fish tray" means a tray for raw meat, fish, or poultry sold to consumers from a refrigerator case or similar retail appliance.

(17) "Non-profit vendor" means a recognized tax-exempt organization which provides goods as a part of its services.

(18) "Plastic beverage straw" means a tube made predominantly of plastic derived from either petroleum or a biologically-based polymer, such as corn or other plant sources, used to transfer a beverage from its container to the mouth of the drinker. Plastic beverage straw includes compostable, petroleum-based or a biologically-based polymer straw, but does not include straws that are made from non-plastic materials, including, but not limited to, paper, pasta, sugar cane, wood, bamboo, metal, or glass.

(19) "Plastic stirrer" means a plastic device that is used to mix beverages and/or plug the opening of a beverage lid, and intended for only one-time use. Plastic stirrer includes compostable, petroleum-based, or a biologically-based polymer stirrers and lid plugs (splash sticks), but does not include stirrers that are made from non-plastic materials, including, but not limited to, paper, pasta, sugar cane, wood, bamboo, metal, or glass.

(20) "Plastic utensil" means any plastic utensil, including, but not limited to, forks, spoons, sporks, knives, cutlery, and disposable flatware intended for only one-time use. Plastic utensils include compostable, petroleum-based, or biologically-based polymer forms of utensils, but does not include forms of utensils that are made from non-plastic materials, including, but not limited to, paper, sugar cane, wood, bamboo, metal, or glass.

(21) "Polystyrene" means a thermoplastic petrochemical material utilizing the styrene monomer, including, but not limited to, rigid polystyrene and expanded polystyrene, processed by any number of techniques, including, but not limited to, fusion of polymer spheres (expandable bead polystyrene), injection molding, expanded polystyrene molding, or extrusion-blow molding (extruded polystyrene), and clear or solid polystyrene (oriented polystyrene). The resin code for polystyrene is '6' or 'PS,' either alone or in combination with other letters. This definition applies to all polystyrene food service ware, regardless of whether it exhibits a resin code.

(22) "Polystyrene cooler" means any cooler or ice chest made of polystyrene foam, where such foam is not fully encased in another material.

(23) "Polystyrene food service ware" means disposable food service ware that contains or utilizes polystyrene.

(24) "Polystyrene packing material" means polystyrene material used to hold, cushion, or protect items packed in a container for shipping, transport, or storage, including shipping boxes and packing peanuts.

(25) "Prepared food" means any food or beverage that is: (1) ready to consume without any further food preparation, alteration or repackaging; and (2) prepared, provided, sold or served by a food provider using any cooking, packaging or food preparation technique. Prepared food may be eaten either on or off the food provider's premises.

(26) "Produce tray" means any tray or carton for vegetable, fruit, or eggs sold to consumers from a refrigerator case or similar retail appliance.

(27) "Raw food" means any meat, fish, poultry, vegetable, fruit, or egg.

(28) "Recyclable" means material that can be sorted, cleansed, and reconstituted using Redondo Beach's available recycling collection programs for the purpose of using the altered form in the manufacture of a new product. Recycling does not include burning, incinerating, converting, or otherwise thermally destroying solid waste.

(29) "Resin code" means a resin identification code placed on plastics to identify the material composition for separation of different types of plastics for recycling.

(30) "Retail establishment" means any commercial business facility that sells goods directly to the ultimate consumer including, but not limited to, grocery stores, pharmacies, liquor stores, "mini-marts," and retail stores and vendors selling clothing, food and personal items.

(31) "Vendor" means any store, shop, restaurant, sales outlet, mobile food vendor, pushcart, or other commercial establishment located within or doing business within the City of Redondo Beach, which provides perishable or nonperishable goods."

SECTION 4. AMENDMENT OF CODE. Title 5, Chapter 10, Section 5-10.03 is hereby added to the Redondo Beach Municipal code and shall read as follows:

"Section 5-10.03 Prohibition of use, distribution, and sale of polystyrene food service ware and coolers.

(a) No food provider or beverage provider shall distribute or sell any polystyrene food service ware in conjunction with the sale of prepared food or raw food or beverages at any location within the City.

(b) No person shall sell any polystyrene food service ware or polystyrene cooler at any location within the City. Food providers and beverage providers that distribute prepared food or raw food or beverages in disposable food service ware shall: (1)

distribute only disposables that exhibit a resin code other than 'No. 6' or 'PS'; and (2) maintain documentation about the composition of the disposable food service ware. Documentation may include information from the supplier, manufacturer, or bulk packaging for the disposables, and any other relevant information demonstrating that the disposable material is not polystyrene.

(c) No person shall distribute or sell prepared food or raw food or beverages in any polystyrene food service ware at City facilities that have been rented, leased or are otherwise being used with permission of the City. This subsection is limited to use of City facilities for which a Person has entered into an agreement with the City to rent, lease or otherwise occupy a City facility. All facility rental agreements for any City facility shall include a provision requiring contracting parties to assume responsibility for preventing the utilization and/or distribution of polystyrene food service ware while using City facilities. The facility rental agreement shall indicate that a violating contractor's security deposit will be forfeited if the City Manager or his designee determines that polystyrene food service ware was used in violation of the rental agreement.

(d) No person shall use or distribute polystyrene food service ware at City-sponsored events, City-managed concessions and City meetings open to the public. This subsection shall apply to the function organizers, agents of the organizers, city contractors, food providers, beverage providers and any other person that enters into an agreement with one or more of the function sponsors to sell or distribute prepared food or raw food or beverages or otherwise provide a service related to the function.

(e) The City, its departments, and its city contractors, agents, and employees acting in their official capacity, shall not purchase or acquire polystyrene food service ware, or distribute it for public use."

SECTION 5. AMENDMENT OF CODE. Title 5, Chapter 10, Section 5-10.04 is hereby added to the Redondo Beach Municipal code and shall read as follows:

"Section 5-10.04 Single-use plastic straws, stirrers and utensils prohibition; "upon-request" policy for non-plastic single use straws, stirrers and utensils.

(a) Prohibition on single-use plastic. Food providers and beverage providers shall not use or distribute plastic beverage straws, plastic stirrers or plastic utensils, whether for use on-site, to-go, or delivery. Disposable straws, stirrers, and utensils must be non-plastic, made from non-plastic materials, such as paper, pasta, sugar cane, wood, or bamboo.

(b) "Upon request" policy for non-plastic single use straws, stirrers and utensils. No food provider or beverage provider shall provide non-plastic, single-use straws, utensils or stirrers, except upon the request of the customer.

(c) Accommodations. Food providers and beverage providers, as well as City facilities, City-managed concessions, City-sponsored events, and City-permitted events, may retain and distribute plastic straws as an accommodation to people with disabilities who request them to enjoy equal access to food and beverage services within the City."

SECTION 6. AMENDMENT OF CODE. Title 5, Chapter 10, Section 5-10.05 is hereby added to the Redondo Beach Municipal Code and shall read as follows:

"Section 5-10.05 Regulations on the prohibition of the release of helium filled balloons.

No person shall release any balloons filled with helium anywhere within the City limits."

SECTION 7. AMENDMENT OF CODE. Title 5, Chapter 10, Section 5-10.06 is hereby added to the Redondo Beach Municipal Code and shall read as follows:

"Section 5-10.06 Extensions and exemptions.

(a) The following are exempt from the provisions of this chapter:

(1) Food prepared or packaged outside of the City, provided such food is not altered, packaged or repackaged within the City limits. This exemption does not apply to raw produce, meat, or eggs.

(2) Coolers and ice chests, other than those defined as polystyrene coolers in this chapter.

(3) Food brought by individuals for personal consumption to City facilities, including, but not limited to, City parks and the beach, provided the City facility is being used for individual recreation or similar purposes.

(b) The City Manager or his/her designee may provide extensions of time for compliance or exempt any person from the requirements codified in this chapter, as follows:

(1) A request for an extension or claimed exemption shall be filed in writing with the City Manager or his/her designee and shall include documentation of the reason for the requested extension or exemption and any other information necessary for the City to make its decision. The City may require the applicant to provide additional information as necessary to make the required determinations.

(2) The City Manager or his designee may approve the extension or exemption for a maximum of one year, with or without conditions, upon finding that compliance would create an undue hardship. Undue hardship may include but not be limited to situations where:

a. There are no reasonable alternatives for reasons that are unique to the applicant; or

b. Compliance with the requirements codified in this chapter would deprive a person of a legally protected right. The extension or exemption may be extended for additional terms of up to one year each, upon a showing of the continuation of the legal right.

(c) The City Manager's written decision on the extension or exemption is effective within ten (10) days of the decision.

(d) Decisions of the City Manager may be appealed by the person applying for the extension or exemption to the City Council. Appeals shall be filed in writing with the City Clerk within ten (10) days of the decision and shall be accompanied by a fee set by resolution of the City Council. Notice of hearing shall be given to the applicant at least ten (10) days prior to the hearing. The City Council shall make its decision within sixty (60) days of receiving the appeal."

SECTION 8. AMENDMENT OF CODE. Title 5, Chapter 10, Section 5-10.07 is hereby added to the Redondo Beach Municipal Code and shall read as follows:

"Section 5-10.07 Effective Date of This Chapter

(a) The provisions in Section 5-10.03 of this Chapter shall not take effect and may not be enforced until six (6) months after the effective date of this ordinance.

(b) The provisions in Sections 5-10.04 and 5-10.05 of this Chapter shall not take effect and may not be enforced until one year (12 months) after the effective date of this ordinance."

SECTION 9. AMENDMENT OF CODE. Title 5, Chapter 10, Section 5-10.08 is hereby added to the Redondo Beach Municipal Code and shall read as follows:

"Section 5-10.08 Certification of compliance.

All businesses that are subject to this chapter shall certify compliance with this chapter on the annual business license renewal application."

SECTION 10. AMENDMENT OF CODE. Title 5, Chapter 10, Section 5-10.09 is hereby added to the Redondo Beach Municipal Code and shall read as follows:

"Section 5-10.09 Penalties

In addition to any other applicable civil or criminal penalty, any person convicted of a violation of this chapter is guilty of an infraction, which is punishable pursuant to the penalty provisions set forth in Section 1-2.02(b) of this Code."

SECTION 11. INCONSISTENT PROVISIONS. Any provisions of the Redondo Beach Municipal Code, or appendices thereto, or any other ordinances of the City inconsistent herewith, to the extent of such inconsistencies and no further, are hereby repealed.

SECTION 12. SEVERANCE. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. The City Council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid or unconstitutional.

SECTION 13. PUBLICATION AND EFFECTIVE DATE. This ordinance shall be published by one insertion in The Easy Reader, the official newspaper of said city, and same shall go into effect and be in full force and operation from and after thirty (30) days after its final passage and adoption.

PASSED, APPROVED AND ADOPTED this 14th day of January, 2020.



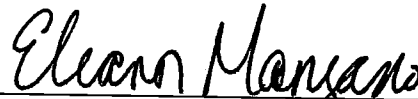
Mayor William C. Brand

APPROVED AS TO FORM:



Michael W. Webb, City Attorney

ATTEST:



Eleanor Manzano, CMC City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF REDONDO BEACH)

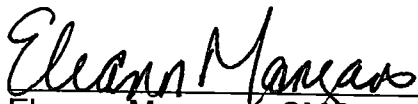
I, Eleanor Manzano, City Clerk of the City of Redondo Beach, California, do hereby certify that Ordinance No. O-3201-20 was introduced at a regular meeting of the City Council held on the 7th day of January, 2020, and approved and adopted by the City Council of the City of Redondo Beach, California, at a regular meeting of said City Council held on the 14th day of January, 2020, and there after signed and approved by the Mayor and attested by the City Clerk, and that said Ordinance was adopted by the following vote:

AYES: NEHRENHEIM, LOEWENSTEIN, HORVATH, GRAN EMDEE

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE



Eleanor Manzano, CMC
City Clerk



Administrative Report

H.9., File # 21-2262

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL

From: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT
DIRECTOR

TITLE

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2104-027, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO BOARDWALK WORLDWIDE, LLC, DBA THE DINGHY DELI, A LIMITED LIABILITY COMPANY

APPROVE A LEASE WITH BOARDWALK WORLDWIDE, LLC, DBA THE DINGHY DELI FOR THE PREMISES AT 160 INTERNATIONAL BOARDWALK FOR A MONTHLY AMOUNT OF \$2,050.00 FOR THE TERM APRIL 6, 2021 - APRIL 5, 2026

EXECUTIVE SUMMARY

In July 2012, the City purchased the International Boardwalk leasehold and began the process of direct leasing to various tenants. This International Boardwalk is comprised of a narrow linear development of approximately 17,200 square feet that is fronted by a public walkway. The City has negotiated a lease with Boardwalk Worldwide, LLC dba the Dinghy Deli for the space at 160 International Boardwalk, which is approximately 1,000 rentable square feet.

The proposed lease is for a five-year term with the City retaining the option to terminate the lease with a twelve (12) month prior written notice. Rental to the City's Harbor Uplands Fund is the greater of the minimum monthly rent of \$2,050.00 or 8% of gross sales. Minimum annual rent is \$24,600.00.

BACKGROUND

In July 2012, the City purchased the International Boardwalk leasehold and began the process of entering into direct leases with various tenants. The International Boardwalk is comprised of a very narrow and linear development along the east side of the Redondo Beach Marina - also referred to as Basin III. The approximately 17,200 square feet of space is almost entirely prepared for retail and food and beverage uses.

Boardwalk Worldwide LLC, which operates The Slip at 120 International Boardwalk, is looking to open a new concept - the Dinghy Deli - at 160 International Boardwalk. The Dinghy Deli is a take-out deli/restaurant, which is a concept currently missing from the offerings on the International Boardwalk. With COVID-19 altering the standard modes of operation, a take-out food operation is well positioned to capitalize on the current economic climate.

The proposed lease carries a five-year term with a minimum monthly rent of \$2,050.00, or approximately \$2.05 per square foot - which is consistent with other similar restaurant leases in the waterfront and broader market. The monthly rent paid to the City will be the greater of the minimum monthly rent of \$2,050.00 or 8% of gross sales. The minimum monthly rent increases to \$2,250.00 in years two and three of the lease, and increases again to \$2,317.50 in year four and \$2,387.02 in year five. The percentage rent increases to 9% in year two of the lease and increase to 10% in year three and remains at that rate for the remaining term.

Under the lease, Tenant accepts the property "as is" with no further cost to the City. The City retains the right to terminate the lease with a twelve-month written notice. The lease is personally guaranteed by Rashel Mereness.

COORDINATION

The Waterfront and Economic Development Department collaborated with the City Attorney's Office on this report. The City Attorney's Office has approved the document as to form.

FISCAL IMPACT

Lease revenue from the property will accrue to the City's Harbor Uplands Fund. The proposed lease will result in a minimum monthly rent of \$2,050.00 with an annual minimum rent of \$24,600.00. Over the five-year term of the lease, revenue to the Uplands Fund will be a minimum of \$135,054.24.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Resolution No. CC-2104-027

Lease Between the City of Redondo Beach and Boardwalk Worldwide, LLC dba the Dinghy Deli

RESOLUTION NO. CC-2104-027

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO BOARDWALK WORLDWIDE, LLC DBA THE DINGHY DELI, A LIMITED LIABILITY COMPANY

WHEREAS, Section 2-21.01, Chapter 21, Title 2, of the Redondo Beach Municipal Code provides that any lease of public land owned or controlled by the City of Redondo Beach, or by any department or subdivision of the City, shall be administratively approved by resolution; and

WHEREAS, the City Council shall approve the subject lease only upon the making of certain findings.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the City Council of the City of Redondo Beach approves the lease with Boardwalk Worldwide, LLC dba The Dinghy Deli, a Limited Liability Company ("Lease") for the property commonly located at 160 International Boardwalk, Redondo Beach, CA 90277, consisting of approximately 1,000 rentable square feet, as further detailed in the Lease attached hereto as Exhibit "A" and incorporated herein as set forth in full.

SECTION 2. That the City Council of the City of Redondo Beach hereby finds:

1. The Lease will result in a net economic or other public benefit to the City of Redondo Beach or the general public; and
2. The granting of the Lease is consistent with and will further the fiscal, budgetary and applicable economic development, social, recreational, public safety or other applicable adopted policies of the City; and
3. The Lease, and all land uses and development authorized by the Lease, are consistent with all applicable provisions of the general plan, the Coastal Land Use Plan where applicable, and the applicable zoning ordinances of the City; and
4. The Lease and all land uses and development authorized by the Lease, are consistent with and will carry out the goals, standards and policies of any specific plan applicable to the Lease property; and
5. The Lease and its purposes are consistent with all other applicable provisions of law.

PASSED, APPROVED AND ADOPTED this 6th day of April, 2021.

William C. Brand, Mayor

APPROVED AS TO FORM:

ATTEST:

Michael W. Webb, City Attorney

Eleanor Manzano, CMC, City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF REDONDO BEACH)

I, Eleanor Manzano, City Clerk of the City of Redondo Beach, California, do hereby certify that Resolution No. CC-2104-027 was passed and adopted by the City Council of the City of Redondo Beach, California, at a regular meeting of said City Council held on the 6th day of April, 2021, and there after signed and approved by the Mayor and attested by the City Clerk, and that said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Eleanor Manzano, CMC
City Clerk

EXHIBIT “A”

REDONDO BEACH INTERNATIONAL BOARDWALK

LEASE

by and between

CITY OF REDONDO BEACH

Landlord

and

BOARDWALK WORLDWIDE LLC

DBA

THE DINGHY DELI

Tenant

SUMMARY OF LEASE PROVISIONS:

The information provided below is a summary of detailed provisions set forth in this Lease agreement by and between Landlord and Tenant identified below. This summary is intended to provide an overview only and is not intended to alter, limit or expand the provisions set forth at length in the Lease. In the event of any conflict between the information in this summary and any other provision of the Lease, the latter shall control.

Effective Date of Lease: April 6, 2021

Landlord: The City of Redondo Beach, a chartered city and municipal corporation.

Location: Portion of the Redondo Beach Waterfront commonly referred to as the International Boardwalk.

Premises: That certain location in the Retail Area commonly known as Tenant Space number 160 International Boardwalk, comprised of approximately 1,000 rentable square feet of Floor Area (as more particularly described in Exhibit A)

Tenant: Boardwalk Worldwide LLC

Tenant's Trade Name: Dinghy Deli (Exhibit B)

Use of Premises: Restaurant serving food, beer and wine and for no other use. Exhibit B

Lease Term: Five (5) years from commencement date. Landlord has the sole option to termination the Lease upon 12 months prior written notice.

Commencement Date: April 6, 2021.

Expiration Date: April 5, 2026.

Minimum Monthly Rent: \$2,050.00 per month for the first year (\$2.05 Base Rent); \$2,250.00 for the second and third year (\$2.25 Base Rent); \$2,317.50 per month for the fourth year; and \$2,387.02 for the fifth year with a three percent (3%) increase on the fourth anniversary of the Commencement Date each year thereafter.

Monthly Percentage Rent: Eight percent (8%) of Gross Sales in Year 1; Nine percent (9%) of Gross Sales in Year 2; Ten percent (10%) of Gross Sales in Years 3, 4 and 5 and as may be further described in Section 7.4.

Tenant's Monthly Expense Share: Tenant to pay its pro rata share of all applicable property operating expenses, including Common Area Maintenance (CAM) expenses, which is derived by dividing the Premises leased space by the total square footage of the Location. The pro rata share of operating expenses is 5.29%.

Tenant's Association Share: Tenant to pay its' share for joint advertising and promotion as described in Article 27.

Address for Notices: (Article 29):

TO LANDLORD:

City of Redondo Beach
Waterfront Economic Development Director
415 Diamond Street
Redondo Beach, CA 90277

and

City of Redondo Beach
City Attorney
415 Diamond Street
Redondo Beach, CA 90277

TO TENANT:

Boardwalk Worldwide LLC dba Dinghy Deli
c/o Rashel Mereness
160 International Boardwalk
Redondo Beach CA 90277

Security Deposit: Two Thousand Fifty Dollars (\$2050.00)

Guarantors: Rashel Mereness (see Exhibit C)

Name and location of competing business or operation not subject to Non-Competition provisions (Section 15.3): N/A.

Rider to Lease: None. (Exhibit G)

Brokers: Landlord: BC Urban . Tenant: None.

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EXHIBITS

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EXHIBIT B	-	Description of the Premises, Trade Name and Use of Premises
EXHIBIT C	-	Guaranty of Lease
EXHIBIT D	-	Estoppel Certificate
EXHIBIT E	-	Sign Criteria
EXHIBIT F	-	Boardwalk Retail/Restaurant Area and Parking Rules and Regulations
EXHIBIT G	-	Rider to Lease
EXHIBIT H	-	Confirmation of Lease
EXHIBIT I	-	Memorandum of Lease Form

**REDONDO BEACH INTERNATIONAL BOARDWALK
LEASE**

This Lease ("Lease") is made as of April 6, 2021, by and between the **City of Redondo Beach**, a chartered city and municipal corporation ("Landlord") and **Boardwalk Worldwide LLC dba Dinghy Deli, a California Limited Liability Company** ("Tenant").

RECITALS

A. The State of California has granted to Landlord certain tidelands on the conditions that Landlord develop, improve and operate such lands as a harbor. Landlord has developed, improved and is currently operating the area commonly known as Redondo Beach Harbor (the "Harbor Area"), which includes tide and submerged lands and uplands. As part of the Harbor Area, Landlord has constructed a boardwalk area known as the Redondo Beach International Boardwalk (the "Boardwalk") within the Harbor Area, and maintains the Boardwalk for recreational uses.

B. Tenant desires to lease from Landlord, and Landlord is willing to lease to Tenant, a certain portion of the Improvements on the Boardwalk Retail/Restaurant Area described herein as the Premises upon and subject to the terms, provisions and conditions of this Lease.

C. Landlord is planning to undertake a comprehensive revitalization of the Harbor Area, which may include the conveyance and/or redevelopment of the Boardwalk. Landlord has disclosed to Tenant that Landlord may desire to terminate this Lease prior to the end of the Term in connection with Landlord's planned revitalization of the Harbor Area and Boardwalk.

In consideration of the promises, conditions and covenants set forth herein, Landlord and Tenant hereby agree as follows:

ARTICLE 1 DEFINITIONS

For the purposes of this Lease, the following underlined terms shall have the meaning ascribed to them:

Additional Rent. All sums of money required to be paid pursuant to the terms of this Lease, including but not limited to the sums to be paid pursuant to Article 7, Article 8 and Section 18.2.

Assignment. Any (i) transfer, assignment, subletting, license, concession, change of ownership, mortgage or hypothecation of the Lease or of any portion of the Premises (as defined below) by Tenant or (ii) if Tenant is a business entity other than a publicly traded corporation, the transfer, assignment or hypothecation of more than twenty-five percent (25%), in the aggregate, of the equity, securities or voting control of Tenant.

Boardwalk. The Redondo Beach International Boardwalk.

Boardwalk Retail/Restaurant Area. The Improvements which are a part of the Redondo Beach International Boardwalk Area ("Boardwalk Area") of the Redondo Harbor Properties and

the Redondo Beach Harbor Enterprise, and which comprise the retail shops in the Boardwalk Area. The Boardwalk Retail/Restaurant Area, of which the Premises is a part, is located on the real property ("Property") located in Redondo Beach and further described in Exhibit A.

City. The City of Redondo Beach, a chartered city and municipal corporation.

CPI. The Consumer Price Index-All Consumers (Los Angeles-Anaheim-Riverside, CA, All Items, Base 1982-84 = 100) as published by the United States Department of Labor, Bureau of Labor Statistics. Should the Bureau discontinue the publication of the Index, or publish the same less frequently or on a different schedule, or alter the same in some other manner including, but not limited to, changing the name of the Index or the geographic area covered by the index, Landlord and Tenant shall adopt a substitute index or procedure which reasonably reflects and monitors consumer prices.

Commencement Date. The Commencement Date shall be the Commencement Date in the Summary.

Common Area. All improved and unimproved areas within the exterior boundaries of the Boardwalk Retail/Restaurant Area that are provided and designated by Landlord from time to time for the general and common use, benefit and/or convenience of Landlord and/or other tenants in the Boardwalk Retail/Restaurant Area and/or their respective authorized representatives and invitees. The Common Area are those areas, facilities and equipment of the Boardwalk Retail/Restaurant Area outside the Tenant Spaces and other premises for the exclusive use of Landlord or a tenant, and include without limitation, pedestrian walkways and patios, pier decking, landscaped areas, sidewalks, service corridors, public restrooms, stairways, non-structural portions of the roofs and exterior walls, plazas, malls, thoroughways, loading areas and parking areas. The common areas as they exist at the Commencement Date of this Lease are outlined in Exhibit A, which are depicted for the sake of conceptual reference only and not to establish exact locations or boundaries.

Common Area Expenses. All expenses incurred in connection with maintenance of the Common Areas including but not limited to all sums expended in connection with all general maintenance, repairs, resurfacing, painting, restripping, cleaning, sweeping and janitorial services; maintenance and repair of signs; sprinkler systems, planting and landscaping; lighting and other utilities; heating, ventilating and air conditioning costs and systems; directional signs and other markers and bumpers; maintenance and repair of any fire protection systems; lighting systems, storm drainage systems and other utility systems; salaries and costs of workers' compensation insurance covering personnel to implement such services including, if Landlord deems necessary, the cost of security guards; real and personal property taxes and assessments on the Improvements and land comprising the Common Areas; any governmental imposition or surcharge imposed on and/or assessed against any portion of the Common Areas; depreciation, maintenance and operating costs of machinery and equipment used in connection with the Common Areas (if owned) and rental paid for such machinery and equipment (if rented); adequate public liability and property damage insurance on the Common Areas; fire and extended coverage insurance (and earthquake and other natural disaster coverage insurance if Landlord obtains and maintains such coverage); licensing fees; pest extermination; and amounts paid by Landlord as a result of personal

injury or property damages, whether due to lack of insurance, deductible amounts or otherwise. In addition, Common Area Expenses shall include an amount for accounting, bookkeeping and collection of the expenses associated with the Common Areas equal to ten percent (10%) of the total of the above expenses associated with Common Areas for each calendar year. Landlord may cause any or all services associated with the Common Areas to be provided by an independent contractor or contractors.

Should Landlord acquire or make available additional land not currently shown as part of the Boardwalk Retail/Restaurant Area (as defined below), and make said land available for parking or other Common Area purposes, then Common Area Expenses shall also include all of the aforementioned expenses and costs incurred and paid in connection with said additional land.

Environmental Damages. All claims, judgments, damages (including punitive damages), losses, penalties, fines, liabilities (including strict liability), encumbrances and liens, and any other costs and expenses, resulting from the existence on or in, or release to the ground or air of Hazardous Materials in violation of or alleged to be in violation of the laws applicable thereto, including any attorneys' fees, disbursements, consultant's fees and other costs resulting from (a) investigation and defense of any alleged claim and (b) directive of any Governmental Agency, whether or not the claims or directives are groundless, false or fraudulent or ultimately defeated, and (c) any settlement or judgment.

Floor Area. All areas within the Boardwalk Retail/Restaurant Area which are held for the exclusive use and occupancy by specific tenants of Landlord, measured from the exterior surface of exterior walls (and, in the case of openings, from extensions thereof), and from the center of interior partitions, including, but not limited to, restrooms, mezzanines, warehouse or storage areas, clerical or office areas, and employee areas.

Governmental Agency. Any Federal, State, County or City authority having appropriate jurisdiction, any political subdivision thereof, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof.

Gross Sales. The gross selling price (including finance charges) of all merchandise or services sold, leased, licensed, or delivered in or from the Premises by Tenant, its permitted subtenants, licensees, or concessionaires, whether for cash or on credit (whether collected or not), including the gross amount received by reason of orders taken on the Premises although filled elsewhere, and whether made by store personnel or vending machines and all deposits not refunded to purchasers. Any transaction on an installment basis, including, without limitation, any "lay-away" sale, gift certificate or like transaction, or otherwise involving the extension of credit, shall be treated as a sale for the full price at the time of the transaction, irrespective of the time of payment or when title passes. All sales originating and orders taken, from or at the Premises, whether the orders are made by telephone, mail or any electronic device even if the order is filled elsewhere, shall be considered as made and completed therein, even though bookkeeping and payment of the account may be transferred to another location for collection, and although actual filling of the sale or service order or actual delivery of the merchandise may be made from a place other than the Premises. Gross Sales also shall include any sums that Tenant receives from pay telephones, stamp machines, music machines, amusement machines, or public toilet locks, as well

as all admission, entry and other fees of any nature or kind charged by Tenant, its agents, sublessees, concessionaires or licensees. Gross Sales in credit card transactions shall include only the actual amount received by Tenant from the credit card issuer.

In addition, the term Gross Sales as used in this Lease shall not include the full retail price of California State Lottery tickets sold from the premises, but shall include the full amount of compensation and any incentive bonuses paid to and received by Tenant for such sales, as such compensation and bonuses are determined from time to time by the State Lottery Commission and Director under California Government Code §8880.51 and other applicable California laws.

Gross Sales shall not include, or if included there shall be deducted (but only to the extent they have been included), the following:

1. The selling price of all merchandise returned by customers and accepted for full credit, or the amount of discounts, refunds, and allowances made on such merchandise.

2. Merchandise returned to sources or transferred to another store or warehouse owned by or affiliated with Tenant.

3. Sums and credits received in the settlement of claims for loss of or damage to merchandise.

4. The price allowed on all merchandise traded in by customers for credit or the amount of credit for discounts and allowances made instead of acceptance of merchandise.

5. Any sums paid to third parties for the use or rental of pay telephones, stamp machines, music machines, amusement machines, or public toilet locks.

6. Sales and use taxes, so-called luxury taxes, consumers' excise taxes, gross receipts taxes, and other similar taxes now or in the future imposed on the sale of merchandise or services, but only if such taxes are added to the selling price, separately stated, collected separately from the selling price of merchandise or services, and collected from customers.

7. Sales of fixtures, trade fixtures, or personal property that are not merchandise as allowed in this lease.

Guarantors. The Guarantors, if any, are set forth in the Summary attached hereto and made a part hereof.

Harbor Area. The area commonly known as Redondo Beach Harbor.

Hazardous Materials. (a) Any petroleum or petroleum products, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other materials or pollutants which (i) pose a hazard to the Boardwalk Retail/Restaurant Area or to persons on or about the Boardwalk Retail/Restaurant Area or (ii) cause the Boardwalk Retail/Restaurant Area to be in violation of any Hazardous Materials Laws; (b) asbestos in any

form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty (50) parts per million; (c) any chemical, material or substance defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any applicable local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto, including, but not limited to, the Comprehensive Environmental Response' Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et. seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251, et seq.; Sections 25115, 25117, 25122.7, 25140, 25281, 25316, and 25501 of the California Health and Safety Code; and Article 9 or Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20; and (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the occupants of the Boardwalk Retail/Restaurant Area or the owners and/or occupants of property adjacent to or surrounding the Boardwalk Retail/Restaurant Area.

Impositions. The term "Impositions" shall mean all taxes, assessments, charges, levies, fees and other governmental charges, general and special, ordinary and extraordinary, of any kind and nature whatsoever, including, but not limited to, assessments for public Improvements or benefits, which shall be laid, assessed, levied, or imposed upon the Boardwalk Retail/Restaurant Area and the Common Areas or any part thereof and which are payable at any time during the term hereof, and all gross receipts taxes, rent taxes, business taxes and occupancy taxes, and shall include all of Landlord's reasonable administrative costs and any and all costs incurred by Landlord in contesting or negotiating the taxes with any governmental authority, except only franchise, estate, inheritance, succession, capital levy, transfer, income and excess profits taxes imposed upon Landlord.

Improvements. Structures, construction, alterations, additions and/or changes to the Boardwalk Retail/Restaurant Area, the Common Areas or the Premises, as the context requires.

Landlord. City or any successor to or assignee of Landlord's interest in the Boardwalk Retail/Restaurant Area.

Lease Year. For the first Lease Year, the period commencing on the Commencement Date and ending on the immediately next June 30th, whether in the same calendar year or the following calendar year, and thereafter, the period of 12 consecutive months commencing with each July 1st thereafter and ending on the following June 30th, the calendar year next following the Commencement Date.

Lender. Any construction, interim or permanent lender, or any mortgagee, trustee or beneficiary under a mortgage or deed of trust to which the Premises, the Boardwalk Retail/Restaurant Area, and/or any part thereof is subject pursuant to an agreement with Landlord.

Master Documents. This Lease shall be subordinate to the Tidelands Trust instruments

and any master lease, pursuant to which Landlord owns its estate, and any other document reasonably deemed relevant by Landlord, all of which are on file with Landlord.

Maximum Lawful Rate of Interest. The maximum lawful rate of interest shall be 300 basis points (3%) above the prime rate of interest announced by the Bank of America at its San Francisco office as charged to corporate borrowers of the highest standing for short term unsecured obligations (but in no event in excess of the maximum rate of interest then permitted to be charged by California law).

Minimum Hours of Operation. The minimum hours of operation shall be 11:00 am through 8:00 pm during each day of the Months of May, June, July, August and September; and 11:00 am through 6:00 pm during each day for any other Month (subject to change as provided for below).

Minimum Monthly Rent. Minimum Monthly Rent as specified in the Summary, payable Monthly in advance as increased pursuant to the terms of Article 7.

Month or Monthly. A calendar month period within each Lease Year, except that with regard to payments that are to be made Monthly, the first Monthly period shall commence on the date the Term commences and the last Monthly period shall end on the date the Term expires or terminates.

Monthly Percentage Rent. The Monthly Percentage Rent is that percentage of the Gross Sales during each Month as set forth in the Summary.

Premises. That portion of the Boardwalk Retail/Restaurant Area known as the Tenant Space number referred to above in the Summary, which numbered Tenant Space is located as shown on Exhibit B. The Minimum Monthly Rent is not based on the actual square footage as may be found by more exact measurement, and deviation from the approximations of Floor Area used to describe the Tenant Space herein shall not cause a change in the Minimum Monthly Rent.

Principal Owner. Any person or entity which owns or has the power to vote at least twenty-five percent (25%) of the equity securities (whether stock, partnership interests or otherwise) of Tenant.

Prior Lease. The lease between Landlord and Tenant in effect prior to the Commencement Date of this Lease, if any.

Reconstruction. The repair, reconstruction and restoration of the Premises following a casualty, as described in Article 17.

Removable Trade Fixtures. All personal property of Tenant not permanently affixed to the Premises, including but not limited to shelves, racks, signs, displays, counters and mirrors, which can be removed without damage to the Premises.

Security Deposit. The amount of the Security Deposit is set forth in the Summary, and is payable by Tenant to Landlord pursuant to Article 31.

Summary. The Summary is the Summary of Lease Provisions attached at the front of this Lease and made a part hereof.

Tenant. The Tenant is identified in the Summary and on the first page of this Lease.

Tenant's Estoppel Certificate. A written statement by Tenant, substantially in the form of Exhibit D, with respect to the Lease, as required by Section 25.5.

Tenant Spaces. Those certain spaces designed for the possession and occupancy of businesses and tenancies under lease from Landlord as depicted on Exhibit B.

Tenant's Monthly Expense Share. Tenant's Monthly Expense Share is set forth in the Summary.

Term. The term of this Lease is set forth in the Summary, commencing on the Commencement Date.

ARTICLE 2 EXHIBITS

The Summary set forth above and the following drawings and special provisions are attached hereto as Exhibits and are incorporated herein by this reference:

- Exhibit A: General site plan of the Boardwalk Retail/Restaurant Area.
- Exhibit B: Description of Premises, Trade Name and Use of the Premises.
- Exhibit C: Guaranty of Lease.
- Exhibit D: Tenant's Estoppel Certificate.
- Exhibit E: Sign Criteria.
- Exhibit F: Rules and Regulations.
- Exhibit G: Rider to Lease
- Exhibit H: Confirmation of Lease
- Exhibit I: Memorandum of Lease Form

ARTICLE 3 PREMISES

3.1 Lease of Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises, for the Term, for the rent, and upon the covenants and conditions set forth in this Lease. Prior to entering into this Lease, Tenant has made a thorough and independent examination of the Premises and all matters related to Tenant's decision to enter into this Lease. As the occupant of the Premises pursuant to the Prior Lease, Tenant is thoroughly familiar with all aspects of the Premises and is satisfied that it is in an acceptable condition and meets Tenant's needs. Tenant agrees that Tenant shall accept the Premises "AS IS" in the condition as of the execution of this Lease, subject to all recorded matters, laws, ordinances and

governmental regulations and orders. Landlord shall have no responsibility for any work or Improvements which may be required to prepare the Premises for Tenant's use, or for any work in remodeling the Premises. Tenant acknowledges that neither Landlord nor any agent or representative of Landlord has made any representation as to the condition of the Premises, the suitability of the Premises for Tenant's intended use or the economic feasibility of the business Tenant intends to conduct. This Lease confers no rights of possession to Tenant to that portion of Boardwalk Retail/Restaurant Area lying outside of the exterior walls, floor and roof of the Premises, or to the Common Areas.

3.2 Agreements Affecting Lease. This Lease is subject to the Master Documents, which are hereby incorporated by reference. Upon written demand of Landlord, Tenant shall execute, acknowledge and deliver to Landlord for recording a subordination agreement whereby this Lease is subordinated to any of the Master Documents and any amendments thereto provided Tenants' rights under this Lease are not substantially or materially altered.

3.3 Landlord's Reservations.

3.3.1 Regarding the Boardwalk Retail/Restaurant Area. Landlord may change the name of the Boardwalk Retail/Restaurant Area. Tenant acknowledges that the Improvements shown in Exhibit A and the identity of any tenant shown thereon are subject to changes, alterations, additions and deletions as the Landlord may direct. Landlord may change the shape, size, location, number and extent of the Improvements on the site plan as shown on Exhibit A, and eliminate or add any Improvements to any portion of the Boardwalk Retail/Restaurant Area. Landlord reserves to itself the use of the roof, exterior walls, and the equipment, machinery, connections, pipes, ducts, conduits and wires leading through the Premises and serving other parts of the Boardwalk Retail/Restaurant Area, all in a manner and in locations which will not unreasonably interfere with Tenant's use of the Premises. Tenant's consent shall not be required for the creation of any covenants, easements or rights of way which are created by or required by Landlord or by any governmental authority.

3.3.2 Regarding the Premises. Landlord shall not materially change the size or location of the Premises without Tenant's prior written consent, which shall not be unreasonably withheld, after the Commencement Date. Landlord reserves the right to enter the Premises for purposes of inspection and repairs as set forth in Section 16.5, for self-help as set forth herein, for the installation and maintenance of sprinkler equipment, and at all times in case of emergency.

3.3.3 Regarding the City as Regulator. Tenant acknowledges and agrees that neither this Lease nor any other agreement with City in its proprietary capacity as Landlord shall bind the City in its regulatory capacity and that nothing contained herein is an agreement of the City as a governmental body having regulatory jurisdiction of the Premises to issue or grant to Tenant any permit including building, land use, occupancy, and health permits. Tenant shall be required to apply for and obtain all permits including building and land use permits needed from the City in its governmental regulatory capacity, and to comply with all laws, ordinances, rules and regulations of City governing the construction, use and occupancy of the Premises. Tenant further acknowledges that Tenant shall not have the right to apply for building and land use permits without Landlord's written consent, which may be withheld in the sole discretion of

Landlord.

ARTICLE 4 USE AND POSSESSION

4.1 Tenant's Business. Upon and after the Commencement Date Tenant shall use the Premises at all times for the sole purpose of conducting therein the business described and under the trade name as set forth in, Exhibit B, and for no other purpose or use and under no other trade name. Tenant shall not by any means or device, either directly or indirectly, violate the aforementioned restrictions on the use of the Premises.

4.2 Compliance with Agreements, Laws, etc; Rules and Regulations; Insurance Requirements.

4.2.1 Tenant shall not use or permit to be used the Premises or any part thereof for any purpose or use in violation of the Master Documents, this Lease or in violation of any law or ordinance or any regulation of any governmental authority or in any manner that will constitute an unreasonable annoyance to any occupant of the Boardwalk Retail/Restaurant Area or a public or private nuisance, including but not limited to the production of deleterious or offensive odors (which shall in all instances for purposes of this Lease include any and all food and cooking odors), or that will damage the reputation of the Boardwalk Retail/Restaurant Area or any part thereof, or for any hazardous purpose, or in any manner that will violate, suspend, void or serve to increase the premium rate of or make inoperative any policy or policies of insurance at any time carried on the property, buildings or Improvements on the Boardwalk Retail/Restaurant Area or the Property or any part thereof.

4.2.2 Tenant shall not violate or permit the violation of, and at Tenant's cost and expense shall comply with or cause to be complied with, at all times during the Term, all provisions of this Lease and the Master Documents affecting the Boardwalk Retail/Restaurant Area and all laws, ordinances, rules, regulations and orders of all governmental authorities (including, without limitation, the Tidelands Trust) affecting the Boardwalk Retail/Restaurant Area and the operation of any business therein and, without limiting the generality of the foregoing, Tenant shall, at its cost and expense, procure all licenses, permits or other authorizations required in connection with any operation conducted in the Premises. Tenant shall pay for any and all changes to the remainder of the Boardwalk Retail/Restaurant Area outside the Premises required or necessitated by or in any way due to this Lease and/or Tenant's required or permitted activities (including construction) hereunder.

4.3 Release. Tenant hereby releases Landlord from any liability for any loss or damage should Tenant's use and occupancy of the Premises for the purposes set forth in this Lease be prohibited or impaired by reason of any zoning, law, ordinance or regulation of federal, state, county or municipal governments, or by reason of any act of legal or governmental or other public authority, including without limitation, ballot initiatives.

4.4 Use of the Premises. Tenant shall at all times and at Tenant's cost and expense during the term (and shall cause its occupants to, as appropriate):

(1) Maintain the Premises and all access areas thereto in good order, condition and repair, and provide such janitorial services as shall be necessary to keep all of the above continuously safe, neat, vermin free, clean, inviting and attractive; and that in regard thereof, Tenant acknowledges that the Premises, being an oceanfront facility, is subject to nuisances caused by birds in the form of roosting and deposit of their droppings, and agrees to take reasonable measures to prevent or reduce such roosting and other nuisances caused by the birds on the exterior and roof of the Premises and to keep the exterior of the Premises and its immediate area clean and free of such droppings;

(2) Store or stock in the Premises only such property as shall be reasonably required in connection with business being conducted in the Premises, and not use any portion of the Premises for storage or warehouse purposes beyond such needs; and except for incidental related office purposes, use for office, clerical or other non-selling purposes only such space in the Premises as is from time to time reasonably required for Tenant's business therein;

(3) Store all trash and garbage in adequate closed containers located within the Premises so as not to be visible to members of the public patronizing the Boardwalk Retail/Restaurant Area; maintain such containers in a neat and clean condition and in a manner which will not create or permit any health or fire hazard or any offensive odor; and arrange for the regular removal of trash and garbage. If Landlord shall furnish trash removal service, Tenant shall use such service and shall pay Landlord monthly for such service at the prevailing competitive rate for such service as billed by Landlord;

(4) Refrain from burning any papers, trash or garbage of any kind in, on or about the Premises;

(5) Refrain from overloading any floor in the Premises;

(6) Refrain from using any portion of the Premises as living quarters, sleeping apartments or lodging rooms;

(7) Refrain from using the plumbing facilities for any purpose other than that for which they were constructed and refrain from disposing of any toxic, hazardous, damaging or injurious substance therein;

(8) Refrain from distributing any handbills or other advertising matter in, on or about any part of the Premises, the Boardwalk Retail/Restaurant Area, or nearby parking facilities, and shall not permit any parading, rallying, patrolling, picketing, demonstrating, hawking, sign waving, or any similar type of conduct within the Premises or the Boardwalk Retail/Restaurant Area;

(9) Use best efforts to cause all trucks servicing the Premises to be loaded and unloaded in those areas and during those hours specified by Landlord;

(10) Provide the proper number and types of fire extinguishers for the Premises as required by the most stringent applicable laws or insurance requirements of either Landlord or

Tenant;

(11) Keep the Premises suitably lighted during such hours as Landlord may reasonably require, including periods in addition to the business hours of Tenant if in the opinion of Landlord such lighting is reasonably necessary or desirable; and,

(12) Keep the walkway in front of the Premises free of all obstructions, including, but not limited to, temporary displays and signage. Certain furnishings, such as tables and chairs along the marina basin railing, may be considered by Landlord on a case-by-case basis in Landlord's sole discretion.

4.5 Prohibited Uses. Tenant shall not, and shall not allow any occupant of the Premises to:

(1) Conduct any going-out-of-business, fire, bankruptcy, auction or other distress sale in, on or about the Premises, or sell any used or re-conditioned merchandise or items;

(2) Use any sidewalks, walkways or areaways of the Boardwalk Retail/Restaurant Area for any purpose other than the passage of pedestrians. Tenant shall conduct its business entirely within the Premises and no portion of Tenant's business may encroach onto, or be located on the walkway in front of the Premises;

(3) Place any fence, structure, building, improvement, division, rail, sign, advertising, display, device or obstruction of any type or kind upon the Common Area or the Boardwalk Retail/Restaurant Area or any part thereof, or upon any vestibule, entrance or return to the Premises, except as may be approved in writing by Landlord;

(4) Park, operate, load or unload any truck or other delivery vehicle at the Boardwalk Retail/Restaurant Area or the Property, other than that portion from time to time designated by Landlord, or use any portion of Landlord's loading docks and related facilities other than such portions thereof and during such times as Landlord may designate in its sole and absolute discretion;

(5) Keep live animals of any kind in, on or about the Premises;

(6) Install, use or permit to be used in, on or about the Premises or the Boardwalk Retail/Restaurant Area any advertising medium, paging system, or other sound, light, or sensory device which may be seen, heard or experienced outside the Premises, such as, but not limited to, flashing lights, searchlights, loudspeakers, phonographs, pianos, organs, jukeboxes or radio or television broadcasts, or permit any live music or entertainment at any time unless in accordance with the terms of a valid entertainment permit issued by the City;

(7) Maintain or permit to be maintained in, on or about the Premises, pinball, mechanical or electronic games of any nature, or any vending, coin or credit card operated machines of any nature (except for any vending machines for food, candy, beverages and other similar items which are located only in areas not generally accessible to patrons and are solely for

use by employees of the business(s) being conducted in the Premises);

(8) Use any portion of the Premises for (i) the sale of drugs, including without limitation medical marijuana, (ii) a drug treatment clinic, (iii) a liquor store, (iv) a bar dispensing liquor or alcoholic products which is not an incidental part of a restaurant or (v) the sale, distribution, display or offer for sale any item which in Landlord's good faith judgment (which judgment may include consideration of the fact that the Landlord is the City), is inconsistent with the quality of the operation of the Boardwalk Retail/Restaurant Area intended for general and family-oriented patronage or which may tend to injure or detract from the moral character or image of the Boardwalk Retail/Restaurant Area, or which may otherwise violate the local community's sense of decorum, as may be determined by Landlord in its sole discretion. Without limiting the generality of the foregoing, Tenant shall not sell, distribute, display or offer for sale any paraphernalia used in connection with any illegal drugs or any pornographic, lewd or "adult" newspaper, book, magazine, film, picture, representation or merchandise of any kind.

4.6 Safety Requirements. Tenant's occupancy and rights hereunder shall be subject to the following:

(1) All fire protection systems servicing the Premises and the Boardwalk Retail/Restaurant Area, including, without limitation, any central station or remote station alarm systems, risers, sprinkler system, sprinkler control and fire protection water supply and related valves and fire pumps, shall be subject to Landlord's direct control and supervision, but without any obligation on Landlord to exercise such control and/or supervision.

(2) It shall be the responsibility of Landlord to keep any sprinklers in service at all times and to maintain any sprinkler equipment within the Premises in good order and repair so as to satisfy a "highly protected risk" rating with Landlord's fire insurance carrier, and any impairments to the sprinkler system within the Premises shall be reported immediately by Tenant to Landlord. In the event that it is necessary that any automatic sprinkler system be out of service, Tenant shall provide a fire watch in the affected areas of the building to meet both Landlord's and Code requirements.

(3) Tenant shall provide and maintain portable fire extinguishers throughout the Premises on the basis of at least one 2A-20BC rated extinguisher for each 3,000 sq. ft. or portion thereof. Said extinguishers must be mounted along normal paths of travel and securely hung in conspicuous locations. Said extinguishers must be placed so that travel distance to an extinguisher from any portion of the Premises does not exceed 75 feet.

(4) Tenant shall not introduce any hazardous occupancy or operation into the Premises for which the fire protection equipment therein is not designed. No operation may be conducted in the Boardwalk Retail/Restaurant Area which involves the use or storage of flammable liquids, aerosols or gas, and such use or storage in the Premises is prohibited, except and only as may be otherwise provided in this Lease for cooking facilities.

(5) Tenant shall observe and comply with all requirements specified by Landlord's fire insurance carrier for a "highly protected risk" rating in respect of the Premises and Tenant's use of

the same and its operations therein.

(6) If any cooking facility is operated in the Premises, Tenant shall comply with the special hazard protection requirements in the latest edition of NFPA Standard 96, including, without limitation:

(i) properly constructed and arranged ventilation hoods and ducts for all cooking equipment;

(ii) a fixed pipe automatic dry chemical or carbon dioxide extinguishing system (or approved equivalent) protecting the cooking surface, ventilation hood and ductwork of all cooking appliances producing grease-laden vapors;

(iii) the extinguishing system must be interconnected with the fuel supply for the cooking equipment so that actuation of the extinguishing system causes automatic shut-off of the fuel supply to the equipment.

4.7 Compliance with Law. Tenant covenants and agrees not to violate or permit the violation of, and at its expense shall comply or cause to be complied with all present and future applicable building, subdivision, zoning, off-street parking, environmental protection or any other land use or other laws, ordinances, rules, regulations or orders of any and all governmental authorities regulating the conduct of or having jurisdiction over the use and occupancy of the Boardwalk Retail/Restaurant Area (including the Premises) and, without limiting the generality of the foregoing, Tenant shall, at its expense, procure all licenses, permits or other authorizations required in order to lawfully and properly use, as a portion of the Boardwalk Retail/Restaurant Area, the Premises in the manner required and contemplated by this Lease. Tenant shall be responsible, at Tenant's expense, for making any modifications to the Premises or accommodations as may be required pursuant to the Americans with Disabilities Act and any other applicable accessibility laws.

4.8 Rules and Regulations. Tenant and Tenant's agents, employees, licensees, concessionaires, subtenants and invitees shall observe faithfully and comply with any reasonable rules and regulations governing the Boardwalk Retail/Restaurant Area as may from time to time be established in the Boardwalk Retail/Restaurant Area and Parking Rules and Regulations in Exhibit F and modified by Landlord. Such rules and regulations may apply, but need not be limited to, Minimum Hours of Operation, safety regulations, matters relating to security, schedule for lighting of display windows and signs and the use of Common Areas. Such rules and regulations shall be binding upon Tenant when posted in the management office of the Boardwalk Retail/Restaurant Area or upon delivery of a copy thereof to Tenant.

4.9 Food Service Use. Any material change in the quality or general theme of the restaurant originally approved by Landlord in the Premises shall be subject to Landlord's prior written approval, which may be granted or withheld in Landlord's sole discretion. Tenant agrees to maintain the highest standards in the quality and preparation of all food items, maintenance and cleanliness of the Premises, including, without limitation, the following:

(a) Tenant shall use its best efforts to maintain an “A” rating (or such similar first-class standard) set forth from time to time in applicable health department or other applicable governmental guidelines. Tenant’s failure to maintain such first-class rating more than three (3) times in any twenty-four (24) month period during the Lease Term shall, at Landlord’s election, constitute a material default by Tenant hereunder; provided, however, that Tenant shall not be in default under this section so long as Tenant contests any such rating in good faith within thirty (30) days after Tenant’s receipt of notice that its rating has been lowered and concurrently therewith provides to Landlord written evidence that Tenant is diligently pursuing the resolution of such contest and thereafter resolves such contest within sixty (60) days.

(b) Tenant shall not permit the accumulation of any refuse and shall be solely responsible, at Tenant’s sole cost and expense, for the removal of all trash and garbage from the Premises not less than seven (7) days per week to trash receptacles provided by Landlord pursuant to such procedures as Landlord may designate from time to time. Pending such removal, all such trash shall be kept in odor-proof, vermin-proof sealed containers out of public view and in compliance with all applicable laws.

(c) Tenant shall, at its sole cost and expense, at all times during the Term, provide necessary exhaust fans and systems, ductwork and venting and use its best efforts to ensure that all smoke, odors, vapors and steam are properly exhausted from the Premises. Such systems shall be installed pursuant to plans approved by Landlord, which systems shall prevent the discharge of smoke, odors, vapors and steam into the Common Areas of the Premises and the premises of other tenants. Notwithstanding the foregoing, Landlord acknowledges and agrees that Tenant’s ordinary and customary odors alone which are consistent with Tenant’s permitted restaurant use shall not constitute a violation of this section. Tenant’s exhaust and venting systems shall include fire prevention and/or extinguishment facilities or systems as may be required from time to time by applicable law or by Landlord in connection with Tenant’s use at the Premises. All such systems shall be maintained by Tenant at Tenant’s sole cost and expense in good working order and condition and in accordance with all applicable laws. Tenant shall regularly and adequately clean and maintain, or provide a contract for such cleaning and maintenance of, all such exhaust and venting systems serving the Premises, whether located within or outside the Premises in compliance with Landlord’s standards and requirements for such cleaning and maintenance. Tenant shall provide to Landlord, upon Landlord’s request, reasonable proof of such cleaning and maintenance program.

(d) Tenant shall use its best efforts to keep the Premises free from insects, rodents and all vermin. Without limiting the generality of the foregoing, Tenant shall, at Tenant’s sole cost and expense, engage professional, reputable exterminators reasonably approved by Landlord to service the Premises, including, without limitation, all food preparation and food storage areas, on a monthly basis (or at such greater frequency as Landlord may require) and to the extent necessary to safely keep the Premises free of insects, rodents, vermin and other pests and to prevent insects, rodents, vermin and other pests from infesting the premises of other tenants or the Common Areas of the Premises. Tenant shall, upon Landlord’s request, provide reasonable proof that Tenant is causing such extermination to be performed regularly at the Premises.

(e) Tenant shall, at Tenant’s sole cost and expense at all times during the Lease Term,

provide the necessary piping, connections, traps, grease traps, catch basins and other facilities for the removal of all waste liquids from the Premises in compliance with all applicable laws, codes and ordinances. Such facilities shall be connected to the sewers and mains provided by Landlord and shall be constructed so as to prevent the backing up or discharge of any such waste liquids into the Premises, the premises of other tenants or into the Common Areas of the Premises. Tenant shall not dispose of, nor permit to be disposed, any materials which tend to cause clogging or blockage of pipes and drains. Tenant shall regularly and adequately clean, or provide for the cleaning of, all grease traps, catch basins, plumbing waste lines and similar facilities serving the Premises. Tenant shall, upon Landlord's request, provide adequate proof that Tenant is causing such drainage cleaning to be performed regularly at the Premises.

(f) If alcoholic beverages are to be served at the Premises, Tenant shall obtain and maintain all required liquor licenses at all times during the Term. Tenant shall comply with all applicable alcoholic beverage control laws. Tenant shall not sell or serve alcoholic beverages intended for consumption outside of the Premises and shall use its best efforts to ensure that Tenant's customers do not carry such beverages outside of the Premises.

ARTICLE 5 TERM

5.1 Term. The Term for the period stated in the Summary shall commence on the Commencement Date. If the Commencement Date occurs on a day other than the first day of a Month, the Initial Term shall commence on the Commencement Date and shall continue from the first day of the calendar month next following the Commencement Date for the period of years set forth above.

5.2 Early Termination. Landlord may terminate the Term at any time in Landlord's sole and absolute discretion, with or without cause, by giving Tenant written notice at least twelve (12) months prior to the intended termination date. If Landlord delivers such notice of termination to Tenant, then this Lease shall terminate on the date set forth in the termination notice. Upon receipt of Landlord's notice of termination, Tenant may in its sole and absolute discretion give notice to Landlord of Tenant's election to terminate the Term 90 days after its receipt of Landlord's termination notice, and in such event the date of termination shall be 90 days after Tenant's receipt of Landlord's termination notice. Tenant acknowledges that Landlord may desire to terminate this Lease to facilitate Landlord's plans for the revitalization of the Boardwalk and Harbor Area, and that Tenant is not entitled to relocation benefits therefore as set forth in Section 5.3 hereof. Upon the termination of the Term of this Lease, the parties shall have no further obligations under this Lease, except as to those obligations that expressly survive the termination of this Lease.

5.3 No Relocation Assistance. Tenant understands and agrees that Tenant is not eligible to be a "displaced person" under the California Relocation Act, which provides that a "displaced person" shall not include any person whose right of possession at the time of moving arose after the date of the public entity's acquisition of the real property. Tenant understands that Tenant is a "post-acquisition tenant" pursuant to the Relocation Assistance and Real Property Acquisition Guidelines of the California Department of Housing and Community Development, 25 Cal. Code Regs. §6000, *et seq.* Tenant understands that pursuant to Section 6034(b) of the California Code of Regulations, Tenant shall not be entitled to any relocation benefits or assistance

if Tenant is temporarily or permanently displaced from the Premises, whether as a result of the expiration of the Term, Landlord's termination of the Lease pursuant to Section 5.2 hereof, Landlord's pursuit of an unlawful detainer proceeding against Tenant, or for any other reason. Tenant hereby knowingly and voluntarily waives any rights Tenant may have to claim or receive any relocation assistance or benefits under state or federal law, and agrees not to file any claim or take any other action to receive such assistance or benefits.

ARTICLE 6 HOLDING OVER

If Tenant holds over or remains in possession of the Premises with or without the consent of Landlord after the expiration of the Term, such holding over or continued possession shall create a tenancy from month to month only, upon the same terms and conditions as are herein set forth so far as the same are applicable; provided, however, the Minimum Monthly Rent payable during the period of such holding over shall be two hundred percent (200%) of the rent payable immediately preceding the expiration of the Term. If Tenant fails to surrender the Premises in a timely manner upon the termination of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall indemnify and hold Landlord harmless from loss or liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any proposed new tenant founded on such failure.

ARTICLE 7 RENT

Tenant shall pay Landlord without prior demand, deduction, set-off, counterclaim or offset during the Term the rent provided in this Article. All payments to be made under the terms of this Lease shall be in lawful money of the United States of America.

7.1 Minimum Monthly Rent. Tenant agrees to pay the Minimum Monthly Rent, in advance, on the first day of each calendar month, commencing on the Commencement Date, for the use and occupancy of the Premises. Should the Commencement Date be on a day other than the first day of a Month, then the rental for such fractional month shall be computed on a daily basis for the period from the Commencement Date to the end of such calendar month in an amount equal to 1/30 of said Minimum Monthly Rent for each day in such period and shall be due on the Commencement Date.

7.2 Payment of Tenant's Monthly Expense Share. Tenant shall pay Monthly to Landlord, as Additional Rent in addition to all other rental payable pursuant to this Article 7, Tenant's Monthly Expense Share. Tenant's Monthly Expense Share shall be due and payable at the same time that the Minimum Monthly Rent is due and payable. Tenant acknowledges that all businesses within the Boardwalk Retail/Restaurant Area are currently assessed under the International Boardwalk Sanitation District ("Sanitation District") for operational service fees provided by the City. Said fees are levied and assessed as set forth by ordinance and resolution of Landlord's City Council and may be adjusted from time to time. Tenant agrees to pay the annual assessment levied on the Premises by the Sanitation District. One-twelfth of the assessment levied annually upon Tenant at the Premises by the Sanitation District shall be credited (the "Sanitation District Credit") to each of Tenant's Monthly Expense Share for each month during the Lease Year for which the assessment and levy pertains; provided that Tenant delivers a true copy of the notice

of assessment and levy to Landlord within 30 days that Tenant receives such notice of assessment and levy. No Sanitation District Credit shall be given on account of penalties, interest or costs of collection arising from non-payment of the assessment. In the event the Sanitation District is dissolved or altered in any manner, including to assess only leaseholders, Tenant agrees that the Sanitation District Credit shall cease and no longer be credited against Tenant's Monthly Expense Share, and that the full amount of the Tenant's Monthly Expense Share shall be due and payable without credit or offset.

7.3 Adjustment To Minimum Monthly Rent. On the third anniversary of the Commencement Date, the Minimum Monthly Rent shall be adjusted to an amount equal to 80% of the average total monthly rent, including without limitation percentage and minimum rent, payable to Landlord during the previous (three-year) period, provided it shall never be decreased. If such a formula does not yield an increase in Minimum Monthly Rent equal to or greater than the CPI increase for such a period, then Minimum Monthly Rent shall be adjusted by the increase in the CPI over such period, but in no event decreased, as provided in this Section. For purposes of these CPI increase adjustments, the "Base Month" shall be the Month which is two Months before the Commencement Date, and the adjustment Month shall be the next Month immediately following the third anniversary of the Base Month. The increase shall be calculated by multiplying the Minimum Monthly Rent by a fraction in which the numerator is the CPI for the adjustment Month and the denominator is the CPI for the base Month, and the Minimum Monthly Rent shall be increased to that sum. If the CPI is amended or discontinued, Tenant agrees that Landlord shall have the right to designate a substitute index to be used which will assure that substantially the same results will be obtained hereunder as if the CPI had remained in effect throughout the Term.

7.4 Monthly Percentage Rent. In addition to Minimum Monthly Rent and other sums specified herein, Tenant agrees to pay to Landlord on the 10th day of each Month, Monthly Percentage Rent for the immediately preceding Month without any prior demand and without any offset or deduction whatsoever; except that Tenant shall be liable for Monthly Percentage Rent only to the extent by which the amount the Monthly Percentage Rent for the immediately preceding Month exceeds the Minimum Monthly Rent paid to Landlord by Tenant for the same immediately preceding Month.

7.4.1 Default Monthly Percentage Rent. In the event Tenant shall fail to timely submit a Monthly Statement, as provided for below in section 7.4.4, the Monthly Percentage Rent due on the date that the Monthly Statement for such Month is required to be submitted to Landlord shall be the "Default Monthly Percentage Rent", which is the higher of (i) the highest Monthly Percentage Rent previously reported on a Monthly Statement or (ii) 110% of the then current Minimum Monthly Rent applicable to the Month for which the Monthly Percentage Rent is due. In the event that the Monthly Percentage Rent to be due was later determined from the relevant Monthly Statement in accordance with section 7.4.4 to be greater than the Default Monthly Percentage Rent, Tenant shall immediately pay the amount of the deficiency to Landlord, together with interest thereon from the date the Monthly Percentage Rent was otherwise due. Nothing contained herein shall be construed (i) to allow Tenant to fail or refuse to faithfully account for Gross Sales, to submit Monthly Statements or to pay Monthly Percentage Rent as otherwise provided for herein, or (ii) as a waiver of the rights of Landlord to otherwise receive faithful accountings and Monthly Statements from Tenant and to conduct audits concerning such rights.

The Monthly Percentage Rent for any Month shall be the greater of (i) the Default Monthly Percentage Rent and (ii) the Monthly Percentage Rent determined by a timely submitted Monthly Statement. Tenant shall not be entitled to a credit or repayment if the Default Monthly Percentage Rent is later determined by the relevant Monthly Statement to be greater than the Monthly Percentage Rent.

7.4.2 Calculation and Adjustment of Monthly Percentage Rent Payments. The amount of the Monthly Percentage Rent due and payable for the immediately preceding Month shall be calculated by applying the percentage of Gross Sales specified as Monthly Percentage Rent in the Summary to Gross Sales in the Monthly Statement to be submitted to Landlord as required below and deducting therefrom the payment (if any) of Minimum Monthly Rent made by Tenant for the same Month. The calculation of Minimum Percentage Rent shall be made in writing by Tenant and submitted to Landlord together with the payment of the Monthly Percentage Rent to which it applies. The accuracy of such calculation and of the Monthly Statement shall not be binding on Landlord. For the purpose of computing the Monthly Percentage Rental due, sales made during the first fractional Month in which Monthly Percentage Rent commences shall be added to the sales made during the first full calendar Month and Tenant shall pay to Landlord the amount by which the amount so computed as a percentage of Gross Sales of Tenant during this entire period exceeds the Monthly installments of Minimum Monthly Rent which are paid by Tenant during said period. The amount by which the Minimum Monthly Rent paid for any Month exceeds the Monthly Percentage Rent for that same Month shall not be credited against the Minimum Monthly Rent or Monthly Percentage Rent for any other Month and there shall not be an adjustment on an annual basis of the aggregate Monthly Percentage Rent due during a Lease Year.

7.4.3 Record Keeping. Tenant shall record at time of sale, in the presence of the customer, all receipts from sales or other transactions, whether cash or credit, in a cash register(s), which shall provide a cumulative total and which shall number consecutive purchases. Tenant shall keep and maintain (i) all such cash register receipts with regard to the Gross Sales, net sales, credits, refunds and other pertinent transactions made from or upon the Premises (including the Gross Sales of any subtenant, licensee or concessionaire), (ii) detailed original records of any exclusions or deductions from Gross Sales (including any exclusions or deductions from Gross Sales of any subtenant, licensee or concessionaire) and (iii) full and accurate books of account and records in accordance with generally accepted accounting principles consistently applied. Such books, receipts and records shall be kept for a period of three (3) years after the close of each Lease Year, and shall be available for inspection and audit by Landlord and/or its representatives at the Premises at all times during regular business hours. In addition, upon request of Landlord, Tenant agrees to furnish to Landlord a copy of Tenant's State and Local Sales and Use Tax Returns and Tenant waives any right of confidentiality which Tenant may claim to have for such Returns.

7.4.4 Monthly and Annual Statements. Tenant shall furnish to Landlord a written statement ("Monthly Statement") of Gross Sales for each Month not later than 10 days after the end of such Month. Tenant shall also furnish an annual written statement ("Annual Statement"), including a Monthly breakdown of Gross Sales during each Lease Year, within 45 days after the close of each Lease Year. Such Monthly Statements and Annual Statement shall be signed and certified to be true and correct by Tenant if Tenant is composed of individuals, or by the chief financial officer of Tenant, if Tenant is a corporation. The receipt by Landlord of any Monthly or

Annual Statement or any payment of Monthly Percentage Rental for any period shall not bind it as to the correctness of the Monthly Statement or the Annual Statement, or the correctness of any payment. Any information gained by Landlord from such Statements, or any audit or inspection shall be confidential to the extent that Tenant maintains such information as secret and confidential and so informs Landlord, and shall not be disclosed by Landlord other than to carry out the purposes of this Section, with the exception of the following: Landlord shall be permitted to divulge the contents of any such Statements in connection with any financing arrangements, ground leases, or assignments of Landlord's interest in the Premises, in connection with any administrative or judicial proceedings in which Landlord is involved where Landlord may be required to divulge such information or when Landlord (as a public agency) is required by law to divulge such information.

7.4.5 Right to Inspect and Audit. Landlord shall, within five (5) years after the receipt of the Annual Statement for a Lease Year, be entitled to inspect and audit, and to make and retain copies of, Tenant's books, records and accounts relevant to the determination of Gross Sales and the cost of sales (including the Gross Sales and cost of sales of any subtenant, licensee or concessionaire) for all Months during the period subject to audit. Such audit shall be conducted either by Landlord or by an auditor designated by Landlord during normal business hours at Tenant's principal place of business. If it is determined as a result of such audit that there has been a deficiency in the payment of any Monthly Percentage Rental, then such deficiency shall immediately become due and payable, together with interest at the Maximum Lawful Rate from the date when said payment should have been made. In addition, if any of Tenant's Monthly Statements under review by Landlord is found to have understated Gross Sales for any Month by more than two percent (2%), and if Landlord is entitled to any additional Monthly Percentage Rental for that Month as a result of said understatement, then Tenant shall pay to Landlord all reasonable costs and expenses (including, but not limited to: accounting, bookkeepers and auditors fees; attorneys' fees; costs allocable to salaries and benefits of Landlord's employees; copying, reproduction and printing costs; and litigation and court costs) which may be incurred or suffered by Landlord in determining the understatement or collecting the underpayment. If Tenant's statement shall be found to have understated Gross Sales for any Month by more than 6%, then, in addition to Landlord's aforesaid rights, Landlord may, at its sole option, terminate this Lease at any time thereafter upon notice to Tenant.

7.5 Additional Rent. Tenant shall pay all Additional Rent. If such amounts or charges are not paid at the time provided in this Lease, they shall nevertheless be collectible as Additional Rent with the next installment of Minimum Monthly Rent thereafter falling due. Nothing herein contained shall be deemed to suspend or delay the payment of any amount of money or charge at the time the same becomes due and payable hereunder, or to limit any other remedy of Landlord.

7.6 Failure To Pay Items Required Under Article 7. If Tenant fails to pay any Minimum Monthly Rent, Monthly Percentage Rent, Default Monthly Percentage Rent or any Additional Rent when the same is due and payable, such unpaid amounts shall bear interest at the Maximum Lawful Rate from the date due until the date of receipt by Landlord of such payment. In addition to such interest, Tenant acknowledges that the late payment by Tenant of any monthly installment of Minimum Monthly Rent (and/or late payment of other obligations hereunder) will cause Landlord to incur certain internal administrative costs and expenses not otherwise provided for under this Lease, and that the exact amount of such costs is extremely difficult or impractical

to fix. Such costs and expenses will include but are not limited to internal administrative processing, accounting and review. Therefore, if any such payment is not received by Landlord from Tenant in good funds by the 10th day after the date on which such payment is due, Tenant shall immediately pay to Landlord a late charge equal to the greater of 5% of such payment or \$100. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for its internal administrative loss suffered because of nonpayment or untimely payment by Tenant. Acceptance of this late charge shall not constitute a waiver of Tenant's default with respect to such nonpayment or untimely payment by Tenant, and shall not prevent Landlord from exercising all other rights and remedies available to Landlord under this Lease.

7.7 Application of Payments. Landlord may at its option, apply any payments received from Tenant, to any Minimum Monthly Rent, Monthly Percentage Rent or Additional Rent which is then due and payable. If Landlord shall not make any specific application of a payment received from Tenant, then any payment received from Tenant shall be applied first to the Minimum Monthly Rent, Monthly Percentage Rent or Additional Rent which has been overdue for the longest period of time.

7.8 Address for Payments. All rental and other payments shall be paid by Tenant to Landlord at Landlord's address as shown in the Summary, or at such other place as may occasionally be designated by Landlord in writing.

ARTICLE 8 UTILITIES

Tenant shall, during the entire Term, (i) arrange for and pay any and all initial utility deposits and fees, connection and metering costs, and (ii) all monthly service charges for electricity, gas, water, telephone and any other utility services, except for sewage, furnished to the Premises and the Improvements thereon. Landlord shall not be liable for any loss or damage resulting from an interruption of any of the above services.

8.1 Indemnification. Tenant shall defend, indemnify and save Landlord harmless against any liability or charges on account of any utility services. In case any utility charges are not paid by Tenant when due, Landlord may pay the utility charges to the utility company or department furnishing the utility service, and any amounts so paid by Landlord shall be paid by Tenant to Landlord immediately upon demand by Landlord, as Additional Rent.

8.2 Utility Charges. If a submeter is installed for any utilities, Tenant shall pay Landlord monthly for the utility services so submetered at the same rates which Tenant would pay to the utility company supplying such utility service if such service were supplied by direct meter. If the furnishing of any service by Landlord should be determined to be a public utility service and rates therefor should be fixed or approved by any public authority having jurisdiction, then such rates for any such service shall supersede the provisions of this Lease with respect to the determination of the charges to be paid by Tenant for such service. Landlord may at its option, install separate utility meters at Tenant's expense.

8.3 No Overloading. Tenant shall not have the right to install any equipment which shall exceed the capacity of any utility facilities or which shall require additional utility facilities

without Landlord's prior written approval of Tenant's plans and specifications therefor. If such installation is approved by Landlord, and if Landlord provides such additional facilities to accommodate Tenant's installation, Tenant agrees to pay Landlord, upon demand, the cost of providing such additional utility facilities and all related expenses of any kind. Tenant shall in no event use any of the utility facilities in any way which shall overload or overburden the utility systems.

8.4 Discontinuance. Landlord reserves the right to cut off and discontinue furnishing any heating, ventilation, air conditioning or other utility services furnished or submetered by Landlord at any time after an event of default under this Lease by Tenant. Landlord shall not be liable for any damages resulting from or arising out of such discontinuance of utility services, and such discontinuance shall not constitute a termination of this Lease or an eviction of Tenant. Tenant hereby releases Landlord from any loss, damage or liability sustained by Tenant as a result of such discontinuance.

8.5 Additional Utility Programs. If Landlord now or hereafter elects to provide any type of utility or alarm services to all or a substantial part of the Boardwalk Retail/Restaurant Area, then Tenant shall, upon Landlord's request, participate in the program and pay to Landlord the reasonable cost of installing and providing the services to Tenant. The utility or alarm services which Landlord may provide include, but are not limited to, electricity for lighting, heating and air conditioning, fire, smoke or security alarm systems, telephone systems and/or any other technological advances which may provide a benefit to the tenants or patrons of the Boardwalk Retail/Restaurant Area. If Landlord provides any of such utility or alarm systems, Landlord may also establish a reasonable program, through rules and regulations, for the monitoring of such systems, determining the usage by each Occupant, establishing standards, requirements and limitations on usage, record keeping, construction and maintenance.

8.6 Utility Service by Landlord. If any utilities are provided in whole, or in part, by Landlord, Tenant shall promptly pay to Landlord as Additional Rent Tenant's share of the charges paid by Landlord for the utilities servicing the Premises or the Common Areas during the Term. From and after the Commencement Date, Tenant shall pay to Landlord an amount estimated by Landlord to be the monthly sum payable hereunder by Tenant for such services. Landlord may adjust the monthly estimated sum at the end of each calendar quarter, based on Landlord's experience and reasonably anticipated costs. Within 60 days following the end of each calendar year, Landlord shall furnish Tenant a statement covering the previous year showing the total of said utility expenses payable by Tenant for said year and the payments actually made by Tenant with respect to such period as set forth above. If the sums payable for such utility expenses exceed Tenant's prior payments, Tenant shall pay Landlord the deficiency within 10 days after receipt of such statement. If said payments exceed the sums payable for such expenses, Tenant shall be entitled to offset such excess against payments which next become due to Landlord as set forth above. Tenant shall pay its pro rata share of the utilities expense, which shall be an amount equal to the utilities expense on the Boardwalk Retail/Restaurant Area multiplied by a fraction the numerator of which shall be the floor area of the Premises as determined by Landlord (and as indicated on the cover sheets hereto) and the denominator of which shall be the floor area of all areas available for exclusive use and occupancy by tenants of the Boardwalk Retail/Restaurant Area, whether or not such areas are actually occupied and open for business.

ARTICLE 9 INDEMNITY - RELEASE - INSURANCE - WAIVER OF SUBROGATION

9.1 Indemnity. To the fullest extent permitted by law, Tenant shall indemnify and hold harmless Landlord and its respective officers, employees, elected and appointed officials and volunteers from and against any and all claims, damages, liabilities, losses, Environmental Damages, judgments, lawsuits, causes of action, obligations, penalties, costs, charges and expenses, including without limitation, attorneys' fees and costs and expert witness fees, caused in whole or in part by any intentional, reckless or negligent act or omission of Tenant, any Tenant assignee, licensee, sublessee, or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, or its failure to comply with any of its obligations contained in this Lease, or its failure to comply with any law, and which may be imposed or incurred or asserted (whether real or claimed) against Landlord or its respective officers, employees, elected and appointed officials, contractors, and volunteers by reason of the occurrences listed below during the Term of this Lease. This indemnification obligation shall survive this Lease and shall not be limited by any term of any insurance policy required under this Lease.

(a) Any use, non-use, possession, occupation, condition, operation, conduct of business, maintenance or management of the Premises, or from any activity, work, or other things done, permitted or suffered by Tenant, its agents, contractors, servants, employees or invitees, in or about the Premises, or any part thereof, or any sidewalk, curb, vault, passageway or space adjacent thereto over which Tenant has management responsibilities or control;

(b) Any negligence or wrongful act on the part of Tenant or any of its agents, contractors, servants, employees, sublessees, operators, licensees or invitees;

(c) Any accident, injury or damage to any person or property occurring in, on or about the Premises, or any part thereof, or any sidewalk, curb, vault, passageway or space adjacent thereto over which Tenant has management responsibilities or control;

(d) Any failure on the part of Tenant to maintain, repair, restore or construct the Premises as provided in this Lease, or any failure to perform or comply with any of the other terms, provisions, covenants and conditions contained in this Lease on its part to be performed or complied with; and

(e) All liens, claims and demands arising out of the construction, alteration, repair, restoration or work of improvement on or about the Premises by or on behalf of Tenant or its facilities.

Tenant agrees to give prompt notice to Landlord in case of casualty or accidents in the Premises, or in the case of any incident or omission upon which a claim could be made. In case any action or proceeding is brought against Landlord or its officers, agents and employees by reason of any such claim, Tenant, upon written notice from Landlord, shall at Tenant's expense, resist or defend such action or proceeding by counsel reasonably approved by Landlord in writing. This obligation to indemnify shall include without limitation reasonable attorneys' fees and

investigation costs and all other reasonable costs, expenses and liabilities from the first notice that any claim or demand is to be made or may be made. Notwithstanding the foregoing, Landlord or its officers, agents and employees shall not be entitled to indemnity under the foregoing provision for any claim arising from the willful misconduct or gross negligence of Landlord, its officers, agents and employees.

9.2 Release. Landlord or its agents shall not be liable for interference with the light, air, access to, or for any latent defect in the Premises. Landlord shall not be liable for and Tenant hereby releases Landlord from any loss, damage or liability of any kind, for any injury to or death of persons, for Environmental Damages or for damage to property of Tenant or any other person from any cause whatsoever occurring from and after the Commencement Date by reason of the use, construction, occupancy and enjoyment of the Premises or the Boardwalk Retail/Restaurant Area by Tenant or any person thereon or holding under Tenant, or for any matter for which Tenant indemnifies Landlord. The damages for which Landlord is released include, but are not limited to, damages resulting from (i) any labor dispute, (ii) fire, smoke, explosion, noxious odors, the presence of Hazardous Materials, falling plaster or other building materials, steam, gas, electricity, or other nuisance, (iii) water, dampness, wave action or rain which may leak from or to any part of the Premises or its roof, (iv) failure or rupture of the pipes, appliances, systems, equipment or plumbing works in the Premises or the Boardwalk Retail/Restaurant Area and (v) interruption in utility service. Landlord shall in no event be liable to Tenant or anyone claiming by, under or through Tenant for any loss, damage or liability resulting from the acts or omissions of other Tenants or users of the Boardwalk Retail/Restaurant Area or by any other third person who was not acting under the direction and control of Landlord.

9.3 Waiver of Subrogation. Tenant hereby waives any rights Tenant may have against Landlord on account of any loss or damage occasioned to Tenant, or Tenant's property, arising from any risk generally covered by fire and extended coverage insurance. Tenant's insurance coverages shall be endorsed to state that all insurers waive any rights of subrogation it may have against the City of Redondo Beach, its officers, elected and appointed officials, contractors, employees, and volunteers.

9.4 Insurance Provided by Tenant. From and after delivery of possession of the Premises, Tenant shall carry and maintain, at Tenant's sole cost and expense, the following types of insurance, in the amounts specified and in the forms provided below:

9.4.1 Comprehensive General Liability. Comprehensive General Liability Insurance covering the Premises and Tenant's use thereof against claims for bodily injury or death, personal injury and property damage occurring upon, in or about the Premises regardless of when such claims may be made. Such insurance shall have limits of not less than \$2,000,000 for bodily injury to or death of any number of persons arising out of any one occurrence and \$1,000,000 for property damage arising out of any one occurrence, or a combined single limit of at least \$3,000,000 may be provided in lieu of split limits. These limits shall apply to this location only. The insurance coverage required under this Section shall include coverage for liability hazards as defined in the policy forms and endorsements for premises and operations liability, personal injury liability, broad form property damage liability and contractual liability, which shall extend to liability of Tenant arising out of the indemnities provided in Section 9.1. General Liability

coverage can be provided in the form of an endorsement to Tenant's insurance, or as a separate policy. If required by Landlord from time to time, Tenant shall increase the limits of its comprehensive general liability insurance to reasonable amounts customary for tenants in like Boardwalk Retail/Restaurant Areas. Coverage must be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).

9.4.2 Plate Glass. Insurance covering all plate glass on the Premises. Tenant shall have the option to (i) insure the risk, (ii) post a bond for replacement of any damaged plate glass, or (iii) pay for the immediate replacement of all plate glass if and when any damage occurs.

9.4.3 Boiler and Machinery. Boiler and machinery insurance on all air conditioning equipment and systems exclusively serving the Premises and all electrical facilities and equipment located in the Premises. If said equipment and systems, and the damage that may be caused by them or result from them, are not covered by Tenant's extended coverage insurance, then the insurance specified in this subsection shall be in an amount of not less than Five Hundred Thousand Dollars (\$500,000). If Tenant requires boilers or other pressure vessels to serve the Premises they shall also be insured in the amount required by this subsection.

9.4.4 Direct Property Damage. All Risk Physical Damage Insurance covering Tenant's trade fixtures, merchandise and personal property from time to time in, on or about the Premises, and all leasehold Improvements to the Premises which Tenant is required to maintain pursuant to Section 16.1, specifically including any heating and cooling facilities serving the Premises which may be located outside the Premises provided that Tenant shall have the option to self insure the plate glass. Such insurance (i) shall be written on a replacement cost basis in an amount equal to at least ninety percent (90%) of the replacement cost of the insured property; and (ii) shall provide protection against perils that are covered under standard insurance industry practices within the classification of all risk insurance, including, but not limited to, loss or damage from fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, domestic water damage, collapse, sprinkler leakage, vandalism, malicious mischief, and, if obtainable at commercially reasonable rates, also earthquake, flood and other natural disaster insurance. Tenant's obligations to provide insurance pursuant to this Section shall apply to all Improvements and fixtures, notwithstanding that some or all of such Improvements and fixtures may have been installed by Tenant, Landlord, a prior tenant or any other party at any time before or after the delivery of the Premises to Tenant.

9.4.5 Workers Compensation. Statutory workers compensation insurance (including occupational disease insurance) as may be from time to time required by the laws of the State of California.

9.4.6 Employer's Liability. Employer's liability insurance with a per occurrence limit of not less than \$1,000,000 per accident for bodily injury or disease or such greater amount as is customary for similar employers in the trade area.

9.4.7 Liquor Liability. If, with the consent of Landlord, alcoholic beverages are to be dispensed in the Premises, liquor liability insurance which includes loss of means of support coverage with limits of not less than those set forth in Section 9.3.1 above, for bodily injury or

death and property damage in the event that in any part of the Premises there shall be given, sold or dispensed intoxicating liquors or alcoholic beverages as set forth in the Dram Shop statutes of California.

9.4.8 Business Interruption. Rental insurance (or, as the case may be, use and occupancy insurance) and business interruption or disruption insurance with benefits payable to Landlord in amounts not less than the total Minimum Annual and Monthly Percentage Rentals payable by Tenant to Landlord for the previous year.

9.4.9 Motor Vehicle Liability. Motor vehicle liability insurance governing any autos used in connection with operations at the Premises with coverage at least as broad as Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).

9.4.10 Policy Form. All policies of insurance provided for herein shall be issued by insurance companies (i) with A. M. Best rating of not less than A-X, and (ii) which are California admitted insurers. Any deductibles must be declared to and approved by Landlord in its sole discretion. All such policies shall provide that the full amount of any losses shall be payable for Landlord's benefit under the terms of this Lease notwithstanding any act, omission or negligence of Landlord or Tenant which might otherwise result in a forfeiture of insurance coverage, and shall be issued in the names of Landlord and Tenant, and if requested by Landlord, Landlord's mortgagee or beneficiary, which policies shall be for the mutual and joint benefit and protection of Landlord, Tenant and Landlord's mortgagee or beneficiary. Executed copies of such policies of insurance or certificates and endorsements thereof shall be delivered to Landlord within ten (10) days after the Commencement Date. Thereafter, executed copies of renewal policies or certificates and endorsements thereof shall be delivered to Landlord at least fifteen (15) days prior to the expiration of each term of each such policy. All public liability and property damage policies shall contain a provision that Landlord, although named as an insured, shall nevertheless be entitled to recover under said policies for any loss occasioned by Landlord, its officers, elected and appointed officials, agents, employees and volunteers due to negligence by Tenant. All policies of insurance delivered to Landlord shall contain a provision that the company writing said policy will give to Landlord in writing thirty (30) days' notice in advance of any cancellation or lapse, refusal to renew, suspension or termination of coverage, reduction of any policy limits, increase of any policy deductibles, or other alteration of any terms or conditions of the policy, or of the effective date of any reduction in the amounts of insurance. All of Tenant's insurance coverages shall be written as primary policies, not contributing to, and not as excess coverage to coverage which Landlord may carry. Tenant agrees to permit Landlord, at any reasonable time, to inspect Tenant's policies of insurance of Tenant with respect to the Premises. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

(a) Additional Insured Endorsement:

1. General Liability: "The City of Redondo Beach, its officers, elected and appointed officials, employees and volunteers are to be covered as insureds with respect to liability arising out of ownership, maintenance or use of that part of the premises leased to Tenant."

2. Automobile Liability: "The City of Redondo Beach, its officers, elected and appointed officials, employees and volunteers are to be covered as insureds with respect to liability arising out of automobile owned, leased, hired or borrowed by or on behalf of Lessee."

(b) Each insurance policy shall be endorsed to state that the inclusion of more than one insured shall not operate to impair the rights of one against another insured, and the coverages afforded shall apply as though separate policies had been issued to each insured.

(c) Each insurance policy required by this Lease shall be in effect for the duration of the Lease Term. The maintenance of proper insurance coverage is a material element of the Lease and failure to maintain or renew coverage or to provide evidence of renewal may be treated by Landlord as a default of the Lease on Lessee's part.

9.5 Blanket Coverage. Notwithstanding anything to the contrary set forth in this Article 9, Tenant's obligations to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Tenant; provided, however, (i) that Landlord and other parties in interest to Landlord shall be named as additional insured as their interests may appear and (ii) that the coverage afforded Landlord will not be reduced or diminished by reason of the use of such blanket policy of insurance, and (iii) that the requirements set forth herein are otherwise satisfied.

9.6 Insurance Provided by Landlord. Landlord shall at all times from and after the Commencement Date maintain in effect a policy or policies of insurance covering the Premises in an amount not less than eighty percent (80%) of full replacement cost (exclusive of the cost of land, excavations, foundations and footings) from time to time during the Term, or the amount of such insurance as Landlord's Lender may require Landlord to maintain, whichever is greater. This coverage must provide protection against any peril generally included in the classification "Fire and Extended Coverage," sprinkler damage, vandalism, malicious mischief and business interruptions. In addition, Landlord may, at Landlord's option, obtain insurance against earthquake, flood and other natural disaster damage; but Landlord is not obligated to obtain or continue to maintain such coverage. Landlord's obligation to carry the insurance provided for herein may be brought within the coverage of any so-called blanket policy or policies of insurance carried and maintained by Landlord, provided that the coverage afforded will not be reduced or diminished by reason of the use of such blanket policy of insurance. If Landlord is a municipal governmental entity, Landlord may elect to self insure for the coverage required herein on terms and conditions in accordance with programs and policies of self insurance established and in effect from time to time by Landlord.

9.7 Actions Affecting Insurance. Tenant shall not at any time during the Term carry any stock or goods or do anything in or about the Premises which will in any way tend to increase the insurance rates upon the Boardwalk Retail/Restaurant Area. Tenant shall pay to Landlord, upon demand, the amount of any increase in premiums for insurance that may be charged during the Term, or the amount of insurance coverage required to be carried by Landlord on the Boardwalk Retail/Restaurant Area, resulting from any act of Tenant in or about the Premises which

does so increase the insurance rates, whether or not Landlord shall have consented to such act on the part of Tenant. If Tenant installs upon the Premises any electrical equipment which constitutes an overload of the electrical lines of the Boardwalk Retail/Restaurant Area, Tenant shall, at its own expense, make whatever changes are necessary to comply with the requirements of the insurance underwriters and any governmental authority having jurisdiction, including without limitation, removal and restoration, and nothing herein contained shall be deemed to constitute Landlord's consent to such overloading. Tenant shall, at its own expense, comply with all requirements for Landlord's maintenance of fire and extended coverage insurance for the Premises, including the installation of fire extinguishers or automatic dry chemical extinguishing systems that may be more particularly described elsewhere in this Lease.

9.8 Hazardous Materials. Tenant covenants that no Hazardous Materials shall be brought onto, stored, used, transported or disposed of at the Premises by Tenant or any of its employees, agents, independent contractors, licensees, subtenants or invitees, except for in strict compliance with all laws, rules and regulations controlling the presence and use of such materials. No Hazardous Materials shall be placed into the plumbing or waste treatment systems of the Premises except for systems which are designed to accept Hazardous Materials for treatment and discharge in accordance with the laws applicable thereto. Tenant shall undertake special attention and precautions to prevent the discharge or disposal of any Hazardous Materials into the ocean. Tenant shall hold harmless, indemnify and defend Landlord, its respective councilmembers, elected and appointed officials, employees, volunteers, successors and assigns, (collectively, the "Indemnified Persons") from and against any direct, indirect, or consequential Environmental Damages resulting from or arising out of events occurring on or about the Premises during the Term, except for Environmental Damages arising solely from the acts or omissions of any one of the Indemnified Persons. Tenant's indemnification obligation hereinabove shall survive the expiration of the Term or earlier termination of this Lease.

Tenant covenants to promptly notify Landlord when Tenant becomes aware of (a) the presence of Hazardous Materials on the Premises which were not previously authorized by Landlord in accordance with the provisions of this Section or approved in writing by Landlord, and (b) the release to the Premises or the air of Hazardous Materials, whether or not caused or permitted by Tenant. Such notice shall include as much detail as reasonably possible, including identity of the location, type and quantity of Hazardous Materials released. If the unauthorized existence of Hazardous Materials on the Premises is caused or permitted by the Tenant, or the Tenant releases Hazardous Materials beneath, on or above the Premises, and such existence or release results in Environmental Damages, the Tenant, at its sole expense, shall promptly take all actions required by the Laws applicable thereto to return the Premises to the condition existing prior to the events which resulted in Environmental Damages.

9.9 Adjustment of Coverage. The amounts of insurance coverage shall be adjusted periodically upon the request of the Landlord's "risk manager", and the amounts of adjustments shall not be less than such periodic increases of CPI. As conditions change, Landlord reserves the right to make changes to any provisions or coverage as set forth in this Article 9 as determined by City's risk manager in his or her reasonable discretion.

ARTICLE 10 TENANT'S RIGHT TO MAKE ALTERATIONS

10.1 Landlord's Consent.

(a) Tenant shall not make or permit to be made any alterations, additions or improvements (singularly and collectively "Alterations") to or of the Premises, Boardwalk or Improvements or any part thereof without the prior written consent of Landlord in each instance.

(b) Landlord will not unreasonably withhold its consent to any Alterations provided and upon the condition that all of the following conditions shall be satisfied: (i) the Alterations do not affect the outside appearance of the Premises, Boardwalk or Improvements; (ii) the Alterations are nonstructural and do not impair the strength of the Premises, Boardwalk or Improvements or any part thereof; (iii) the Alterations are to the interior of the Premises and do not affect any part of the Boardwalk or Boardwalk Retail/Restaurant Area outside of the Premises; (iv) the Alterations do not affect the proper functioning of the heating, ventilating and air conditioning ("HVAC"), mechanical, electrical, sanitary or other utilities, systems and services of the Premises or Improvements, or increase the usage thereof by Tenant; (v) Landlord shall have approved the final plans and specifications for the Alterations and all contractors who will perform them; (vi) Tenant pays to Landlord (A) a fee for Landlord's indirect costs, field supervision or coordination in connection with the Alterations equal to ten percent (10%) of the estimated cost of Alterations that are in excess of \$10,000, and (B) the reasonable costs and expenses actually incurred by Landlord in reviewing Tenant's plans and specifications and inspecting the Alterations to determine whether they are being performed in accordance with the approved plans and specifications and in compliance with applicable laws, including, without limitation, the fees of any architect or engineer employed by Landlord for such purpose; (vii) before proceeding with any Alteration which will cost more than \$10,000 (exclusive of the costs of items constituting Tenant's Property, as defined in Section 10.2), Tenant obtains and delivers to Landlord, at Landlord's option, either: (C) a performance bond and a labor and materials payment bond for the benefit of Landlord, issued by a corporate surety licensed to do business in California, each in an amount equal to one hundred twenty five percent (125%) of the estimated cost of the Alterations and in form satisfactory to Landlord, or (D) such other security as shall be reasonably satisfactory to Landlord. Unless all of the foregoing conditions are satisfied, Landlord shall have the right to withhold its consent to the Alterations in Landlord's sole and absolute discretion.

(c) Not less than fifteen (15) days nor more than twenty (20) days prior to commencement of any Alterations, Tenant shall notify Landlord of the work commencement date so that Landlord may post notices of nonresponsibility about the Premises. All Alterations must comply with all applicable laws, the other terms of this Lease, and the final plans and specifications approved by Landlord, and Tenant shall fully and promptly comply with and observe the rules and regulations of Landlord then in force with respect to the making of Alterations. Landlord's review and approval of Tenant's plans and specifications are solely for Landlord's benefit. Landlord shall have no duty toward Tenant, nor shall Landlord be deemed to have made any representation or warranty to Tenant, with respect to the safety, adequacy, correctness, efficiency or compliance with Laws of the design of the Alterations, the plans and specifications therefor, or any other matter regarding the Alterations.

10.2 Ownership and Surrender of Alterations. Upon their installation, all Alterations,

including, but not limited to, wall covering, paneling and built-in cabinetry, but excluding movable furniture, trade fixtures and office equipment ("Tenant's Property"), shall become a part of the realty and belong to Landlord and shall be surrendered with the Premises. However, upon the expiration or sooner termination of the Term, Tenant shall, upon written demand by Landlord, at Tenant's expense, immediately remove any Alterations made by Tenant which are designated by Landlord to be removed and repair any damage to the Premises caused by such removal.

10.3 Liens. Tenant shall pay when due all claims for labor, materials and services furnished by or at the request of Tenant or Tenant's affiliates. Tenant shall keep the Premises, Boardwalk and Boardwalk Retail/Restaurant Area free from all liens, security interests and encumbrances (including, without limitation, all mechanic's liens and stop notices) created as a result of or arising in connection with the Alterations or any other labor, services or materials provided for or at the request of Tenant or Tenant's affiliates, or any other act or omission of Tenant or Tenant's affiliates, or persons claiming through or under them. (Such liens, security interests and encumbrances singularly and collectively are herein called "Liens.") Tenant shall not use materials in connection with the Alterations that are subject to any Liens. Tenant shall indemnify Landlord for, and hold Landlord harmless from and against: (a) all Liens; (b) the removal of all Liens and any actions or proceedings related thereto; and (c) all liabilities incurred by Landlord or Landlord's affiliates in connection with the foregoing. If Tenant fails to keep the Premises, Boardwalk or Boardwalk Retail/Restaurant Area free from Liens, then, in addition to any other rights and remedies available to Landlord, Landlord may take any action necessary to discharge such Liens, including, but not limited to, payment to the claimant on whose behalf the Lien was filed. Tenant shall indemnify Landlord for, and hold Landlord harmless from and against, all liabilities so incurred by Landlord, without regard to any defense or offset that Tenant may have had against the claimant. Neither Landlord's curative action nor the reimbursement of Landlord by Tenant shall cure Tenant's default in failing to keep the Premises, Boardwalk and Boardwalk Retail/Restaurant Area free from Liens.

10.4 Additional Requirements. Alterations shall comply with all Laws. Tenant, at its expense, shall obtain all necessary permits and certificates for the commencement and performance of Alterations and for final approval thereof upon completion, and shall cause the Alterations to be performed in compliance therewith and with all applicable insurance requirements, and in a good, first-class and workmanlike manner. The City shall have all rights to review and approve or disapprove all required submittals in accordance with the City Municipal Code, and nothing set forth in this Lease shall be construed as the City's approval of any or all of the applications or plans for the Alterations. Tenant, at its expense, shall diligently cause the cancellation or discharge of all notices of violation arising from or otherwise connected with Alterations, or any other work, labor, services or materials done for or supplied to Tenant or Tenant's affiliates, or by any person claiming through or under Tenant or Tenant's affiliates. Alterations shall be performed so as not to interfere with any other tenant in the Boardwalk or Boardwalk Improvements, cause labor disharmony therein, or delay or impose any additional expense on Landlord in the construction, maintenance, repair or operation of the Boardwalk or Boardwalk Retail/Restaurant Area. Throughout the performance of the Alterations, Tenant, at its expense, shall carry, or cause to be carried, in addition to the insurance described in this Lease, Workers' Compensation insurance in statutory limits and such other insurance as Landlord may

reasonably require, with insurers reasonably satisfactory to Landlord. Tenant shall furnish Landlord with satisfactory evidence that such insurance is in effect at or before the commencement of the Alterations and, upon request, at reasonable intervals thereafter until completion of the Alterations.

10.5 Compliance with Applicable Prevailing Wage Requirements. The Tenant shall carry out the construction of all Alterations in conformity with all applicable laws. Although the parties believe that California law does not require the payment of prevailing wages or the hiring of apprentices as a result of this Lease because the parties intend that the Premises is being leased to Tenant at its fair market rental value, and no other subsidies or financial assistance is being provided to Tenant by Landlord hereunder, Tenant shall be solely responsible for determining and effectuating compliance with such laws, and Landlord makes no representation as to the applicability or non-applicability of any of such laws to the construction of the Alterations. Tenant hereby expressly acknowledges and agrees that the Landlord has not previously affirmatively represented to the Tenant or its contractor(s) for the construction of the Alterations, in writing or otherwise, in a call for bids or otherwise, whether the Alterations are a “public work,” as defined in Section 1720 of the Labor Code. If work required to be performed by the Tenant is finally determined by a court of competent jurisdiction to be subject to prevailing wage laws, then the Landlord acknowledges that the work is a “public work,” and the following requirements apply:

- a. Landlord shall obtain the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in this locality for each craft, classification, or type of workman needed for the Alterations.
- b. Tenant shall obtain those rates from the Director of Department of Industrial Relations at <http://www.dir.ca.gov/dlsr/DPreWageDetermination.htm> or from the Landlord.
- c. Tenant shall provide a copy of prevailing wage rates to any staff or subcontractor hired, and shall pay the adopted prevailing wage rates as a minimum.
- d. Tenant shall comply with the provisions of Labor Code Sections 1771, 1773.2, 1773.8, 1774, 1775, 1776, 1777.5, 1777.6, 1777.7, 1810, 1813 and 1815 and California Administrative Code Title 8, Section 200 et seq.
- e. Pursuant to the provisions of Section 1775 of the Labor Code, Tenant shall forfeit to the Landlord, as a penalty, the sum of \$200.00 for each calendar day, or portion thereof, for each laborer, worker or mechanic employed, paid less than the stipulated prevailing rates for any work done under this Lease, by him or by any subcontractor under him, in violation of the provision of the Lease.

To the maximum extent permitted by law, Tenant shall defend (at Tenant’s expense with counsel reasonably acceptable to the Landlord), indemnify and hold harmless the Landlord and its officers, employees, elected or appointed officials, volunteers, contractors and agents from and against any and all loss, demand, liability, damage, claim, cost, expense and/or “increased costs” (including reasonable attorneys’ fees, court and litigation costs, and fees of expert witnesses) which, in connection with the construction of the Alterations, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Tenant or any of his subcontractors of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages); (2) the

implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (3) failure by Tenant or any of his subcontractors to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the construction of the Alterations, including, without limitation, any and all public works (as defined by applicable law), Tenant shall bear all risks of his and his subcontractors' payment or non-payment of prevailing wages under California law and the implementation of Labor Code Section 1781, as the same may be amended from time to time, and any other similar law. "Increased costs," as used in this Section, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Lease.

ARTICLE 11 MECHANICS' LIENS

11.1 No Liens. Tenant shall do all things necessary to prevent the filing of any mechanics' or other lien against the Boardwalk Retail/Restaurant Area, the Premises, the underlying real property or any part thereof by reason of work, labor, services or materials supplied or claimed to have been supplied to Tenant, or anyone holding the Premises, or any part thereof, through or under Tenant, or by reason of Tenant's failure to pay any Taxes which Tenant is required to pay. If any lien shall at any time be filed against the Boardwalk Retail/Restaurant Area or the Premises or any part thereof, Tenant shall either cause the lien to be discharged of record immediately after the date of filing of the lien or, if Tenant in its discretion and in good faith determines that such lien should be contested, Tenant shall furnish such security as may be necessary or required, in Landlord's judgment, to prevent any foreclosure proceedings against the Boardwalk Retail/Restaurant Area, the Premises or any part thereof and to permit a reputable title insurance company to insure over the lien during the pendency of such contest. If Tenant shall fail to discharge such lien immediately or fail to furnish such security, such inaction shall constitute a default under this Lease and, in addition to any other right or remedy of Landlord resulting from Tenant's default, Landlord may, but shall not be obligated to, discharge the lien either by paying the amount claimed to be due or by procuring the discharge of such lien by giving security or in such other manner as is, or may be, deemed necessary by Landlord. Tenant shall, within three (3) days after Landlord's request, hire an attorney acceptable to Landlord who agrees with Landlord in writing to represent Landlord and Tenant, at Tenant's sole cost, in connection with the discharge of the lien and protection of the Premises and Boardwalk Retail/Restaurant Area. If such written confirmation is not received by Landlord from an acceptable attorney within such three (3) day period, Landlord may hire an attorney to represent Landlord's interest in connection with any such lien, at Tenant's sole cost. Tenant shall repay to Landlord upon demand, all sums disbursed, expended, incurred or deposited by Landlord pursuant to the foregoing provisions of this Section 11.1, including Landlord's costs, expenses and reasonable attorneys' fees incurred by Landlord in connection therewith. Nothing contained in this Lease shall imply any consent or agreement on the part of Landlord to subject Landlord's estate to liability under any mechanics' or other lien law.

11.2 Notices of Non-Responsibility. Landlord or its representatives shall have the right to enter and inspect the Premises at all reasonable times, and shall have the right to post and keep posted thereon notices of non-responsibility or such other notices which Landlord may deem to be proper for the protection of Landlord's interest in the Premises. Tenant shall, before the

commencement of any work which might result in any putative lien, give to Landlord written notice of its intention to do so in sufficient time to enable the posting of such notices.

11.3 Security for Contested Claims. If Tenant desires to contest any claim of lien, it shall furnish Landlord adequate security for 150% of the amount of the claim, plus estimated costs and interest, or the bond of a responsible corporate surety in such amount, conditioned upon the discharge of the lien. If a final judgment establishing the validity or existence of a lien for any amount is entered, Tenant shall immediately pay and satisfy such judgment.

11.4 Landlord's Rights. If Tenant is in default in paying any charge for which a mechanics' lien claim and suit to foreclose the lien have been filed, and has not given Landlord security to protect the Premises and Landlord against such claim of lien, Landlord may (but shall not be so required to) pay said claim and any associated costs. The amount so paid, together with reasonable attorneys' fees incurred in connection therewith, shall be immediately due and payable from Tenant to Landlord. Interest shall accrue on such amount from the dates of Landlord's payments at the Maximum Lawful Rate.

ARTICLE 12 ADVERTISING MEDIA

12.1 Approved Advertising. Tenant shall erect signs in accordance with the provisions of the sign criteria labeled Exhibit E. Tenant hereby receives Landlord's consent to affix a sign to a lower corner of the door or front window of the Premises, showing the name, address and telephone number of Tenant. Any and all signage pertaining to Tenant's business must be approved by all necessary public agencies prior to installation. Any signage currently on the Premises will be considered new signage as of the Commencement Date, and therefore, must receive the proper approval (from Landlord and all appropriate governmental agencies) to remain on the Premises.

12.2 Landlord's Consent Required. Tenant shall not affix or maintain any signs, advertising placards, names, insignia, trademarks, descriptive material or any other such item or items except with the prior written approval of Landlord as to size, type, color, location, copy, medium, structure and aesthetic qualities on any of the glass panes and supports of the show windows, doors and the exterior walls nor within twenty-four (24) inches of any window of the Premises.

12.3 Advertising Outside Premises. No advertising medium shall be utilized by Tenant which can be heard or experienced outside the Premises, including but not limited to flashing lights, searchlights, loudspeakers, phonographs, radios or televisions. Tenant shall not display, paint or place any handbills, bumper stickers or other advertising devices on any vehicle parked in the parking area of the Boardwalk Retail/Restaurant Area, nor shall Tenant distribute, or cause to be distributed, in the Boardwalk Retail/Restaurant Area or on the Property, any handbills or other advertising devices without the prior written consent of Landlord. Landlord may enter upon the Premises to remove any non-conforming signs, etc. Tenant shall not decorate, paint, alter, install canopies, devices, fixtures, antennas or attachments to the exterior or roof of the Premises. Tenant agrees to keep the walkway in front of the Premises free of all obstructions, including, but not limited to, temporary displays and signage.

ARTICLE 13 FIXTURES AND PERSONAL PROPERTY; PAYMENT OF TAXES.

13.1 Removable Trade Fixtures. Any Removable Trade Fixtures shall remain the property of Tenant and Landlord agrees that Tenant shall have the right to remove any and all of its Removable Trade Fixtures which it may have stored or installed in the Premises, provided Tenant is not in breach or violation of any of its duties or obligations under the terms of this Lease. Nothing in this Article shall be deemed or construed to permit Tenant to remove such Removable Trade Fixtures without the immediate replacement thereof with similar property of comparable or better quality, if such removal renders the Premises unsuitable for conducting the type of business specified in Exhibit B. Tenant shall, at its expense, immediately repair any damage to the Premises caused by the removal of any such trade fixtures, signs, and other personal property. Upon expiration or termination of this Lease, Tenant shall leave the Premises in a neat and clean condition, free of debris. All Removable Trade Fixtures installed in or attached to the Premises by Tenant must be new when so installed or attached.

13.2 Improvements and Tenant's Work. All Improvements to the Premises by Tenant, including but not limited to mechanical systems, light fixtures, floor coverings and partitions, but excluding Removable Trade Fixtures, shall become the property of Landlord upon expiration or termination of this Lease.

13.3 Taxes on Improvements and Fixtures. Tenant shall pay before delinquency, any and all taxes, assessments, license fees and public charges levied, assessed or imposed upon its business operation, Removable Trade Fixtures, leasehold improvements, merchandise and other personal property in, on or upon the Premises. In the event any of such items of property are assessed with the property of Landlord, then such assessment shall be equitably allocated between and paid by Landlord and Tenant, and any portion of such assessment levied on the property of Landlord shall be paid to Landlord as Additional Rent. Landlord shall determine the basis of prorating any such assessments and such determination shall be binding upon both Landlord and Tenant.

13.4 Notice of Possessory Interest; Payment of Taxes and Assessments. City is a public entity, and as such, Landlord's underlying fee and reversionary interest in the subject property is, or may be, exempt from property tax assessments. **In accordance with California Revenue and Taxation Code Section 107.6(a), Landlord hereby informs Tenant that by entering into this Lease a possessory interest in Tenant subject to property taxes may be created, and if so, Tenant or other party in whom the possessory interest is vested may be subject to the payment of property taxes levied on such interest.**

In the event the Landlord shall no longer be exempt from property tax assessments and Tenant is not separately assessed for its possessory interest and Improvements on the Premises, Tenant shall, as Additional Rent, pay (or, if Landlord is assessed and pays, shall pay to Landlord) that portion of any assessment levied against or upon the Boardwalk Retail/Restaurant Area or Landlord's interest therein that represents the value of the Tenant's leasehold interest and the value of the Improvements of the Premises that would have been assessed and levied upon the Premises

had it been assessed as such possessory interest. The amount of any tax or excise payable by or assessed against Tenant shall be paid by Tenant before it becomes delinquent.

Landlord and Tenant recognize and acknowledge that there may be changes in the current real property tax system and that there may be imposed new forms of taxes, assessments, charges, levies or fees placed on, or levied in connection with the ownership, leasing, occupancy or operation of the Boardwalk Retail/Restaurant Area or the Premises. Any new or increased tax, assessment, charge, levy or fee which is imposed or increased as a result of or arising out of any change in the structure of the real property tax system or any limitation on the real property taxes which can be assessed on real property including, but not limited to, any and all taxes, assessments, charges, levies and fees assessed or imposed due to the existence of this Lease (including any surcharge on the income directly derived by Landlord therefrom) or for the purpose of funding special assessment districts of the type funded by real property taxes, shall also be included within the meaning of "taxes". With respect to any general or special assessment which may be levied against or upon the Premises or the Boardwalk Retail/Restaurant Area and which under the laws then in force may be evidenced by improvement or other bonds, or may be paid in periodic installments, there shall be included within the meaning of "taxes" with respect to any tax fiscal year only the amount currently payable on such bond for such tax fiscal year, or the periodic installment for such tax fiscal year. With respect to any tax fiscal year only the amount currently payable on such bond for such tax fiscal year, or the periodic installment for such tax fiscal year. During any part of the Term which shall be less than a full tax fiscal year, Taxes applicable to the Premises shall be prorated on a daily basis between Landlord and Tenant so that Tenant shall pay only the Taxes attributable to the portion of the tax fiscal year occurring within the term of this Lease. In the event that any Taxes are payable after the end of a tax fiscal year, Landlord may nevertheless collect Taxes applicable to the Premises from Tenant as set forth above (in a tax fiscal year) and treat Tenant's payments as payments on account of Taxes payable after the tax fiscal year.

ARTICLE 14 ASSIGNING, MORTGAGING, SUBLETTING, CHANGE IN OWNERSHIP

14.1 Prohibition Against Transfer. Tenant acknowledges that as a government entity, Landlord must make many of its lease decisions in public, and therefore has unique concerns regarding the composition of tenants. Tenant further acknowledges that given the unique "attraction park" nature of the property, the importance of the Harbor and Boardwalk areas in bringing revenues to the City, and the importance of the Harbor and Boardwalk areas to the image of Redondo Beach, Landlord has further unique concerns regarding the composition of tenants. Accordingly, Tenant agrees that Tenant shall not have the power to transfer or assign this Lease, sublet the Premises, enter into license or concession agreements, or change ownership (such transactions are hereinafter individually and collectively referred to as a "Transfer"), without first obtaining the written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion.

14.2 Restrictions on Transfer. If Tenant desires to apply for Landlord's consent for a Transfer to anyone (a "Transferee"), Tenant shall give written notice ("Transfer Notice") to Landlord at least 60 days before the effective date of any such proposed Transfer. The Transfer

Notice shall state (a) whether Tenant proposes to assign the Lease, sublet the Premises, enter into a license or concession agreement or change ownership, (b) the proposed effective date of the Transfer, (c) the identity of the proposed Transferee, (d) all other material terms of the proposed Transfer, (e) in detail the type of business operation the proposed Transferee intends to conduct on the Premises and (f) Tenant's warranty and representation that Tenant is not in breach or violation of any of its obligations or duties under this Lease (or, if there is such a breach or violation, a statement identifying such breach or violation). The Transfer Notice shall be accompanied by a copy of the proposed agreement documenting the Transfer, or if none, a copy of any offers, draft agreements, letters of commitment or intent and other documents pertaining to the proposed Transfer. In addition, the Transfer Notice shall be accompanied by the proposed Transferee's income statements and balance sheets covering the preceding 36-month period, and each shall be certified as accurate by the Transferee.

If Landlord consents to the proposed Transfer, Tenant may thereafter promptly effect a Transfer in accordance with the terms of Tenant's Transfer Notice. If Landlord consents to the proposed Transfer and Tenant does not consummate the proposed Transfer within 30 days after receipt of Decision Notice, the provisions of the first paragraph of this Section 14.2 shall again apply. Any Transfer without Landlord's prior written consent shall be immediately void and shall constitute a default hereunder.

14.3 No Release from Liability. No Transfer, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of Tenant's obligations under this Lease, from its covenants and obligations hereunder during the Term. Tenant shall, promptly upon demand, reimburse Landlord for Landlord's reasonable attorneys' fees and administrative expenses incurred in conjunction with the processing and documentation of any requested Transfer.

14.4 Transferees's Obligations. Each Transfer to which Landlord has consented shall be evidenced by a written instrument in form satisfactory to Landlord, and executed by Tenant and the Transferee. Each such Transferee shall agree in writing for the benefit of Landlord to assume, be bound by, and perform the terms, covenants and conditions of this Lease to be performed, kept or satisfied by Tenant, including the obligation to pay to Landlord all amounts coming due under this Lease. One fully executed copy of such written instrument shall be delivered to Landlord. Failure to obtain in writing Landlord's prior consent or otherwise comply with the provisions of this Article 14 shall prevent any Transfer from becoming effective.

14.5 Assignee's or Subtenant's Rent. Upon the effective date of any Assignment, the Minimum Monthly Rent shall be increased to the highest of (i) the rentals payable by any assignee or subtenant pursuant to such Assignment or Subletting, (ii) an amount equal to the total of the Minimum Monthly Rent, as adjusted under Section 7.3 hereof, plus Percentage Rental, required to be paid by Tenant pursuant to this Lease during the twelve (12) month period immediately preceding such Assignment, or (iii) an amount equal to the Minimum Monthly Rent as adjusted under Section 7.3 hereof, but using as the numerator of the fraction described therein the CPI as of the effective date of such Assignment. In no event shall the Minimum Monthly Rent after such Assignment be less than the Minimum Monthly Rent during the period immediately preceding.

14.6 Further Restrictions. Tenant shall not, without the prior written consent of

Landlord (which consent may be granted or withheld in Landlord's sole discretion), mortgage, encumber or hypothecate this Lease or any interest herein. Tenant shall not permit the Premises to be used by any party other than Tenant or a permitted Transferee. Any of the foregoing acts without such consent shall be void and shall, at the option of Landlord, terminate this Lease. For purposes of this Article 14, if Tenant is a partnership, a limited liability company or other association other than a corporation, any withdrawal(s) or change(s) of a Principal Owner or if Tenant is a corporation, any transfers cumulating 25% or more of its stock, shall constitute a voluntary Transfer and shall be subject to the provisions hereof. This Lease shall not, nor shall any interest of Tenant herein, be assignable by operation of law without the written consent of Landlord.

ARTICLE 15 **TENANT'S CONDUCT OF BUSINESS**

15.1 Continuous Operation. Tenant covenants to open for business with the general public adequately staffed with workers, merchandise and fixtures in accordance with the Use of Premises to which it is restricted under this Lease. From and after the date Tenant opens for business, Tenant shall continuously (except for reasonable temporary periods necessary for maintenance, repairs, installation of equipment and tenant improvements) and uninterruptedly conduct within the Premises the business which it is permitted to conduct under this Lease except while the Premises are untenable by reason of fire or other casualty. Tenant shall at all times keep and maintain within and upon the Premises an adequate staff of workers and stock of merchandise and trade fixtures to service and supply the usual and ordinary demands of its customers, and shall keep the Premises in a neat, clean and orderly condition. Tenant shall continuously, actively and diligently operate its business in the entire Premises in a high grade and reputable manner throughout the term of this Lease, maintaining in the Premises an adequate staff of employees and a full and complete stock of merchandise. The Premises shall be personally supervised by competent personnel who have power to act on behalf of Tenant. In general, Tenant shall employ its best business judgment, efforts and abilities to operate Tenant's business in an efficient and businesslike manner. It is expressly understood and agreed that Landlord does not consider Minimum Monthly Rent in itself a fair and adequate rental for the Premises and would not have entered into this Lease unless Tenant had obligated itself to pay Monthly Percentage Rent, which Landlord expects to supplement the Minimum Monthly Rent to provide fair and adequate rental return. It is the intent of Landlord and Tenant that Tenant produce the maximum Gross Sales possible during the Term. Therefore, if Tenant fails to continuously operate its business in accordance with the terms of this Lease, fails to keep the required store hours, or vacates the Premises prior to the expiration of the term hereof, Tenant shall pay Monthly Percentage Rent in an amount not less than Default Monthly Percentage Rent for each Month during which such failure or vacation has occurred, notwithstanding that for each such Month Tenant also submits a Monthly Statement. In addition, Landlord shall have the right to treat any of such events as a material default and breach of this Lease.

15.2 Hours of Operation. Recognizing that it is in the interests of both Tenant and Landlord to have regulated hours of business for all of the Boardwalk Retail/Restaurant Area, if Tenant conducts a retail business, then Tenant shall remain open for business during the Minimum Hours of Operation. Landlord retains the right (but not the obligation) to change the Minimum Hours of Operation to those hours, if any, other businesses in the Boardwalk Retail/Restaurant

Area are normally open for business. Tenant shall adequately illuminate its window displays, exterior signs and exterior advertising displays continuously during all Minimum Hours of Operation as determined in Landlord's sole and absolute discretion. The foregoing provisions shall be subject to the hours of operation prescribed by any governmental regulations or labor union contracts to which the Tenant's business is subject. Tenant's failure to keep the Premises open for business during the Minimum Hours of Operation shall be conclusively deemed for any and all purposes to be a violation or breach of a condition, covenant or obligation of this Lease which cannot afterward be cured or performed, but which may be enforced by Landlord by an action for specific performance, in addition to any other remedies available to Landlord.

15.3 Non-Competition. Because Monthly Percentage Rent is a material consideration of this Lease, and in order to achieve maximum sales volume, Tenant, any affiliate and any Guarantor of the Lease, (and their respective officers, directors, and stockholders or partners) shall not directly or indirectly own, operate, manage or have any interest in the profits of any similar store or business (unless in operation on the date of this Lease and identified in the Rider, Exhibit G) within a radius of three (3) miles from the perimeter of the Boardwalk Retail/Restaurant Area. Without limiting Landlord's remedies, if Tenant violates any provision of this Section, Landlord may, at its option, include the gross sales of such other competing stores or businesses in the Gross Sales transacted in the Premises for the purpose of computing Monthly Percentage Rent due hereunder, as though the sales of such competing stores or businesses had actually been made from the Premises. If Landlord so elects, all of the provisions of Article 7 hereof shall be applicable to all records pertaining to such competing stores or businesses. Any competing stores or businesses existing as of the date of this Lease and specified in the Rider that would violate this Non-Competition section may continue to be operated, managed, conducted and owned in the same manner and location as on the date of this Lease.

ARTICLE 16 REPAIRS AND MAINTENANCE

16.1 Tenant's Maintenance. In addition to the duties, restrictions and obligations of Tenant in Section 4.2 above, Tenant shall, at its own cost and expense, repair, replace and maintain in good and tenantable condition (a) the Premises and every part thereof (except that portion of the Premises to be maintained by Landlord as hereinafter provided), (b) the utility meters, lines, pipes and conduits, all fixtures, air conditioning equipment and heating equipment and other equipment or fixtures exclusively serving the Premises, located within and without the Premises regardless of whether (i) such equipment or fixtures are installed or owned by Landlord or Tenant as part of any equipment system or (ii) are attached to the exterior of or installed on the roof of the Premises by Tenant or Landlord; (c) the storefront or storefronts and all signs, locks and closing devices, window sashes, casements or frames, doors and door frames, floor coverings (including carpeting, terrazzo or other special flooring). Tenant shall perform all such items of repair, maintenance, alteration, improvement or reconstruction as may at any time or from time to time be required by a Governmental Agency having jurisdiction over the Premises. Tenant shall contract with a service company, acceptable to Landlord, for the monthly maintenance of the heating, ventilating and air conditioning equipment exclusively serving the Premises, and shall furnish to Landlord a copy of the service contract within ten (10) days after Tenant opens the Premises to the public for business, and shall furnish to Landlord a copy of any subsequent contract entered into by Tenant from time to time during the Term. Tenant shall promptly replace at its own expense any broken glass, both

exterior and interior, with glass of the same kind, size and quality and shall cause the exterior of the Premises to be painted not later than the end of every third Lease Year in accordance with the specifications required by the "Design Criteria" adopted by Landlord for the Boardwalk Retail/Restaurant Area. Tenant shall make no adjustment, alteration or repair of any part of the sprinkler or sprinkler alarm system within or outside the Premises without Landlord's consent in its sole discretion. Tenant acknowledges and understands that the concrete roof structure above the Premises was not specifically designed or constructed in such a manner to prevent water leakage or intrusion below into the Premises. Tenant hereby agrees to maintain the Premises in a "water-tight" manner to prevent water intrusion or leaking from above, including, but not limited to, maintaining the ceiling of the Premises.

16.2 Landlord's Right to Repair. If Tenant fails to make repairs and/or maintain the Premises or any part thereof in a manner reasonably satisfactory to Landlord, Landlord shall have the right to elect to make such repairs or perform such maintenance on behalf of and for the account of Tenant after five (5) days' notice of such election. No notice shall be required in the event of an emergency. The cost of such work shall be paid by Tenant as Additional Rent promptly upon receipt of a bill therefor.

16.3 Surrender of Premises. Upon expiration or termination of the Lease, Tenant shall deliver the Premises to Landlord in good order, condition and state of repair, ordinary wear and tear excepted. Upon request of Landlord, Tenant shall execute and deliver to Landlord in recordable form a quitclaim deed for the Premises.

16.4 Landlord's Maintenance. Subject to the foregoing provisions, Landlord shall keep and maintain in good and tenantable condition and repair the structural integrity of the foundation and pilings which support the Premises and of the roof, exterior bearing walls (excluding the interior of all walls and the exterior and interior of the store fronts, all windows, doors and plate glass and interior ceilings) and structural parts of the Premises, the main trunk lines, pipes and conduits outside the Premises for the furnishing to the Premises of various utilities (except to the extent that the same are the obligations of the appropriate utility company). Landlord reserves the right to charge Tenant with the cost of any Landlord repairs that would otherwise be within Tenant's maintenance responsibilities set forth above. Notwithstanding the foregoing, Landlord shall not be required to make repairs (a) necessitated by reason of (i) the negligence or omission of Tenant or anyone claiming under Tenant, (ii) the failure of Tenant to perform or observe any conditions or agreements in this Lease, or (iii) alterations, additions, or Improvements made by Tenant or anyone claiming under Tenant or (b) casualties for which Landlord is not required to (and does not) carry insurance or for insured casualties for which available insurance proceeds are not sufficient to pay the costs of such repair. Landlord shall have no liability to Tenant for failure to make repairs unless (i) Tenant has previously notified Landlord in writing of the need for such repairs and (ii) Landlord has failed to commence and complete said repairs within a reasonable period of time following receipt of Tenant's written notification. Tenant shall be responsible for all damage resulting from any delays in making required repairs occasioned by Tenant's failure to give prompt notice as Landlord's obligation to repair is conditioned thereon.

As used in this Section, "exterior walls" shall not include storefronts, plate glass, window cases or window frames, doors or door frames, security grills or similar enclosures. Landlord shall

be under no obligation to make any repairs, alterations, renewals, replacements or Improvements to and upon the Premises or the mechanical equipment exclusively serving the Premises at any time except as expressly provided in this Article. If Landlord fails to begin making such repairs to the Premises or perform such maintenance of the Premises as it is obligated to do by the terms hereof within a reasonable time after Landlord's receipt of written notice, Tenant's sole right and remedy for such failure on the part of Landlord shall be, after further written notice to Landlord, to cause such repairs to be made or such maintenance to be performed to the Premises in a first class workmanlike manner and in compliance with all applicable governmental, insurance and warranty requirements and the standards set forth in this Lease. Upon completion of such repair or maintenance Tenant must submit to Landlord its invoice for the actual, direct costs and expenses of the repairs or maintenance, which Landlord shall pay promptly after demand, provided that the costs and expenses shall not exceed the reasonable cost of such repairs or maintenance. Tenant hereby releases Landlord from, and agrees that Tenant shall be liable for, any damages resulting from Tenant's failure to properly perform any repairs or maintenance which Tenant elects to perform under this Section 16.4.

16.5 Landlord's Entry. Upon reasonable notice by Landlord, Tenant shall permit Landlord or its authorized representatives to enter the Premises at all times during normal business hours for purposes of inspection. Tenant shall permit Landlord or any person authorized by Landlord to enter upon the Premises and make any necessary repairs to the Premises or to perform Landlord's maintenance required of Landlord under Section 16.4 and to perform any work therein (i) which may be necessary to comply with any laws, ordinances, rules or regulations of any public authority, of any insurer of the Premises, or of any rating bureau or insurance underwriters of Landlord, or (ii) that Landlord may deem necessary to prevent waste or deterioration in connection with the Premises if Tenant does not make or cause such repairs to be made or performed promptly after receipt of written demand from Landlord, or (iii) that Landlord may deem necessary to perform remodeling, construction or other work incidental to any portion of the Boardwalk Retail/Restaurant Area or the pilings and other structures supporting the Boardwalk Retail/Restaurant Area, including but not limited to work on the bikepath level above the Premises or the premises of another tenant adjacent to the Premises or to enforce any provision of this Lease or to cure any default of Tenant. Landlord shall use its best efforts not to interfere unreasonably with Tenant's business during the conduct of any such work. If such work of Landlord unreasonably interferes with the ability of Tenant to conduct its business on the Premises as required by this Lease, during the period of such unreasonable interference the Minimum Monthly Rent shall be partially abated in proportion to the amount of such unreasonable interference; and in the event such work fully prevents Tenant from conducting its business as required, the Minimum Monthly Rent shall be fully abated during such period, and such interference shall not be claimed by Tenant as constituting a constructive eviction by Landlord; provided, however, that the Minimum Monthly Rent shall not be reduced to a level lower than the amount of the Business Interruption Insurance required to be provided by Tenant in Section 9.3.8. Nothing herein contained shall imply any duty on the part of Landlord to do any such work which, under any provision of this Lease, Tenant may be required to do, nor shall it constitute a waiver of Tenant's default in failing to perform such work. No exercise by Landlord of any rights herein reserved shall entitle Tenant to any damage for any injury or inconvenience occasioned by the exercise of such rights. In the event Landlord makes any repairs pursuant to subsections (i) or (ii), Tenant shall pay the cost thereof to Landlord as Additional Rent, promptly upon receipt of a bill therefor.

16.6 Display. Landlord and its authorized representatives may enter the Premises at any time during business hours for the purpose of exhibiting the Premises to prospective developers, lenders, assignees, or master leaseholders. During the final six (6) months of the term of this Lease, Landlord may exhibit the Premises to prospective tenants.

ARTICLE 17 RECONSTRUCTION

17.1 Damage or Destruction by Casualty. In case of any damage to or destruction of the Improvements on the Boardwalk Retail/Restaurant Area or the Common Area or the Improvements on the Premises, or any part thereof, and subject to the next sentence, if the insurance proceeds available to Landlord, if any, on account of such damage or destruction to the Premises are sufficient for the purpose, Landlord shall within a reasonable period of time commence and complete the restoration, replacement or rebuilding of the Improvements, together with such alterations and additions, or variations from the original plans for the exterior elevations (including materials selection and color) or the size, bulk and scale of the Improvements and such alterations or changes as are required by then current building codes (such restoration, replacement, rebuilding, alterations and additions, together with any temporary repairs and property protection pending completion of the work being herein called "Restoration"). If the Improvements on the Premises are damaged during the last three (3) years of the Lease Term, or if the insurance proceeds collected with respect to such Improvements are not sufficient to complete Restoration, or if there are no insurance proceeds for the Improvements, or if Landlord elects not to undertake Restoration of the Improvements, then Landlord shall have the right to notify Tenant of such election and this Lease shall terminate as to the Premises. Tenant shall repair and restore Tenant's betterments, trade fixtures, equipment, inventory or other installations or Improvements of Tenant in, on or about the Premises, and such Improvements as Tenant is required to insure, and/or repair and maintain under this Lease.

17.2 Termination Upon Substantial Damage. Notwithstanding anything to the contrary contained in this Lease, Landlord may, at its option, terminate this Lease upon thirty (30) days' notice to Tenant (said notice to be given not later than one hundred (100) days after the later of the occurrence of any damage or destruction or written notification from Tenant to Landlord of such occurrence) if: (i) the Premises, the Boardwalk Retail/Restaurant Area or the Common Area shall be damaged or destroyed and Landlord's architect shall certify in writing that the extent of the damage or destruction is twenty-five percent (25%) or more of the replacement value of any of the respective Premises, Boardwalk Retail/Restaurant Area or the Common Area (excluding the replacement value of trade fixtures, equipment, inventory or other installations or Improvements not permanently affixed to the real estate) immediately prior to the occurrence of the damage or destruction, or (ii) the damage or destruction is such that, in Landlord's judgment, restoration cannot be completed within one hundred twenty (120) days of the commencement thereof regardless of the cost of such restoration or repair. The effective date of the termination shall be the date of the occurrence of the damage or destruction.

17.3 Commencement of Restoration. If the Premises shall be damaged or destroyed, and either the provisions of Section 17.2 shall not apply, or the provisions of Section 17.2 shall apply but Landlord shall not have elected to terminate this Lease, Landlord and Tenant shall

commence their respective obligations of repair and restoration set forth in Section 17.1 as soon as practicable, and shall prosecute the same to completion with all due diligence.

17.4 No Abatement of Rent. During the period of any damage, repair or restoration provided for in Section 17.1, the Minimum Monthly Rent for the Premises shall not be abated in any way except if the Premises is not repaired or restored within six months from the date of the damage or destruction and such is due to the fact that Landlord failed to prosecute its repairs and restoration with all due diligence, then Minimum Monthly Rent for the Premises shall abate from the sixth month date after the date of such damage or destruction until that date upon which the Premises is repaired and restored, or such earlier date on which it should have been repaired and restored if Tenant had prosecuted its repairs and restoration with all due diligence; provided, that Tenant shall not be liable for any Minimum Monthly Rent to the extent that Landlord is paid benefits for such the loss of Minimum Monthly Rent from the Business Interruption Insurance required to be provided by Tenant in Section 9.3.8. Tenant shall continue or cause to be continued the operation of the businesses in the Premises during any such period to the extent reasonably practicable. Tenant's obligation to pay all other amounts payable under this Lease shall continue. Tenant shall not be entitled to any abatements or reductions or to any compensation, damage or offset for loss of the use of the whole or any part of the Premises and/or any inconvenience or annoyance occasioned by any damage, destruction, repair or restoration.

17.5 Remedies Limited. As a material inducement to entering into this Lease, Tenant irrevocably waives and releases its rights under the provisions of Section 1932(2) and 1933(4) of the California Civil Code, it being the intent of the parties hereto that the express terms of this Lease shall control under any circumstances in which those provisions might have otherwise applied. Said Sections whose effect are being waived presently provide as follows:

Section 1932: "The hirer of a thing may terminate the hiring before the end of the term agreed upon:...2. When the greater part of the thing hired, or that part which was and which the letter had at the time of the hiring reason to believe was the material inducement to the hirer to enter into the contract, perishes from any other cause than the want of ordinary care of the hirer."

Section 1933: "The hiring of a thing terminates:...4. By the destruction of the thing hired."

ARTICLE 18 **COMMON AREAS**

18.1 Use of Common Areas. Subject to the provisions of Section 18.4, Tenant and its employees and invitees are authorized, empowered and privileged to non-exclusive use of the Common Areas during the Term. Tenant hereby acknowledges that, as of the date of this Lease, there is no parking area within the Boardwalk Retail/Restaurant Area which will be part of the Common Area. Landlord reserves the right to repair, change, modify, or otherwise alter the Common Area. Further, Landlord expressly reserves the right to establish, modify and enforce reasonable rules and regulations governing the Common Area.

18.2 Common Area Maintenance. Landlord shall maintain and operate, or cause to be maintained and operated (except as hereinafter provided with reference to cost of maintenance), the Common Areas at all times for the benefit and use of the customers and patrons of Tenant, and

of other tenants, owners and occupants of the land constituting the Boardwalk Retail/Restaurant Area. All Common Area Expenses shall be at the sole cost and expense of Landlord and shall not, except for the Tenant's Monthly Expense Share, be charged to Tenant except as otherwise provided for in this Lease. If Landlord at any time hereafter determines, in Landlord's sole and absolute judgment, that the best interests of the Boardwalk Retail/Restaurant Area will be served by having the Common Areas or any part thereof operated and maintained by a person, firm or corporation other than Landlord, Landlord may select a person, firm or corporation to operate and maintain all or any such part of the Common Areas and may negotiate and enter into a contract therefor with such person, firm or corporation on such terms and conditions and for such time as Landlord, in Landlord's sole and absolute judgment, shall deem reasonable and proper both as to service and cost. Landlord shall keep, or cause to be kept, the Common Areas in a neat, clean and orderly condition, properly lighted, landscaped and insured, and shall repair any damage to the facilities thereof.

18.3 Control of Common Areas. Landlord shall at all times have the right and privilege of determining the nature and extent of the Common Areas within the Boardwalk Retail/Restaurant Area, including surface, underground or multiple-deck, and of making such changes therein which in Landlord's sole and absolute discretion are deemed to be desirable and for the best interest of all persons using the Common Areas. The exercise of Landlord's discretion shall include but shall not be limited to the location and relocation of entrances and exits, the installation and location of prohibited areas, and the design and location of landscaped areas.

Tenant and its employees, customers, suppliers, invitees and patrons shall abide by the Boardwalk Retail/Restaurant Area and Parking Rules and Regulations, as set forth in Exhibit F, as the same may be amended by Landlord from time to time in Landlord's sole and absolute discretion. Landlord and its successors and assigns, shall at all times during the Term have sole and exclusive control of the Common Areas, and may at any time during the Term exclude and restrain any person from use or occupancy thereof, excepting customers, suppliers, invitees, employees and patrons of Tenant, and other tenants of Landlord who make use of said areas in accordance with the Boardwalk Retail/Restaurant Area and Parking Rules and Regulations established by Landlord with respect thereto. The right of Tenant hereunder in and to the Common Areas shall at all times be subject to the rights of Landlord and other tenants of the Boardwalk Retail/Restaurant Area to use the same in common with Tenant. It shall be the duty of Tenant to keep all of said areas free and clear of any obstructions created or permitted by Tenant or resulting from Tenant's operation.

If, in the opinion of Landlord, unauthorized persons are using any of said areas by reason of the presence of Tenant in the Premises, Tenant, upon demand of Landlord, shall enforce Landlord's right to exclude such persons by appropriate proceedings. Nothing herein shall affect the right of Landlord at any time to remove any such unauthorized persons from said areas or to restrain the use of any of said areas by unauthorized persons.

Landlord shall not be liable for any damage to motor vehicles, or for loss of property from within such motor vehicles, of Tenant, its customers, suppliers, invitees, employees or patrons, unless caused by the gross negligence of Landlord, its agents, servants or employees.

18.4 Parking. Tenant hereby acknowledges that Landlord built, owns and operates two

(2) parking structures adjacent to the Redondo Beach Boardwalk Area, known as the "Pier Parking Structure" and the "Plaza Parking Structure". Said parking structures are to service the general public; including, but not limited to, customers of the Redondo Beach Boardwalk Area and customers of Tenant. Tenant acknowledges that at no time will Tenant share in the revenues from said parking structures, nor will Tenant, its agents, employees, customers, licensees and sub-tenants receive free parking, unless granted by Landlord, in its sole discretion. Tenant, its agents, employees, customers, licensees and sub-tenants agree to comply with the fees for parking automobiles in the parking structures; said fees shall be set by the City Council of Landlord at its sole discretion. Landlord reserves the right to change entrances, exits, traffic lanes and the boundaries and locations of said parking structures. If at any time Landlord elects to close all or a portion of said parking structures for repair, Tenant will waive any and all claims against Landlord for such closure.

Employees and suppliers of Tenant and the other tenants of Landlord shall park their automobiles in certain designated non-exclusive automobile parking areas which may from time to time be designated for employees and suppliers of the Boardwalk Retail/Restaurant Area. Landlord at all times shall have the right to designate the particular parking area, if any, to be used by any or all of such employees or suppliers and any such designation may be changed from time to time. Tenant shall furnish Landlord with the license numbers of Tenant and its employees within fifteen (15) days after the Commencement Date and Tenant shall thereafter notify Landlord of any changes within five (5) days after such change occurs. All parking in parking areas owned or operated by Landlord shall be subject to the charges, fees and the Boardwalk Retail/Restaurant Area and Parking Rules and Regulations pertaining to employees and suppliers promulgated from time to time by City. If special charges and fees are allowed to employees and suppliers, and Tenant or its employees or its suppliers fail to park their cars in designated parking areas, then Landlord may charge Tenant for the charges and fees for general parking each day or partial day per car parked in any areas other than those designated. All amounts due under the provisions of this Section shall be payable by Tenant within ten (10) days after demand therefor. Tenant acknowledges that employee, supplier, customer and patron parking may not be available during certain evening and early morning hours.

ARTICLE 19 BANKRUPTCY; INVOLUNTARY TRANSFERS

19.1 Election to Assume Lease. In the event an order for relief shall be entered against or come into existence as to Tenant under Chapter 7 or Chapter 11 or Chapter 13 of the U.S. Bankruptcy Code, and the Trustee or Debtor-In-Possession shall elect to assume this Lease for the purpose of assigning this Lease or otherwise, such election and assignment may only be made if all of the terms and conditions of Sections 19.2 and 19.3 are satisfied. If such Trustee shall fail to elect to assume this Lease within sixty (60) days after the order for relief, or such additional time as the Bankruptcy Court authorizes, then this Lease shall be deemed rejected and immediately canceled and terminated. Landlord shall be thereupon immediately entitled to possession of the Premises without further obligation to Tenant or Trustee. Landlord's right to be compensated for damages in such bankruptcy proceeding shall survive.

19.2 Conditions of Assumption. In the event that a Petition for reorganization or adjustment of debts is filed concerning Tenant under Chapters 11 or 13 of the Bankruptcy Code,

or a proceeding is filed under Chapter 7 of the Bankruptcy Code and is converted to Chapters 11 or 13, the Trustee or Tenant, as Debtor-In-Possession (“DIP”), whether DIP under Chapter 11 or 13, must elect to assume this Lease within sixty (60) days from the date of the filing of the Petition under Chapters 11 or 13, or within such additional time as the Bankruptcy Court may authorize, or the Trustee or DIP shall be deemed to have rejected this Lease. No election by the Trustee or DIP to assume this Lease, whether under Chapters 7, 11 or 13, shall be effective unless each of the following conditions, which Landlord and Tenant acknowledge are commercially reasonable in the context of a bankruptcy proceeding of Tenant, have been satisfied, and Landlord has so acknowledged in writing:

(a) Landlord has not terminated this Lease pursuant to the provisions established herein prior to the filing of the Petition.

(b) The Trustee or the DIP has cured, or has provided Landlord adequate assurance (as defined below) that:

(i) Within ten (10) days from the date of such assumption the Trustee will cure all monetary defaults under this Lease; and

(ii) Within thirty (30) days from the date of such assumption the Trustee will cure all non-monetary defaults under this Lease.

(c) The Trustee or the DIP has compensated, or has provided to Landlord adequate assurance (as defined below) that within ten (10) days from the date of assumption Landlord will be compensated for any monetary loss incurred by Landlord arising from the default of Tenant, the Trustee, or the DIP as recited in Landlord's written statement of monetary loss sent to the Trustee or DIP. The term “monetary loss” shall include all of Landlord’s attorney fees and costs incurred in monitoring Tenant’s bankruptcy case and in representing Landlord’s interests in such case.

(d) The Trustee or the DIP has provided Landlord with adequate assurance of the future performance of each of Tenant's Trustee's or DIP's obligations under this Lease; provided, however, that:

(i) The Trustee or DIP shall also deposit with Landlord, as security for the timely payment of rent, an amount equal to three (3) months' rent (as adjusted pursuant to Section 19.2(d)(iii) below) and other monetary charges accruing under this Lease; and

(ii) If not otherwise required by the terms of this Lease, the Trustee or DIP shall also pay in advance on the date Minimum Monthly Rent is payable one-twelfth (1/12th) of Tenant's annual obligations under this Lease for maintenance, common area charge, real estate taxes, insurance and similar charges.

(iii) From and after the date of the assumption of this Lease, the Trustee or DIP shall pay as Minimum Monthly Rent an amount equal to the sum of the Minimum Monthly Rent otherwise payable hereunder, plus the highest amount of the annual Monthly Percentage Rent paid by Tenant to Landlord within the five (5) year period prior to the date of Tenant's Petition

under the Bankruptcy Code, which amount shall be payable in advance in equal monthly installments on the date Minimum Monthly Rent is payable.

(iv) If the Trustee or DIP assumes this Lease, and does not assign it, then the obligations imposed under this Lease upon the Trustee or DIP shall continue thereafter. If the Trustee or DIP assumes and assigns this Lease, then the obligations imposed under this Lease upon Trustee or DIP shall be released in accordance with Bankruptcy Code Section 365(l) and any amendments or replacements of such section, but such obligations shall continue thereafter upon the assignee(s).

(e) The assumption of the Lease will not:

(i) Breach any provision in any other lease, mortgage, financing agreement or other agreement by which Landlord is bound relating to the Boardwalk Retail/Restaurant Area; or

(ii) Disrupt, in Landlord's sole judgment, the tenant mix of the Boardwalk Retail/Restaurant Area or any other attempt by Landlord to provide a specific variety of retail stores in the Boardwalk Retail/Restaurant Area which, in Landlord's sole judgment, would be most beneficial to all of the tenants in the Boardwalk Retail/Restaurant Area and would enhance the image, reputation, and profitability of the Boardwalk Retail/Restaurant Area.

(f) For purposes of this Section 19.2, Landlord and Tenant acknowledge that, in the context of a bankruptcy proceeding of Tenant, at a minimum "adequate assurance" shall mean:

(i) The Trustee or the DIP has and will continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure Landlord that the Trustee or DIP will have sufficient funds to fulfill the obligations of Tenant under this Lease, and to keep the Premises stocked with merchandise and properly staffed with sufficient employees to conduct a fully operational, actively promoted business on the Premises; and

(ii) The Bankruptcy Court shall have entered an Order segregating sufficient cash payable to Landlord and/or the Trustee or DIP shall have granted a valid and perfected first lien and security interest and/or mortgage in property of Tenant, Trustee or DIP acceptable as to value and kind to Landlord, to secure Landlord the obligation of the Trustee or DIP to cure the monetary and/or non-monetary defaults under this Lease within the time periods set forth above. Notwithstanding the foregoing provisions, Tenant shall have the right to assign or otherwise Transfer this Lease or the entire (but not part of) the Premises, to its parent corporation or to a wholly owned subsidiary; provided, however, that (A) Tenant shall also remain primarily liable for all obligations under this Lease, (B) the Transferee shall, prior to the effective date of the Transfer, deliver to Landlord instruments evidencing such Transfer and its agreement to assume and be bound by all of the terms, conditions and covenants of this Lease to be performed by Tenant, all in form acceptable to Landlord, (C) Tenant shall not be in default under this Lease, and (D) Tenant's right to make such Transfer is expressly conditioned on, and shall remain in effect only as long as, the Transferee maintains its relationship as parent corporation or wholly owned

subsidiary of Tenant.

19.3 Adequate Assurance. If the Trustee or DIP has assumed this Lease pursuant to the terms and conditions of Section 19.1 or 19.2 herein, for the purpose of transferring Tenant's interest under this Lease or the estate created thereby, to any other person, such interest or estate may be so transferred only if Landlord shall acknowledge in writing that the intended Transferee has provided "adequate assurance of future performance" as defined in this Section 19.3 of all of the terms, covenants and conditions of this Lease to be performed by Tenant. For purposes of this Section 19.3, Landlord and Tenant acknowledge that, in the context of a bankruptcy proceeding of Tenant, at a minimum "adequate assurance of future performance" shall mean that each of the following conditions have been satisfied, and Landlord has so acknowledged in writing:

(a) The Transferee has submitted a current financial statement audited by a certified public accountant which shows a net worth and working capital in amounts determined to be sufficient by Landlord to assure the future performance by such Transferee of Tenant's obligation under this Lease;

(b) The Transferee, if requested by Landlord, shall have obtained guarantees in form and substance satisfactory to Landlord from one or more persons who satisfy Landlord's standards of creditworthiness;

(c) The Transferee has submitted in writing evidence, satisfactory to Landlord, of substantial retailing experience in Boardwalk Retail/Restaurant Areas of comparable size to the Boardwalk Retail/Restaurant Area and in the sale of merchandise and services permitted under this Lease; and

(d) Landlord has obtained all consents or waivers from any third party required under any lease, mortgage, financing arrangement or other agreement by which Landlord is bound to permit Landlord to consent to such Transfer.

19.4 Occupancy Charges. When, pursuant to the Bankruptcy Code, the Trustee or DIP shall be obligated to pay reasonable use and occupancy charges for the use of the Premises or any portion thereof, such charge shall not be less than the Minimum Monthly Rent as defined in this Lease and other monetary obligations of Tenant for the payment of maintenance, common area charges, real estate taxes, Service Assessments, insurance and similar charges.

19.5 Consent. Neither Tenant's interest in this Lease, nor any lesser interest of Tenant herein, nor any estate of Tenant hereby created, shall pass to any trustee, receiver, Transferee for the benefit of creditors, or any other person or entity, or otherwise by operation of law under the laws of any state having jurisdiction of the person or property of Tenant unless Landlord shall consent to such Transfer in writing. No acceptance by Landlord of rent or any other payments from any such trustee, receiver, Transferee, person or other entity shall be deemed to have waived the need to obtain Landlord's consent for any transfer of Tenant's interest under this Lease.

19.6 Insolvency. In the event the estate of Tenant created hereby shall be taken in execution or by other process of law, or if Tenant or any guarantor of Tenant's obligations

hereunder shall be adjudicated insolvent pursuant to the provisions of any present or future insolvency law under any state law, or if any order for relief is entered against, or comes into existence as to the guarantor or if an involuntary petition is commenced against the guarantor under the U.S. Bankruptcy Code, or any similar provision of another country, or any similar provision in any future federal U.S. Bankruptcy Code, or any similar provision of another country, or if a Receiver or Trustee of the property of Tenant or any guarantor shall be appointed under any state law by reason of Tenant's or the guarantor's insolvency or inability to pay its debts as they become due and otherwise, or if any Transfer shall be made of Tenant's or the guarantor's property for the benefit of creditors under state law; then and in such event Landlord may, at its option, terminate this Lease and all rights of Tenant hereunder by giving Tenant written notice of the election to so terminate within thirty (30) days after the occurrence of such event.

19.7 Other Laws. The provision of this Article 19 concerning the rights of Landlord, and the obligations of Trustee, Tenant, Debtor, Receiver, DIP and assignee are in addition to such rights and obligations provided by law, including those applicable provisions of the Bankruptcy Code. Nothing contained in this Article 19 shall limit or reduce in any manner whatsoever such rights and obligations which are otherwise provided by law.

ARTICLE 20 DEFAULTS BY TENANT; REMEDIES; TERMINATION AND SURRENDER OF POSSESSION

20.1 Events of Default. The occurrence of any of the following shall constitute a default by Tenant and a breach of this Lease:

(a) Failure or refusal to pay any amount of Minimum Monthly Rent, Monthly Percentage Rent, Additional Rent or any other sums payable by Tenant hereunder when due, or the failure or refusal to submit a Monthly Statement or Annual Statement when due; or

(b) If Tenant shall be given, in any twelve (12) consecutive calendar month period, three or more notices under clause (a) above; or

(c) Failure or refusal to occupy and operate the Premises in accordance with Article 4 or Article 15; or

(d) Any Principal Owner or general partner of Tenant terminates or materially alters its relationship with Tenant without the prior written consent of Landlord; or

(e) Maintenance, commission or permission on the Premises of waste, nuisance, or use of the Premises for an unlawful purpose or failure or refusal to maintain and repair the Premises as required by this Lease; or

(f) Any Transfer contrary to the provisions of Article 14; or

(g) Understatement of Gross Sales by more than six percent (6%); or

(h) Failure to remain open for business as required by Article 15, on any

occasion during a given year of the Lease Term in which Tenant has received two (2) or more notices pursuant to subsection (b) of Section 20.2; or

(i) Failing or refusing to perform fully and promptly any express or implied covenant or condition of this Lease.

20.2 Notices. Following the occurrence of any of the defaults specified in subsection (a) through (i) of Section 20.1, Landlord shall give Tenant, or any subtenant, a written notice specifying the nature of the default and the provisions of this Lease breached and demanding that Tenant, or any subtenant, either fully cure each such default within the time period specified in the corresponding subsections below or quit the Premises and surrender the same to Landlord:

(a) For nonpayment of Minimum Monthly Rent, Monthly Percentage Rent, Additional Rent, or any other sums payable by Tenant hereunder, or for failure to submit a Monthly Statement or Annual Statement, five (5) days;

(b) For breach of Article 4 or Article 15, three (3) days;

(c) For any default described in subsections (d) through (h) of Section 20.1, Landlord shall give Tenant or any subtenant a written notice specifying the nature of the default and the provisions of this Lease breached and Landlord shall have the right, but not the obligation and in addition to all other rights set forth herein, to demand in said notice that Tenant quit the Premises within five (5) days; and

(d) For failure to perform any other covenant or condition of this Lease, a reasonable period to cure such default not to exceed twenty (20) days; provided, however, that if such default cannot be cured within said time period, the cure period shall be extended if Tenant so notifies Landlord in writing of Tenant's need for additional time to cure, commences cure of the default within said time period, and thereafter diligently and in good faith continues with and actually completes said cure within a reasonable period of time.

To the extent permitted by California law, the time periods provided in this Section 20.2 for cure of Tenant's defaults under this Lease or for surrender of the Premises shall be in lieu of (not in addition to) any similar time periods prescribed by California law as a condition precedent to the commencement of legal action against Tenant for possession of the Premises.

20.3 Additional Assurances. At any time following the occurrence of any of the defaults specified in Section 20.1, Landlord, at its option, may request that within ten (10) days of Landlord's request, Tenant shall provide current financial statements for all Guarantors of this Lease.

20.4 Landlord's Rights and Remedies. Should Tenant fail to cure any default or quit the Premises within the time periods specified in Section 20.2, Landlord may exercise any of the following rights without further notice or demand of any kind to Tenant or any other person, except as required by applicable state law. Landlord has the remedy described in California Civil Code Section 1951.4 (a lessor may continue the lease in effect after lessee's breach and abandonment

and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations); together with the following rights, which do not limit Landlord in the exercise of any other right or remedy Landlord may have on account of such default:

(a) The right of Landlord to terminate this Lease and Tenant's right to possession and to reenter the Premises, to take possession thereof and remove all persons therefrom, following which Tenant shall have no further claim thereon. A notice given in connection with unlawful detainer proceedings specifying a time within which to cure a default shall terminate Tenant's right to possession if Tenant fails to cure the default within the time specified in the notice; or

(b) The right of Landlord, without terminating this Lease, to reenter the Premises and take possession of all Improvements, additions, Alterations, equipment and fixtures therein and occupy the whole or any part thereof for and on account of Tenant and to collect any unpaid rentals and other charges, which have become payable, or which may thereafter become payable and to remove any persons in possession thereof; or

(c) The right of Landlord, even though it may have reentered the Premises, in accordance with subsection (b) of this Section, to elect to terminate this Lease and Tenant's right to possession of the Premises; or

(d) The right of Landlord to enjoin any act or omission.

If Landlord reenters the Premises under the provisions of subsection (b) above, Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to pay any rental or other charges thereafter accruing, or Tenant's liability for damages under any of the provisions hereof, by any such reentry or by any action, in unlawful detainer or otherwise, to obtain possession of the Premises, unless Landlord shall have notified Tenant in writing that it has elected to terminate this Lease. The service by Landlord of any notice pursuant to the unlawful detainer statutes of this state and the surrender of possession pursuant to such notice shall not (unless Landlord elects to the contrary by a written notice to Tenant at the time of or subsequent service of such notices) be deemed to be a termination of this Lease. If Landlord enters or takes possession of the Premises, Landlord shall have the right, but not the obligation, to remove therefrom all or any part of the personal property located therein and to place the same in storage at a public warehouse, all at the sole expense and risk of Tenant.

20.5 Landlord's Damages. If Landlord elects to terminate possession pursuant to the provisions of subsection 20.4 (a), (b) or (c) above, Landlord may recover from Tenant damages, the following:

(i) The worth at the time of award of any unpaid rental which had been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rental which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rental for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, any costs or expenses incurred by Landlord in (a) retaking possession of the Premises, including reasonable attorneys' fees, (b) maintaining or preserving the Premises after such default, (c) preparing the Premises for reletting to a new tenant, including repairs or alterations to the Premises for such reletting, (d) leasing commissions, or (e) any other costs necessary, incidental or appropriate to relet the Premises; plus

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of this State.

As used in subsections (i) and (ii) above, the "worth at the time of award" is computed by allowing interest at the Maximum Lawful Rate. As used in subsection (iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

For purposes of this Article only, the term "rental" shall be deemed to be the Minimum Monthly Rent as adjusted by Section 7.3, the average Monthly Percentage Rental payable by Tenant during the twelve months of the Term preceding Landlord's termination of this Lease, and all other sums required to be paid by Tenant pursuant to the terms of this Lease. All such sums, other than the Minimum Monthly Rent, shall, for the purpose of calculating any amount due under the provisions of subsection (iii) above, be computed on the basis of the average monthly amount thereof accruing during the immediately preceding sixty (60) month period, except that if it becomes necessary to compute such rental before such a sixty (60) month period has occurred then such rental shall be computed on the basis of the average monthly amount hereof accruing during such shorter period.

Even though Tenant has breached this Lease and abandoned the Premises, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession, and Landlord may enforce all its rights and remedies under this Lease, including the right to recover the rent as it becomes due under this Lease. Tenant's right to possession shall not be deemed to have been terminated by Landlord except pursuant to Section 20.4. The following do not constitute a termination of Tenant's right to possession:

(i) Acts of maintenance or preservation or efforts to relet the Premises;

(ii) The appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease.

Any sum accruing to Landlord or Tenant under the terms and provisions of this Lease

which shall not be paid when due shall bear interest at the Maximum Lawful Rate from the date when the sum becomes due and payable by the terms and provisions hereof until paid.

20.6 Fixtures and Personal Property. Without limiting Landlord's rights under Article 13, in the event of default, all of Tenant's Removable Trade Fixtures, furniture, equipment, Improvements, additions, alterations, and other personal property shall remain on the Premises and in that event, and continuing during the length of said default, Landlord shall have the right, subject to the superior rights of any third party owners, lessors or lienholders of such property, to take the exclusive possession of same and to use the same, rent or charge free, until all defaults are cured or, at its option, at any time during the Term, to require Tenant to remove the same.

20.7 No Waiver. The waiver by Landlord of any breach of any term, covenant or condition herein shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, or of any right of Landlord to a forfeiture of the Lease by reason of such breach, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. No term, covenant or condition of this Lease shall be deemed to have been waived by Landlord unless such waiver be in writing signed by Landlord.

Notwithstanding any other provision of this Article, any written notice, other than as specifically set forth in this Article, required by any statute or law now or hereafter in force is hereby waived by Tenant to the fullest extent waivable under law.

The rights and remedies given to Landlord in this Article shall be in addition and supplemental to all other rights or remedies which Landlord may have under laws then in force.

20.8 Termination and Surrender of Possession. Upon any termination of this Lease, whether by expiration of the term hereunder, cancellation pursuant to an election provided for herein, forfeiture, or otherwise, Tenant shall immediately cease doing business in the Premises and peaceably quit and immediately surrender possession of the Premises to Landlord, with all Improvements, apparatus, fixtures and alterations (except trade fixtures and furniture) in a good operating condition and in the same condition of order and repair in which they were required by the provisions of this Lease to be kept throughout the term, subject to ordinary wear and tear after the last required repair or maintenance, and shall be the property of Landlord without payment therefor. Tenant shall repair at its own expense any damage and defacement to the Premises caused by its removal of its trade fixtures, furniture and equipment.

Notwithstanding anything in this Lease to the contrary, any of Tenant's trade fixtures, furniture and equipment which are not removed from the Premises by the time herein required shall become the property of Landlord and Landlord may thereafter either (i) retain all or any part of the same as Landlord's property without payment therefor to Tenant, or (ii) cause all or any part of the same to be removed from the Premises and disposed of, but the cost of any such removal and disposition and the cost of repairing any damage caused by such removal shall be borne by Tenant.

20.9 Self Help. If Tenant shall default in the performance of any covenant on its part to be performed by virtue of any provisions of this Lease, Landlord may, at Landlord's option, after any notice and the expiration of any period with respect thereto as required pursuant to the applicable provisions of this Lease, perform the covenant for the account of Tenant, and the costs incurred by Landlord shall be immediately due and payable by Tenant to Landlord, on demand, as Additional Rent. If Landlord, at any time, is compelled to pay or elects to pay any sum of money or do any acts which would require the payment of any sum of money by reason of the failure of Tenant to comply with any provision of this Lease, after any notice and the expiration of any grace period with respect thereto as required pursuant to the applicable provisions of this Lease, or if Landlord is compelled to incur any expense, or elects to incur any expense, including reasonable attorneys' fees, in enforcing or attempting to enforce the terms of this Lease, whether or not judicial or other action is actually instituted or in instituting, prosecuting or defending any action or proceeding, including non-judicial proceedings such as arbitration or mediation, instituted by reason of any default of Tenant hereunder, the sum or sums so paid by Landlord with all interest, costs, and damages shall be immediately due and payable by Tenant to Landlord, on demand, as Additional Rent.

20.10 Limitation on Setoffs, Counterclaims. Minimum Monthly Rent, Monthly Percentage Rent and Additional Rent due to Landlord hereunder shall be absolutely net to Landlord, so that this Lease shall yield to Landlord the full amount of the installments of Minimum Monthly Rent, Monthly Percentage Rent and Additional Rent throughout the Term, and shall be paid without assertion of any counterclaim, set off, deduction or defense and without abatement, suspension, deferment, diminution or reduction. Under no circumstances or conditions, whether now existing or hereafter arising, or whether beyond the present contemplation of the parties, shall Landlord be expected or required to make any payment of any kind whatsoever or be under any obligation or liability hereunder, except as herein expressly set forth. Except as otherwise expressly provided herein, this Lease shall continue in full force and effect, and the obligations of Tenant hereunder shall not be released, discharged or otherwise affected, by reason of: (a) any restriction or prevention of or interference with any use of the Premises or the Boardwalk Retail/Restaurant Area or any part thereof; (b) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other proceeding relating to Landlord, or any action taken with respect to this Lease by any trustee or receiver of Landlord with respect to this Lease by any trustee or receiver of Landlord, or by any court, in any proceeding; (c) any claim which Tenant has or might have against Landlord; (d) any failure on the part of Landlord to perform or comply with any of the terms hereof or of any other agreement with Tenant; or (e) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, in each case, whether or not Tenant shall have notice or knowledge of any of the foregoing. Except as otherwise expressly provided in this Lease, the obligations of Tenant shall be independent covenants and agreements separate from and not conditioned on the covenants and agreements of Landlord. Tenant hereby waives, to the full extent permitted by applicable law, all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Lease or the Premises or any part thereof, or to any abatement, suspension, deferment, diminution or reduction of Minimum Monthly Rent, Monthly Percentage Rent or Additional Rent.

20.11 Interest. Any amounts or sums due Landlord under this Lease not paid when due shall bear interest from such date until the date actually paid at the Maximum Lawful Rate.

ARTICLE 21 **DEFAULTS BY LANDLORD; REMEDIES**

If Landlord shall neglect or fail to perform or observe any of the terms, covenants, or conditions contained in this Lease within 60 days after written notice of default or, if more than 60 days are required because of the nature of the default, if Landlord shall fail to proceed diligently to cure such default after written notice thereof, then Landlord shall be liable to Tenant for any and all damages sustained by Tenant as a result of Landlord's breach. Notwithstanding the foregoing, it is expressly understood and agreed that (a) any money judgment resulting from any default or other claim arising under this Lease shall be satisfied only out of the current rents, issues, profits and other income Landlord receives from its operation of the Boardwalk Retail/Restaurant Area, net of all current operating expenses, liabilities, reserves and debt service associated with said operation ("Net Income" for purposes of this Article 21 only), (b) no other real, personal or mixed property of Landlord, wherever located, shall be subject to levy on any such judgment obtained against Landlord, (c) if such Net Income is insufficient to satisfy such judgment, Tenant will not institute any further action, suit, claim or demand, in law or in equity, against Landlord for such deficiency, and (d) such neglect or failure shall not constitute consent by Landlord for Tenant to perform or observe such terms, covenants or conditions at Landlord's expense. Tenant hereby waives, to the extent permitted under law, any right to satisfy said money judgment against Landlord except from Net Income.

If this Lease or the rentals due from Tenant hereunder are assigned to any Lender, and Tenant is given written notice thereof, including the post office address of the Lender, then Tenant shall give written notice to the Lender, specifying the default in reasonable detail, and affording the Lender a reasonable opportunity to make performance for and on behalf of Landlord. If and when the Lender has made performance on behalf of Landlord, such default shall be deemed cured.

ARTICLE 22 **EMINENT DOMAIN**

22.1 Taking Resulting in Termination. If any of the Boardwalk Retail/Restaurant Area is taken under the power of eminent domain by any public or quasi-public authority, Landlord shall have the right to terminate this Lease as of the date Tenant is required to vacate a portion of the Premises, upon giving notice in writing of such election within thirty (30) days after receipt by Tenant from Landlord of written notice that said Boardwalk Retail/Restaurant Area have been so appropriated or taken. In the event of such termination, both Landlord and Tenant shall thereupon be released from any liability thereafter accruing under this Lease. Immediately after learning of any appropriation or taking, Landlord shall give Tenant notice thereof in writing.

22.2 Award. If this Lease is terminated as provided above, Landlord shall be entitled to the entire award or compensation in the condemnation proceedings, whether for a total or partial taking or for diminution in the value of the leasehold or for the fee; but the rental and other charges for the last month of Tenant's occupancy shall be prorated as of the time that Tenant's possession under this Lease is terminated by such taking, and Landlord agrees to refund to Tenant any rent or other charges paid in advance. Tenant agrees not to make any claim for any portion of the award of compensation or damages for such taking, and Tenant hereby assigns and quitclaims to Landlord

any portion of such award, including, but not limited to, any claim Tenant has (or may claim to have) for the value of Tenant's leasehold interest which is in excess of the rent reserved to Landlord hereunder. Notwithstanding the foregoing, Tenant retains, and may assert, any claim it may have under applicable law to receive compensation or damages (provided an award based on such claim does not diminish the award or claim of Landlord): (i) for its fixtures and personal property that it is entitled to remove pursuant to this Lease, (ii) for relocation benefits or assistance or (iii) for loss of goodwill to its business.

22.3 Partial Taking. If either (i) both Landlord and Tenant elect not to terminate this Lease under Section 22.1, or (ii) none of the Premises is appropriated under the power of eminent domain by any public or quasi-public authority, then Tenant shall remain in the remaining portion of the Premises, and Landlord shall, at Landlord's cost and expense, as soon as reasonably possible, restore the Premises on the land remaining to a complete unit of like quality and character as existed prior to such appropriation or taking; provided, however, that Landlord shall have no obligation to so restore the Premises at a cost or expense in excess of the award of compensation or damages received by Landlord due to such taking. After such restoration, the Minimum Monthly Rent provided for herein shall be reduced on an equitable basis, taking into account the relative value of the portion taken as compared to the portion remaining. Tenant hereby waives any statutory rights of termination which may arise by reason of any partial taking of the Premises under the power of eminent domain.

22.4 Transfer under Threat of Taking. For the purposes of this Article only, a voluntary sale or conveyance under threat and in lieu of condemnation shall be deemed an appropriation or taking under the power of eminent domain.

ARTICLE 23 ATTORNEYS' FEES

If at any time after the date hereof either Landlord or Tenant shall institute any action or proceeding against the other relating to the provisions of this Lease or any default hereunder, the unsuccessful party in such action or proceeding shall reimburse the successful party for all reasonable expenses of attorneys' fees, costs and disbursements incurred therein by the successful party, including but not limited to any such fees, costs or disbursements incurred on any appeal from such action or proceeding. All such fees, costs or disbursements shall be recoverable as items of cost by the successful party, whether or not such action proceeds to final judgment or determination.

ARTICLE 24 SALE OR MORTGAGE BY LANDLORD

24.1 Sale or Mortgage. Landlord may, at any time, without the consent of Tenant, sell, purchase, exchange, transfer, assign, lease, or convey (collectively, "Sale"), or encumber, pledge, mortgage or hypothecate an interest in Landlord, the Lease, the Premises, and/or any portion of or interest in the Boardwalk Retail/Restaurant Area.

24.2 Landlord's Successor. For the purposes of this Article, "Landlord's Successor" shall mean any person or entity that succeeds to all of Landlord's interest in the Premises, the Boardwalk Retail/Restaurant Area, or in this Lease through a Sale.

24.3 Release on Sale. Provided that Landlord's successor expressly assumes Landlord's duties and covenants under this Lease, from and after a Sale, Landlord shall be released from all liability toward Tenant and Tenant's successors and assigns arising from this Lease because of any act, occurrence or omission of Landlord occurring after such Sale.

ARTICLE 25 MASTER DOCUMENTS AND LOAN CONSIDERATIONS

25.1 Subordination. This Lease is and shall be subordinate to the Master Documents and to any encumbrance now of record or recorded after the date of this Lease affecting the Boardwalk Retail/Restaurant Area or any part thereof and/or the land upon which the Boardwalk Retail/Restaurant Area is constructed. Such subordination is effective without any further action of Tenant. On Tenant's behalf and on behalf of all persons claiming through and under Tenant, Tenant agrees that Tenant shall from time to time on request from Landlord execute and deliver any documents or instruments that may be required by Landlord's Lender to effectuate any subordination. If Tenant fails to execute and deliver any such documents or instruments, Tenant irrevocably constitutes and appoints Landlord as Tenant's special attorney-in-fact to execute and deliver any such documents or instruments on Tenant's behalf.

25.2 Attornment. If Landlord conveys in a Sale all of its rights and duties in and to the Lease, the Premises, and/or the Boardwalk Retail/Restaurant Area, or if an interest in Landlord or Landlord's equity of redemption or other interest in the Lease, the Premises and the Boardwalk Retail/Restaurant Area under a mortgage, deed of trust, pledge or security agreement is foreclosed judicially or nonjudicially, upon the request of Landlord's lawful successor, Tenant shall at the election of Landlord's successor attorn to said successor, provided said successor accepts the Premises subject to this Lease. The foregoing notwithstanding, in accepting the Premises subject to this Lease, said successor shall not be bound by (i) any prepayment of more than one month's rental (except for payments under Section 31.1) or (ii) any amendment of this Lease made after the later of the Commencement Date or such date as the successor's lien or interest first arose, unless said successor shall have consented to such amendment, and shall not be liable for any act or omission of the prior Landlord or have any liability for any security deposits unless it shall have been physically delivered to the new Landlord, or be subject to any offset which shall theretofore have accrued to Tenant from the prior Landlord. Tenant shall upon request of any purchaser, mortgagee or other person acquiring an interest in the Boardwalk Retail/Restaurant Area execute and deliver an instrument or instruments confirming its attornment. Notwithstanding the foregoing, upon the request of the holder of any encumbrance, this Lease shall be prior and superior to the lien of any specified encumbrance. With respect to any encumbrance granted or entered into after the date of this Lease, Tenant's obligation to attorn to any purchaser, whether upon foreclosure of any encumbrance or otherwise, and to recognize such purchaser as Landlord under this Lease is conditioned upon such purchaser upon the foreclosure of the encumbrance agreeing to recognize this Lease if Tenant is not in default in the performance of any of the terms and conditions on Tenant's part to be kept and performed under this Lease.

25.3 Notice to Holder of Encumbrance. Tenant agrees that, provided the holder of any Encumbrance shall have notified Tenant in writing of its address, Tenant will give such holder, by

certified mail, a copy of any notice of default given by Landlord.

25.4 Recordation. The parties agree to record a short form memorandum of this Lease, in the form of Exhibit I attached, pursuant to Government Code Section 37393.

25.5 Estoppel Certificate. At any time and from time to time on not more than ten (10) days' written notice from Landlord, Tenant shall execute and deliver to Landlord a Tenant's Estoppel Certificate substantially in form as attached hereto as Exhibit D. Unless Tenant shall have notified Landlord in writing within said ten-day period of any qualifications tenant may have to the statements in the Tenant's Estoppel Certificate ("Tenant's Qualification Notice"), anyone participating with Landlord in any transaction referred to in Section 24.1 shall have the right to rely on the accuracy of such statements. If Landlord shall not have received Tenant's Qualification Notice, Tenant's failure to execute and deliver the Tenant's Estoppel Certificate within said ten-day period shall be deemed to make conclusive and binding upon Tenant (for the benefit of Landlord and anyone participating with Landlord in any such transaction) the statements contained in the Tenant's Estoppel Certificate as true and correct, without exception and Landlord is hereby appointed attorney-in-fact to execute and deliver the Tenant's Estoppel Certificate without exception on behalf of Tenant.

ARTICLE 26 QUIET POSSESSION

Landlord agrees that Tenant, upon paying the rental and performing the covenants and conditions of this Lease, may quietly have, hold and enjoy the Premises during the Term without hindrance by Landlord or by anyone claiming by, through or under Landlord, subject, however, to the provisions of Article 16, and subject to any mortgages, master leases, reciprocal easement agreements, other agreements and encumbrances to which this Lease is subordinate.

ARTICLE 27 TENANT'S ASSOCIATION SHARE FOR ADVERTISING AND PROMOTION.

Tenant acknowledges that Landlord is a member of an association of owners and ground lessees organized and operating for the purpose of carrying out such common or general advertising or promotional activities or programs for the benefit of the waterfront and pier areas, including the Boardwalk Area of which the Boardwalk Retail/Restaurant Area is a part (the "Association"), and that as such a member of the Association, Landlord is required to contribute to the Association an amount equal to 2/10ths of one percent (0.2%) of the gross sales of the Boardwalk Retail/Restaurant Area ("Landlord's Association Share"). Tenant agrees to pay Monthly to Landlord an amount equal to 0.2% of Gross Sales of Tenant ("Tenant's Association Share") in addition to payments to Landlord on account of Minimum Monthly Rent, Monthly Percentage Rent and Tenant's Monthly Expense Share. Landlord agrees that Landlord shall remit all payments of Tenant's Association Share to the Association as part of Landlord's Association Share, and that Landlord shall not retain any of Tenant's Association Share for its own account. In the event that Landlord shall no longer be a required or agree to pay Landlord's Association Share, the obligation of Tenant to pay Tenant's Association Share shall cease (or during the period of any suspension of Landlord's Association Share, shall be suspended). Likewise, should the contribution to the Association change from its current 0.2% of gross sales, Tenant's obligation to

pay Tenant's Association Share shall change in an equal manner. Tenant's Association Share for each Month during the Term shall be due and payable on the date that the Monthly Statement for that Month is required to be submitted to Landlord (i.e., on the 10th day of the Month for the Gross Sales of the preceding Month; see Article 7). If Tenant fails to submit the pertinent Monthly Statement, Gross Sales for the pertinent Month shall be equivalent to the Gross Sales used to calculate Default Monthly Percentage Rent for the purposes of Article 7, and subject to increases as also provided in that Article.

ARTICLE 28 CAPTIONS AND TERMS

The captions contained in this Lease are for convenience only, are not a part of this Lease and do not in any way limit or amplify the actual terms and provisions of this Lease.

If more than one (1) person or entity is named in and executes this Lease as Tenant, then the word "Tenant" wherever used in this Lease is intended to refer to all such persons or corporations, and the liability of such persons or entities for compliance with and performance of all the terms, covenants and provisions of this Lease shall be joint and several. The masculine pronoun used herein shall include the feminine or the neuter as the case may be, and the use of the singular shall include the plural.

ARTICLE 29 NOTICES

Wherever in this Lease it is required or permitted that notice or demand be given or served by either party to this Lease upon the other, such notice or demand shall be in writing and shall be deemed to have been duly given three business days after being mailed by certified or registered mail, postage prepaid, immediately upon personal service, or on the next business day if delivered by FedEx or another reputable overnight delivery service, and addressed to the parties at the addresses provided in the Summary.

Either party may change the address for such notices by giving written notice thereof to the other party in the manner specified above. The foregoing method of service or personal service of notice upon the addressee shall be exclusive and Tenant hereby waives, to the fullest extent allowed by law, the right to any other method of service required by any statute or law now or hereafter in force.

Notwithstanding anything to the contrary contained within this Article 29, any notices Landlord is required or authorized to deliver to Tenant in order to advise Tenant of alleged violations of Tenant's covenants contained in Article 12 (with respect to improper advertising media and/or signs), Article 16 (failure of Tenant to properly repair and/or maintain the Premises), and/or Article 18 (improper parking of Tenant and Tenant's employees' automobiles) must be in writing but shall be deemed to have been duly given or served upon Tenant by delivering a copy of such notice to one (1) of Tenant's managing employees at the Premises during normal business hours and by delivery of a copy of such notice to Tenant in the manner specified above.

ARTICLE 30 OBLIGATIONS OF SUCCESSORS

The parties hereto agree that, except as otherwise specified, all of the provisions hereof shall bind and inure to the benefit of the parties hereto, and their respective heirs, legal representatives, successors and assigns.

ARTICLE 31 SECURITY DEPOSIT

31.1 Payment. Upon execution of this Lease, Tenant shall deposit with Landlord the Security Deposit, which shall be held by Landlord without liability or interest as security for the faithful performance by Tenant of all of its obligations under this Lease. The Security Deposit shall not be considered an advance payment of rent or of any other sum due hereunder or as a measure of damages in case of a default by Tenant. The Security Deposit shall not be considered as a trust fund, and Tenant expressly acknowledges and agrees that Landlord is not acting as a trustee or in any fiduciary capacity in controlling or using Tenant's Security Deposit. Landlord, at its option, may maintain the Security Deposit separate and apart from Landlord's general and/or other funds, or may commingle the Security Deposit with Landlord's general and/or other funds. The Security Deposit shall not be mortgaged, assigned, transferred or encumbered by Tenant without the prior written consent of Landlord and any such act on the part of Tenant shall be without force and effect and shall not be binding upon Landlord. Concurrently with any adjustment to Minimum Monthly Rental, Tenant shall add to the Security Deposit held by Landlord so that the Security Deposit shall always be equal to the Minimum Monthly Rental.

31.2 Application. If any of the rental herein reserved or any other sum payable by Tenant to Landlord shall be overdue and unpaid or paid by Landlord on behalf of Tenant, or if Tenant shall fail to perform any of its obligations under this Lease, then Landlord may, at its option and without prejudice to any other remedy which Landlord may have under this Lease, use and apply the entire Security Deposit, or so much thereof as may be necessary, to compensate or reimburse Landlord for Minimum Monthly Rent, Additional Rent, loss or damage or expense sustained by Landlord, and Tenant shall immediately upon demand restore said Security Deposit to the original sum deposited. If Tenant complies with all obligations and promptly pays all rentals and all other sums payable by Tenant to Landlord as and when due, said Security Deposit (or any balance thereof) shall be refunded in full to Tenant without interest at the expiration or termination of the Lease Term and after the removal of Tenant and surrender of possession of the Premises to Landlord.

In the event of bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit shall be deemed to be applied first to the payment of rental and other charges due Landlord for the earliest periods prior to the filing of such proceedings.

31.3 Transfer of Landlord's Interest. If Landlord transfers Landlord's interest in the Premises, Landlord may deliver the funds deposited by Tenant under this Article to Landlord's transferee or assignee, and in such event, Landlord shall be discharged from any further liability with respect to such Security Deposit. This Section shall also apply equally to any subsequent transfer of Landlord's interest in the Premises.

ARTICLE 32 BROKERS

Landlord and Tenant each represent and warrant to the other that no real estate broker or finder other than the Broker(s) specified in the Summary has been involved in this transaction. Tenant agrees to indemnify and hold Landlord harmless from any claim, liability, loss or expense for any broker's commission, finder's fee, acquisition fee or like payment asserted against Landlord or Tenant by virtue of a contract or agreement made by Tenant. If no Broker is identified in the Summary, there shall be no obligation on the part of Landlord hereunder to pay any fees or commissions to a broker.

ARTICLE 33 MISCELLANEOUS

33.1 Relationship of the Parties. Nothing contained in this Lease shall be deemed or construed as creating a partnership or joint venture between Landlord and Tenant or between Landlord and any other party, or cause Landlord to be responsible in any way for the debts or obligations of Tenant or any other party.

33.2 Severability. If any provision of this Lease shall be determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Lease and all such other provisions shall remain in full force and effect. It is the intention of the parties hereto that if any provision of this Lease is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

33.3 Warranty of Authority. If Tenant hereunder is a corporation or partnership, the persons executing this Lease on behalf of Tenant hereby covenant and warrant that (i) their execution of this Lease is duly authorized by all necessary corporate or partnership proceedings; (ii) Tenant is a valid and subsisting corporation or partnership, duly formed under the laws of its state of formation and is duly qualified to do business in this state, (iii) all franchise, corporate and/or partnership taxes have been paid to date, and (iv) Tenant will file when due all future tax returns, forms, reports, fees and other documents necessary to comply with applicable laws.

33.4 Entire Agreement. This Lease contains all conditions, covenants and agreements between Landlord and Tenant relating in any manner to the Boardwalk Retail/Restaurant Area and to the rental, use and occupancy of the Premises and the other matters set forth in this Lease. No prior or contemporaneous agreement or understanding pertaining to the Boardwalk Retail/Restaurant Area or the Premises shall be valid or of any force or effect, and the conditions, covenants and agreements of this Lease cannot be altered, changed, modified, or added to, except in writing signed by Landlord and Tenant. Landlord and Tenant intend that this Lease supersedes all such prior or contemporaneous agreements and that this Lease constitutes the final, exclusive and complete embodiment of their agreement. This Lease shall supersede the Prior Lease, if any, which shall be terminated and of no further force or effect after the Commencement Date of this Lease, except for such provisions which survive the expiration or termination of the Prior Lease. No representation, inducement, understanding or anything of any nature whatsoever, made, stated or represented on Landlord's behalf, either orally or in writing (except this Lease), has induced Tenant to enter into this Lease. Specifically, but without limitation, Tenant acknowledges that Tenant has relied solely on its own investigation and business judgment in its determination to enter into this Lease, that any statements which may have been made by any representative of

Landlord concerning the success of Tenant's business and/or the Boardwalk Retail/Restaurant Area and/or the extent of Tenant's sales or profits are based upon that representative's expectations and are not to be considered as promises, covenants or guarantees of success, that the success of Tenant's business and the Boardwalk Retail/Restaurant Area are based upon many factors, including certain factors not within the control of Landlord and certain factors which are within the control of Tenant and that Tenant is not in any way entitled to the benefits of any agreements between Landlord and other tenants which agreements may differ from the terms of this Lease.

33.5 Construction. All of the provisions hereof shall be construed as covenants and not as conditions. Although the printed provisions of this Lease were drawn by Landlord, the parties hereto agree that this circumstance alone shall not create any presumption, canon of construction or implication favoring the position of either Landlord or Tenant. The parties agree that any deletion of language from this Lease prior to its mutual execution by Landlord and Tenant shall not be construed to have any particular meaning or to raise any presumption, canon of construction or implication, including but not limited to any implication that the parties intended thereby to state the converse or opposite of the deleted language.

33.6 Right to Lease. Landlord reserves the absolute right to create such other tenancies in the Boardwalk Retail/Restaurant Area as Landlord, in the exercise of its sole discretion, shall determine. Tenant does not rely on the fact, nor does Landlord represent, that there shall be any specific occupants or number of occupants of space in the Boardwalk Retail/Restaurant Area after the Commencement Date.

33.7 Governing Law. The laws of the state of California shall govern the validity, performance and enforcement of this Lease.

33.8 Waiver or Consent Limitation. No waiver of any default hereunder shall be implied from any omission by either party to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver, and then only for the time and to the extent therein stated. The acceptance by Landlord of rent or other payments with knowledge of the breach of any of the covenants of this Lease by Tenant shall not be deemed a waiver of any such breach. One or more waivers of any breach of any covenant, term or condition shall not be construed to be a waiver of any other covenant, terms or conditions, or a waiver of further breach of the same covenants, terms or conditions.

33.9 Force Majeure. For purposes of this Lease, neither Landlord nor Tenant as the case may be, nor any successor in interest, shall be considered in breach of, or default in, its obligations to construct, improve, repair, restore or make other physical improvements under this Lease as a result of the enforced delay in the performance of such obligations where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; government restrictions or priority; unusually severe weather; inability to secure necessary labor, materials or tools; acts of the other party; acts or failure to act of any public or governmental agency or entity; or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement

of the cause if notice by the party claiming such extension is given to the other party within thirty (30) days after the commencement of the cause and shall continue for a reasonable period, not to exceed 6 months, during which time the party suffering such delay shall exert its best efforts to cure or eliminate the cause of such delay or prevention. If, however, notice by the party claiming such extension is sent to the other party more than thirty (30) days after the commencement of the cause, the period shall commence to run only thirty (30) days prior to the giving of such notice. Nothing contained herein shall be construed to permit delay in the payment of rents or other monetary obligations, or in the submission of notices, plans, Monthly Statements, Annual Statements or other documentation as may otherwise be required.

33.10 Waiver of Rights of Redemption. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event Tenant is evicted or dispossessed for any cause or in the event Landlord obtains possession of the Premises by reason of the violation by Tenant of any of the terms, covenants and conditions of this Lease or otherwise. The rights given to Landlord herein are in addition to any rights that may be given to Landlord by any statute or otherwise.

33.11 Labor Disputes. Tenant shall perform or cause Tenant's contractor to perform all work in the making and/or installation of any repairs, alterations or Improvements in a manner so as to avoid any labor dispute which causes or is likely to cause stoppage or impairment of work or delivery services in the Boardwalk Retail/Restaurant Area. In the event there shall be any such stoppage or impairment as the result of any such labor dispute or potential labor disputes, Tenant shall immediately undertake such action as may be necessary to eliminate such dispute or potential dispute, including but not limited to: (i) removing all parties in dispute from the job site until such time as the labor dispute no longer exists, (ii) seeking an injunction to remove such parties from the Boardwalk Retail/Restaurant Area, and (iii) filing appropriate unfair labor practice charges in the event of a union jurisdictional dispute.

33.12 Additional Assurances. Each of the parties agrees that it will execute such other documents or instruments as may be necessary to carry out and effectuate the purpose and terms of this Lease.

33.13 Gender and Person. Whenever the context of this Lease requires, the neuter, masculine or feminine genders shall each include the others; the singular shall include the plural and the plural shall include the singular; the conjunctive shall include the disjunctive and the disjunctive shall include the conjunctive.

33.14 Counterparts. This Lease and the documents, instruments and agreements executed in connection herewith may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

33.15 Time of Essence. Time is of the essence in the performance of this Lease.

33.16 Franchise. If Tenant is to operate a franchise location, Tenant shall, at the request of Landlord, supply Landlord with any and all information related to Tenant's relationship to franchisor; including, but not limited to, any financial reports required by franchisor, and a copy

of Tenant's franchise license or other document displaying the ability to use franchisor's name, product, logo, etc. Tenant shall also furnish Landlord with the appropriate information to contact a representative at the office of franchisor with respect to any issue. Landlord may request this information to be supplied prior to signing this Lease.

33.17 Exhibits Incorporated. All exhibits attached hereto and referred to herein are incorporated in this Lease and are expressly made a part hereof.

33.18 Nondiscrimination. Tenant shall not discriminate against any person or class of persons by reason of sex, race, color, creed, ancestry, national origin, age, physical handicap, or medical condition, and shall make its accommodations and services available to all persons on a nondiscriminatory basis. Tenant hereby agrees that in all matters affecting this Lease, it will comply with all applicable federal, state and local laws and regulations prohibiting discrimination of any kind.

33.19 Independent Contractor. This Lease is by and between Landlord and Tenant and is not intended and shall not be construed to create the relationship of agent, servant, employee, or representative of Landlord by Tenant.

33.20 No Conflict of Interest. No member, official, officer, employee, agent, or representative of Landlord shall be personally liable to Tenant, or any successor in interest, in the event of any default or breach by Landlord or for any amount which may become due to Tenant or successor or on any obligations under the terms of this Lease. No member, official or employee of City shall have any personal interest, direct or indirect, in this Lease nor shall any such member, official or employee participate in any decision relating to the Lease which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested. Tenant warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Lease.

33.30 **Acknowledgment, Release and Waiver**

TENANT HEREBY ACKNOWLEDGES that the subject Premises located at 142 and 144 International Boardwalk Redondo Beach, California 90277 are subject to pending lawsuits ("Pending Lawsuits") filed against the City that may invalidate or modify this Lease without advance notice. If the lease is invalidated or modified as the result of the Pending Lawsuits, Tenant shall not be entitled to seek damages, equitable relief, or any other type of relief from the City. Notwithstanding the above, Tenant agrees to enter into this Lease.

TENANT HEREBY RELEASES, WAIVES, DISCHARGES AND CONVENANTS NOT TO SUE the City of Redondo Beach, its officials, employees and agents with regard to any and all liability or potential liability to Tenant, its owners, directors, officers, employees, agents, assigns, heirs, and next of kin for any loss or damage, and any claims or demands of any kind resulting from the Pending Lawsuits or any impact or potential impact the lawsuits may have on Tenant or this Lease.

TENANT FURTHER EXPRESSLY AGREES THAT THE FOREGOING

ACKNOWLEDGEMENT, RELEASE and WAIVER is intended to be as broad and inclusive as is permitted by the law of the State of California and that if any portion thereof is held invalid, it is agreed that the remaining terms shall, notwithstanding, continue in full legal force and effect.

IN WITNESS WHEREOF, Landlord has by motion duly adopted by the City Council, caused this Lease to be signed by its Mayor and attested by its City Clerk, and by Tenant caused these presents to be subscribed and have duly executed this Lease, all on the day and year first above written.

"LANDLORD":
CITY OF REDONDO BEACH,
a chartered municipal corporation

William C. Brand
Mayor

"TENANT":

BOARDWALK WORLDWIDE LLC DBA DINGHY DELI

By:
Title:

If Tenant is a CORPORATION, the authorized officers must sign on behalf of the corporation and indicate the capacity in which they are signing. The Lease must be executed by the president or vice-president and the secretary or assistant secretary, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which event, a certified copy of the bylaws or a certified copy of the resolution, as the case may be, must be attached to this Lease.

ATTEST:

APPROVED AS TO FORM:

Eleanor Manzano
City Clerk

Michael W. Webb
City Attorney

APPROVED:

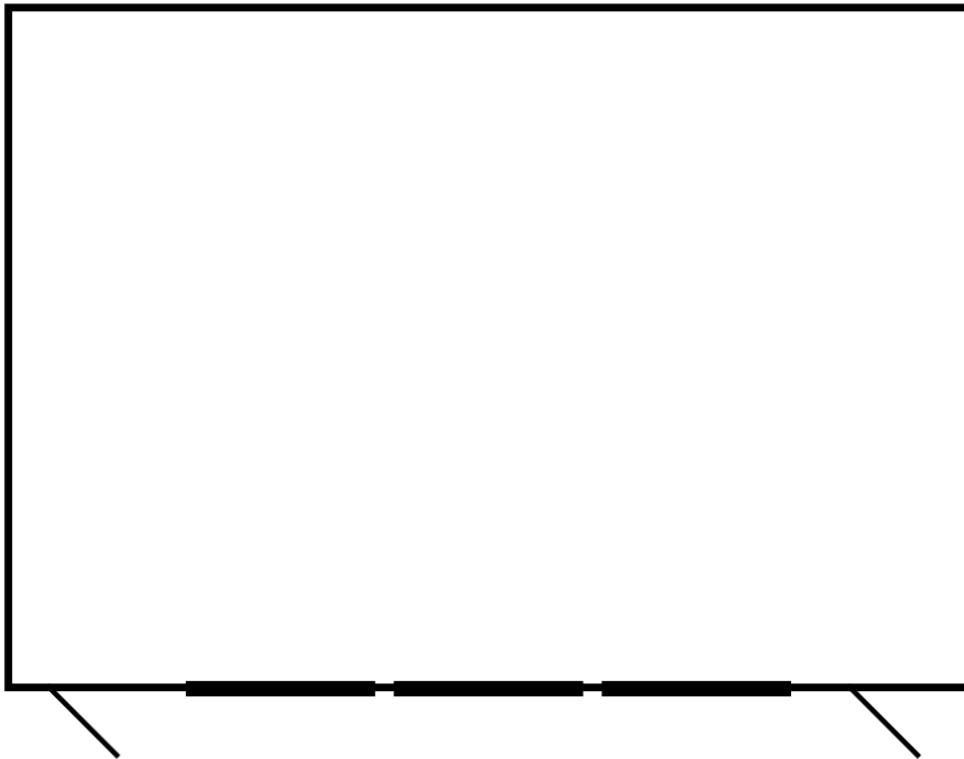
Diane Strickfaden
Risk Manager

EXHIBIT A
PREMISES FLOOR PLAN AND SITE PLAN OF BOARDWALK
RETAIL/RESTAURANT AREA

Floor Plan

160 International Boardwalk
Redondo Beach, CA 90277

1,000 Square Feet



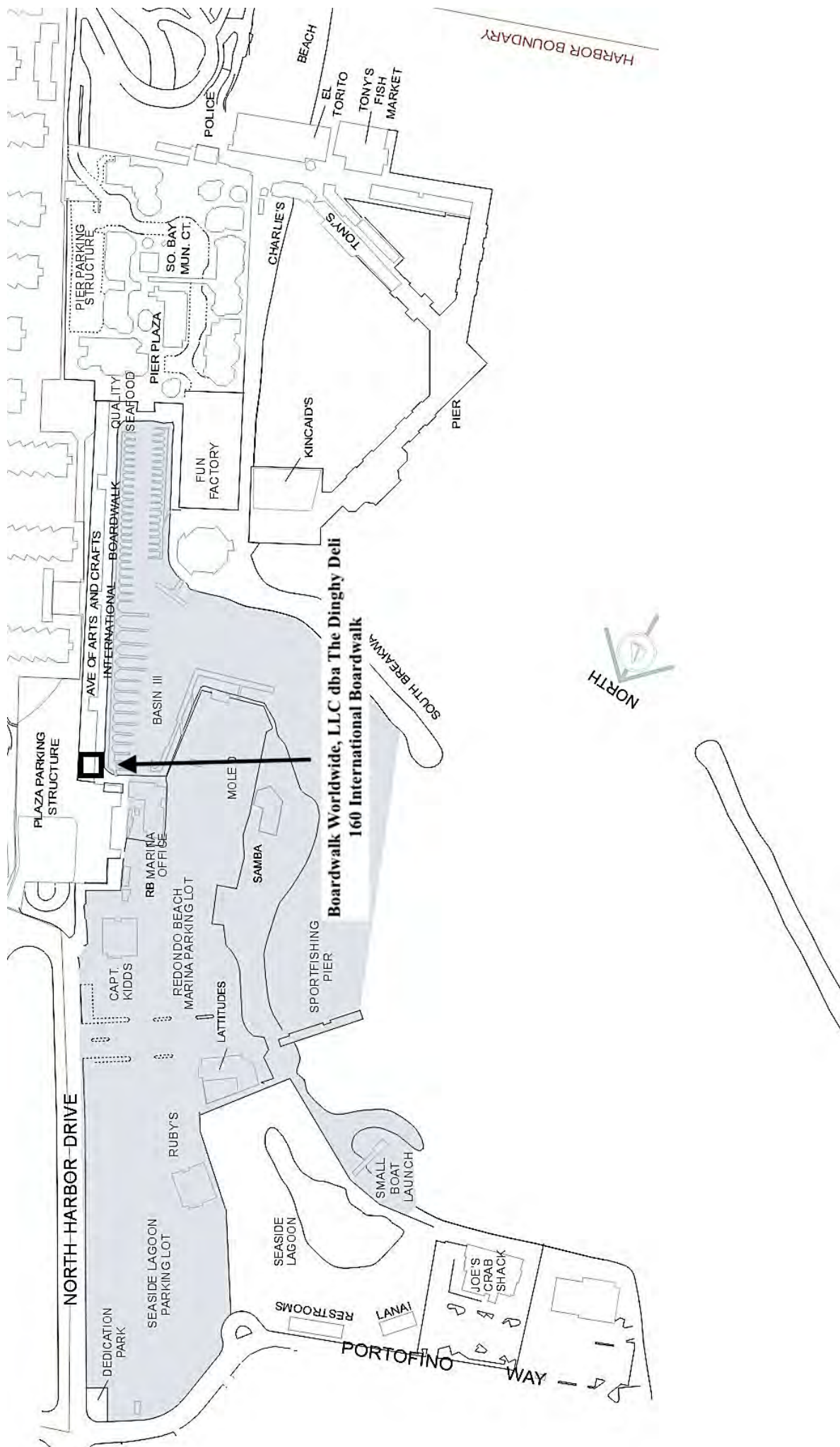


EXHIBIT B

DESCRIPTION OF PREMISES, TRADE NAME AND USE OF PREMISES

Description of Premises: Spaces located at 160 International Boardwalk, Redondo Beach, CA 90277, consisting of approximately 1,000 rentable square feet.

Trade Name: Boardwalk Worldwide LLC dba Dinghy Deli

Use of Premises: Restaurant serving food, beer and wine and for no other use, provided Tenant, if applicable, procures necessary and proper licenses, permits and permissions from appropriate government agencies.

EXHIBIT C

LEASE GUARANTY

THIS LEASE GUARANTY ("Guaranty") is made by Guarantor Rashel Mereness, in favor of the CITY OF REDONDO BEACH, a chartered city and municipal corporation ("Landlord"), in connection with that certain lease dated as of April 6, 2021 (the "Lease") pursuant to which Landlord is to lease to Boardwalk Worldwide LLC dba Dinghy Deli, a Limited Liability Company ("Tenant") those premises generally referred to as 160 International Boardwalk, Redondo Beach, California 90277 (the "Premises").

A. Landlord requires this Guaranty as a condition to its execution of the Lease and the performance of the obligations to be performed under the Lease by Landlord.

B. Guarantor has agreed to provide this Guaranty to induce Landlord to enter into the Lease with Tenant and perform its obligations under the Lease.

In consideration of Landlord's agreement to execute the Lease and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor do hereby agree with Landlord as follows:

1. The Lease is hereby incorporated into and made a part of this Guaranty by this reference.
2. Guarantor hereby unconditionally guarantees, as a primary obligor and not as a surety, without deduction by reason of setoff, defense or counterclaim, the full and punctual payment of all sums of rent and other amounts payable under the Lease and the full and punctual performance of all terms, covenants and conditions in the Lease to be kept, performed and/or observed by Tenant. Guarantor's obligations under this Guaranty are continuing and unconditional.
3. Guarantor hereby agrees that, without the consent of or notice to Guarantor and without affecting any of the obligations of Guarantor hereunder: (a) the Lease may be extended and any other term, covenant or condition of the Lease may be amended, compromised, released or otherwise altered by Landlord and Tenant, and Guarantor does guarantee and promise to perform all the obligations of Tenant under the Lease as so extended, amended, compromised, released or altered; (b) any guarantor of or party to the Lease may be released, substituted or added; (c) any right or remedy under the Lease may be exercised, not exercised, impaired, modified, limited, destroyed, or suspended; (d) Landlord or any other person may deal in any manner with Tenant, any guarantor, any party to the Lease or any other person; (e) Landlord may permit Tenant to holdover the Premises beyond the Lease Term; and (f) all or any part of the Premises or of Tenant's rights or liabilities under the Lease may be sublet, assigned or assumed. Without in any way limiting the foregoing, Guarantor agrees not to unreasonably withhold its consent to any sublease, assignment of the Lease or other modification of the Lease which is agreed to by Landlord and Tenant.
4. Guarantor hereby waives and agrees not to assert or take advantage of: (a) any right to require Landlord to proceed against Tenant, or any other guarantor or person or to pursue any other

security or remedy before proceeding against Guarantor; (b) any defense based on the genuineness, validity, regularity or enforceability of the Lease; (c) any right or defense that may arise by reason of the incapacity, lack of authority, death or disability of Tenant or any other person; and (d) any right or defense arising by reason of the absence, impairment, modification, limitation, destruction or cessation (in bankruptcy, by an election of remedies, or otherwise) of the liability of Tenant, of the subrogation rights of Guarantor or of the rights of Guarantor to proceed against Tenant for reimbursement. Without limiting the generality of the foregoing, Guarantor hereby waives any and all benefits of the provisions of Sections 2809, 2810 and 2845 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

5. Guarantor hereby waives and agrees not to assert or take advantage of (a) any right or defense based on the absence of any or all presentments, demands (including demands for performance), notices (including notices of any adverse change in the financial status of Tenant, notices of any other facts which increase the risk to Guarantor, notices of non-performance and notices of acceptance of this Guaranty) and protests of each and every kind; (b) the defense of any statute of limitations in any action under or related to this Guaranty or the Lease; (c) any right or defense based on a lack of diligence or failure or delay by Landlord in enforcing its rights under this Guaranty or the Lease.

6. Guarantor hereby waives and agrees not to assert or take advantage of any right to (a) exoneration if Landlord's actions shall impair any security or collateral of Guarantor; (b) any security or collateral held by Landlord; (c) require Landlord to proceed against or exhaust any security or collateral before proceeding against Guarantor; (d) require Landlord to pursue any right or remedy for the benefit of Guarantor. Without limiting the generality of the foregoing, Guarantor hereby waives any and all benefits of the provisions of Sections 2819, 2849 and 2850 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

7. Guarantor shall not, without the prior written consent of Landlord, commence, or join with any other person in commencing, any bankruptcy, reorganization or insolvency proceeding against Tenant. Guarantor's obligations under this Guaranty shall in no way be affected by any bankruptcy, reorganization or insolvency of Tenant or any successor or assignee of Tenant or by any disaffirmance or abandonment of the Lease or any payment under this Guaranty by a trustee of Tenant in any bankruptcy proceeding including, without limitation, any impairment, limitation, or modification of the liability of Tenant or the estate of Tenant in bankruptcy, or of any remedy for the enforcement of Tenant's liability under the Lease resulting from the operation of any present or future provision of any federal or state bankruptcy or insolvency law or other statute or from the decision of any court. Guarantor shall file in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law all claims which Guarantor may have against Tenant relating to any indebtedness of Tenant to Guarantor and will assign to Landlord all rights of Guarantor's thereunder. Landlord shall have the sole right to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Landlord the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to Landlord all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled; provided, however, that Guarantor's obligations hereunder shall not be satisfied except to the

extent that Landlord receives cash by reason of any such payment or distribution. If Landlord receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty.

8. Until all the Tenant's obligations under the Lease are fully performed, Guarantor: (a) shall have no right of subrogation or reimbursement against the Tenant by reason of any payments or acts of performance by Guarantor under this Guaranty; (b) subordinates any liability or indebtedness of the Tenant now or hereafter held by Guarantor to the obligations of the Tenant under, arising out of or related to the Lease or Tenant's use of the Premises; and (c) acknowledges that the actions of Landlord may affect or eliminate any rights of subrogation or reimbursement of Guarantor as against Tenant without any liability or recourse against Landlord. Without limiting the generality of the foregoing, Guarantor hereby waives any and all benefits of the provisions of Section 2848 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

9. Prior to the execution of this Guaranty and at any time during the Term of the Lease upon ten (10) days prior written notice from Landlord, Guarantor agrees to provide Landlord with a current financial statement for Guarantors and financial statements for Guarantors for the two (2) years prior to the current financial statement year to the extent not previously delivered to Landlord. Guarantor's financial statements are to be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Guarantor, audited by an independent certified public accountant. Guarantor represents and warrants that all such financial statements shall be true and correct statements of Guarantor's financial condition.

10. The liability of Guarantor and all rights, powers and remedies of Landlord hereunder and under any other agreement now or at any time hereafter in force between Landlord and Guarantor relating to the Lease shall be cumulative and not alternative and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to Landlord by law.

11. This Guaranty applies to, inures to the benefit of and binds all parties hereto, their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns. This Guaranty may be assigned by Landlord voluntarily or by operation of law.

12. This Guaranty shall constitute the entire agreement between Guarantor and the Landlord with respect to the subject matter hereof. No provision of this Guaranty or right of Landlord hereunder may be waived nor may any guarantor be released from any obligation hereunder except by a writing duly executed by an authorized officer, director or trustee of Landlord. The waiver or failure to enforce any provision of this Guaranty shall not operate as a waiver of any other breach of such provision or any other provisions hereof. No course of dealing between Landlord and Tenant shall alter or affect the enforceability of this Guaranty or Guarantor's obligations hereunder.

13. Guarantor hereby agrees to indemnify, protect, defend and hold Landlord harmless from and against, all losses, costs and expenses including, without limitation, all interest, default interest, post petition bankruptcy interest and other post petition obligations, late charges, court costs and attorneys' fees, which may be suffered or incurred by Landlord in enforcing or compromising any

rights under this Guaranty or in enforcing or compromising the performance of Tenant's obligations under the Lease.

14. The term "Landlord" whenever hereinabove used refers to and means the Landlord in the foregoing Lease specifically named and also any assignee of said Landlord, whether by outright assignment or by assignment for security, and also any successor to the interest of said Landlord or of any assignee of such Lease or any part thereof, whether by assignment or otherwise. The term "Tenant" whenever hereinabove used refers to and means the Tenant in the foregoing Lease specifically named and also any assignee or subtenant of said Lease and also any successor to the interests of said Tenant, assignee or sublessee of such Lease or any part thereof, whether by assignment, sublease or otherwise including, without limitation, any trustee in bankruptcy and any bankruptcy estate of Tenant, Tenant's assignee or sublessee.

15. If any or all Guarantors shall become bankrupt or insolvent, or any application shall be made to have any or all Guarantors declared bankrupt or insolvent, or any or all Guarantors shall make an assignment for the benefit of creditors, or any or all Guarantors shall enter into a proceeding for the dissolution of marriage, or in the event of death of any or all Guarantors, notice of such occurrence or event shall be promptly furnished to Landlord by such Guarantor or such Guarantor's fiduciary. This Guaranty shall extend to and be binding upon each Guarantor's successors and assigns, including, but not limited to, trustees in bankruptcy and Guarantor's estate.

16. Any notice, request, demand, instruction or other communication to be given to any party hereunder shall be in writing and sent by registered or certified mail, return receipt requested in accordance with the notice provisions of the Lease. The Tenant shall be deemed Guarantor's agent for service of process and notice to Guarantor delivered to the Tenant at the address set forth in the Lease shall constitute proper notice to Guarantor for all purposes. Notices to Landlord shall be delivered to Landlord's address set forth in the Lease. Landlord, at its election, may provide an additional notice to Guarantor at the address provided under Guarantor's signature below.

17. If either party hereto participates in an action against the other party arising out of or in connection with this Guaranty, the prevailing party shall be entitled to have and recover from the other party reasonable attorneys' fees, collection costs and other costs incurred in and in preparation for the action. Guarantor hereby waives any right to trial by jury and further waives and agrees not to assert or take advantage of any defense based on any claim that any arbitration decision binding upon Landlord and Tenant is not binding upon Guarantors.

18. Guarantor agrees that all questions with respect to this Guaranty shall be governed by, and decided in accordance with, the laws of the State of California.

19. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

20. Time is strictly of the essence under this Guaranty and any amendment, modification or revision hereof.

21. If more than one person signs this Guaranty, each such person shall be deemed a guarantor

and the obligation of all such guarantors shall be joint and several. When the context and construction so requires, all words used in the singular herein shall be deemed to have been used in the plural. The word "person" as used herein shall include an individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

22. If Guarantor is a corporation, each individual executing this Guaranty on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Guaranty on behalf of said corporation, in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the by laws of said corporation, and that this Guaranty is binding upon said corporation in accordance with its terms. If Guarantor is a corporation, Landlord, at its option, may require Guarantor to concurrently, with the execution of this Guaranty, deliver to Landlord a certified copy of a resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Guaranty.

THE UNDERSIGNED HAS READ AND UNDERSTANDS THE TERMS AND CONDITIONS CONTAINED IN THIS GUARANTY INCLUDING, WITHOUT LIMITATION, ALL WAIVERS CONTAINED IN THIS GUARANTY.

Executed on this day of , 2021.

[If Guarantor is a married individual, Guarantor's spouse must sign this Guaranty]

Rashel Mereness
Address of Guarantor:

Name:
Address of Guarantor:

Name:
Address of Guarantor:

*A.If the person(s) signing this Lease on behalf of Tenant [is/are] [an] officers] of a corporation that is incorporated in California, then one of the following conditions must be satisfied: (i) This Lease must be signed by two officers, one being the Chairman of the Board, the Owner or a Vice Owner, and the other one being the Secretary, an Assistant Secretary, the Chief Financial Officer or an Assistant Treasurer; or (ii) if clause (i) above is not satisfied, or if this Lease is signed by one person acting in two capacities, then Tenant shall have delivered to Landlord a certified copy of a corporate resolution in form acceptable to Landlord authorizing the signatory(ies) to execute this Lease.

B. If the person(s) signing this Lease on behalf of Tenant [is/are] [an] officers] of a corporation that is incorporated in a state other than California, then Tenant shall have delivered to Landlord a certified copy of a corporate resolution in form acceptable to Landlord authorizing the signatory(ies) to execute this Lease.

EXHIBIT D

TENANT ESTOPPEL CERTIFICATE

The undersigned, as Tenant under that certain Lease (the "Lease"), made and entered into as of April 6, 2021, by and between City of Redondo Beach, a chartered city and municipal corporation, as "Landlord," and the undersigned, as "Tenant," for the Premises outlined on Exhibit A attached to this Certificate and incorporated in it by this reference, which Premises are commonly known as Tenant Space numbers 160 International Boardwalk, Redondo Beach, California, certifies as follows:

1. The undersigned has commenced occupancy of the Premises described in the Lease. The Commencement Date under the Lease is April 6, 2021. All space and improvements leased by Tenant have been completed in accordance with the provisions of the Lease, and Tenant has accepted and taken possession of the Premises. If any, all contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full.

2. The Lease is in full force and effect as of the date of this Certificate and has not been modified, supplemented, or amended in any way except as follows:

_____.

3. The Lease represents the entire agreement between the parties as to the Premises.

4. Minimum Monthly Rent became payable on April 6, 2021.

5. The Term began on April 6, 2021, and expires on April 5, 2026.

6. Except as indicated in paragraph 7 below, no rent has been paid in advance and no security deposit has been deposited with Landlord, except for the Security Deposit in the amount of \$2050.00 deposited with Landlord in accordance with the Lease. There are no setoffs or credits against any rent payable under the Lease. No free periods or rental abatements, rebates, or concessions have been granted to Tenant, except as follows:

_____.

7. Minimum Monthly Rent in the sum of \$_____ per month has been paid through the month of _____, 20__. Monthly Percentage Rent in the sum of \$_____ per month has been paid through the month of _____, 20__. Tenant's Monthly Expense Share in the sum of \$_____ per month has been paid through the month of _____, 20__. Tenant's Association Share in the sum of \$_____ per month has been paid through the month of _____, 20__. Additional Rent in the sum of \$_____ has been paid through _____, 20__ for the following: _____.

8. As of the date of this Certificate, the undersigned has no defenses or offsets against any of Tenant's obligations under the Lease and there are no uncured defaults of Landlord or any events that (with or without the giving of notice, the lapse of time, or both) constitute a default of Landlord or Tenant under the Lease, except _____.

9. The undersigned has no rights of first refusal or options to (a) purchase all or any portion of the Premises or the International Boardwalk; or (b) renew or extend the Term, except as provided in the Lease.

10. The undersigned has not received nor is it aware of any notification from the Department of Building and Safety, the Health Department, or any other city, county, or state authority having jurisdiction that work is required to be done to the improvements constituting the Premises or the International Boardwalk or that the existing improvements in any way violate existing laws, ordinances, or regulations. Tenant has no actual or constructive knowledge of any processing, use, storage, disposal, release, or treatment of any hazardous or toxic material or substance on the Premises except as follows: _____.

11. The undersigned has no knowledge of any actions, suits, material claims, legal proceedings, or any other proceedings, including threatened or pending eminent domain proceedings, affecting the Premises, at law or in equity, before any court or governmental agency, domestic or foreign. There are no pending actions, voluntary or involuntary, under any bankruptcy or insolvency laws of the United States or any state against Tenant or any guarantor of Tenant's obligations under the Lease.

12. The undersigned has not assigned, sublet, encumbered, pledged, hypothecated, transferred, or conveyed (or suffered any of the preceding) any interest in the Lease or the Premises.

13. The undersigned represents and warrants that to the best of its knowledge all statements contained in this Certificate are true and correct.

14. The undersigned acknowledges that this Certificate may be delivered to any proposed mortgagee, trust deed beneficiary, lessor, lessee, purchaser, or successor-in-interest to Landlord, of all or any portion of the Premises or the Boardwalk. The undersigned acknowledges that it recognizes that if the same is done, the proposed mortgagee, trust deed beneficiary, lessor, lessee, purchaser, or successor-in-interest will be relying on the statements contained in this Certificate in making the lease, purchase, or loan (or in accepting an assignment of the Lease as collateral security), and that receipt by it of this Certificate is a condition of the making of such lease, purchase, or loan. Tenant will be estopped from denying that the statements made in this Certificate by Tenant are true.

15. The undersigned representative of Tenant hereby certifies that they are duly authorized to execute and deliver this Certificate on behalf of Tenant.

Executed at _____ on _____, 20__.

TENANT: Boardwalk Worldwide LLC dba Dinghy Deli

By: _____

Title: _____

EXHIBIT E
SIGN CRITERIA

These criteria have been established for the purpose of assuring an outstanding shopping experience and for the mutual benefit of all tenants. Conformance will be strictly enforced; and any installed nonconforming or unapproved signs must be brought into conformance at the expense of the tenant. All criteria contained herein shall conform to all resolutions, ordinances, general policies and rules of the city of Redondo Beach and the city of Redondo Beach Harbor Department (the City's ordinances, resolutions, etc. shall rule in the event of any conflict).

GENERAL REQUIREMENTS

1. Each Tenant shall submit or cause to be submitted to the Landlord for approval before fabrication at least four copies of detailed drawings indicating the location, size, layout, design and color of the proposed signs, including all lettering and/or graphics.
2. All permits for signs and their installation shall be obtained by the tenant or tenant representative prior to installation which have not been done by owner previously
3. Tenant shall be responsible for the fulfillment of all requirements and specifications.
4. All signs shall be constructed and installed at tenant's expense.
5. All signs shall be reviewed by the Landlord and his designated Project Architect for conformance with this criteria and overall design quality. Approval or disapproval of sign submittal based on esthetics of design shall remain the sole right of the Landlord.
6. Tenant sign contractors to be responsible to obtain all required city and county approvals and permits, including Regional Planning and Building & Safety Division.
7. All Tenants' sign Contractors to be State licensed and shall carry appropriate insurance.

GENERAL SPECIFICATIONS

1. No projections above or below the sign panel will be permitted. Sign must be within dimensioned limits as indicated on the attached drawings.
2. Sign cabinets shall be grey non-illuminated w/white pales face 2'6" x 6" smallest 2'6" x 20" largest. Sizes are determined by store frontage. Tenant is allowed 8" of sign width for every 12" of storefront Typical 15' storefront would have a sign 2'6" x 10'.
3. Letter style will be Century ultra italic (vivid). No florescent colors.
4. Tenant shall be responsible for the cost of installation and maintenance of all signs.

5.The width of the Tenant fascia sign shall not exceed 70% of storefront. The maximum height of the tenant fascia sign shall be 30". Sign shall center on store unless prior approvals are obtained from the Landlord/Developer

6.Tenants sign contractor shall repair any damages to the premises caused by his work.

CONSTRUCTION REQUIREMENTS

1.Signs fastening and clips are to be concealed and be of galvanized, stainless aluminum, brass or bronze metals.

2.No labels will be permitted on the exposed surface of signs, except those required by local ordinance which shall be placed in an Inconspicuous location.

3.Tenants shall have identification signs designed in a manner compatible with and complimentary to adjacent and facing storefront and the overall concept of the center.

4.Signs may be illuminated at the tenant's expense to run electrical for the signs. These signs would still meet criteria for size, lettering and color.

MISCELLANEOUS REQUIREMENTS

1.Each tenant shall be permitted to place upon each entrance of its demised premises not more than 200 square inches of decal application lettering not to exceed 6" inches in height indicating hours of business, emergency telephone numbers & etc.

2.Except as proved herein, no advertising placards, banners, pennants names, insignias, trademarks, or other descriptive material, shall be affixed or maintained upon the glass panes and supports of the show windows and doors, or upon the exterior walls of the buildings without the written previous approval of the Landlord.

3.Each tenant who has a non-customer door for receiving merchandise may apply his name on said door in 4" high block letters and in a location as directed by the Project Architect. Letters shall be placed in the middle of the said door. Where more than one tenant uses the same door, each name and address may be applied. Color of letters shall be black. Letter style shall be Century ultra italic, all capital letters. No other rear entry signs will be permitted.

4.All directory lettering will be provided by Landlord.

Landlord's Initials: _____

Tenant's Initials: _____

EXHIBIT F

PARKING FEE SCHEDULE

Per paragraph 18.4 of the lease and Landlords standard parking rates in effect at the time and adjustable from time-to-time.

RULES AND REGULATIONS

1. The sidewalks, halls, passages, exits, entrances, elevators, escalators and stairways of the Building shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress to and egress from their respective premises. The halls, passages, exits, entrances, elevators, escalators and stairways are not for the general public and Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no agent, employee, contractor, invitee or licensee of any tenant shall go upon the roof of the Building. Landlord shall have the right at any time, without the same constituting an actual or constructive eviction and without incurring any liability to any tenant therefor, to change the arrangement or location of entrances or passageways, doors or doorways, corridors, elevators, stairs, toilets and other common areas of the Building.
2. No sign, placard, picture, name, advertisement or notice visible from the exterior of any tenant's premises shall be inscribed, painted, affixed or otherwise displayed by any tenant on any part of the Building without the prior written consent of Landlord except that Tenant shall have the right, at its sole cost, to place its name on the door of the Premises. Landlord will adopt and furnish to tenants general guidelines relating to signs inside the Building. Tenants shall conform to such guidelines. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of any such tenant by a person approved by Landlord. Material visible from outside the Building will not be permitted.
3. The premises shall not be used for lodging. No cooking shall be done or permitted on the premises except that private use by any tenant of Underwriters' Laboratory approved equipment for brewing coffee, tea, hot chocolate and similar beverages, for preparation of meals by employees of any such tenant in a manner customary for an employee lounge or lunchroom, and for catering to serve food in connection with meetings or receptions will be permitted, provided that such use is in accordance with all applicable federal, state and municipal laws, codes, ordinances, rules and regulations.
4. No tenant shall employ any person or persons other than the janitor of Landlord for the purpose of cleaning its premises unless otherwise agreed to by Landlord in writing. Except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be permitted to enter the Building for the purpose of cleaning the same. No tenant shall cause any unnecessary labor by reason of such tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to any tenant for any loss of property

on the premises, however occurring, or for any damage done to the effects of any tenant by the janitor or any other employee or any other person. Tenant shall pay to Landlord the cost of removal of any of tenant's refuse and rubbish, to the extent that the same exceeds the refuse and rubbish usually attendant upon the use of tenant's premises as offices. Janitor service will not be furnished on nights when rooms are occupied after 9:00 P.M. unless, by agreement in writing, service is extended to a later hour for specifically designated rooms.

5. Landlord will furnish each tenant without charge with two (2) keys to each door lock provided in the premises by Landlord. Landlord may make a reasonable charge for any additional keys. No tenant shall have any such keys copied or any keys made. No tenant shall alter any lock or install a new or additional lock or any bolt on any door of its premises. Each tenant, upon the termination of its lease, shall deliver to Landlord all keys to doors in the Building.

6. Landlord shall designate appropriate entrances and a freight elevator for deliveries or other movement to or from the premises of equipment, materials, supplies, furniture or other property, and tenants shall not use any other entrances or elevators for such purposes. The freight elevator shall be available for use by all tenants in the Building subject to such reasonable scheduling as Landlord in its discretion shall deem appropriate. All persons employed and means or methods used to move equipment, materials, supplies, furniture or other property in or out of the Building must be approved by Landlord prior to any such movement. Landlord shall have the right to prescribe the maximum weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on a platform of such thickness as is necessary properly to distribute the weight. Landlord will not be responsible for loss of or damage to any such property from any cause, and all damage done to the Building by moving or maintaining such property shall be repaired at the expense of tenants.

7. No tenant shall use or keep in the premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material other than limited quantities thereof reasonably necessary for the operation or maintenance of office equipment. No tenant shall use any method of heating or air conditioning other than that supplied by Landlord. No tenant shall use or keep or permit to be used or kept any foul or noxious gas or substance in the premises, or permit or suffer the premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations, or interfere in any way with other tenants or those having business in the Building, nor shall any animals or birds be brought or kept in the premises or the Building. All materials stored in the Premises by Tenant shall be stored in compliance with all applicable laws and shall not exceed the maximum floor load for the Premises as reasonably determined by Landlord.

8. Landlord shall have the right, exercisable without notice and without liability to any tenant, to change the name or street address of the Building.

9. Except as expressly set forth in the Lease, Landlord establishes the hours of 8 A.M. to 6 P.M. Monday through Friday, and Saturday 9:00 A.M. to 1:00 P.M., except legal holidays, as reasonable and usual business hours. If during any other hours or any other days, tenant desires to have any services or utilities supplied to tenant, and if Landlord is able to provide the same, tenant shall pay

Landlord such charge as Landlord shall establish from time to time for providing such services or utilities during such hours. Any such charges which such tenant is obligated to pay shall be deemed to be additional rent under such tenant's lease.

10. The Building's air conditioning system achieves maximum cooling when the drapes and windows are closed. Landlord shall not be responsible for the room temperature if tenant does not keep all drapes and windows in the premises closed whenever the system is in operation. Tenant agrees to cooperate fully at all times with Landlord and to abide by all regulations and requirements which Landlord may prescribe for the proper functioning and protection of said air conditioning system. Tenant agrees not to connect any apparatus device, conduit or pipe to the Building chilled and hot water conditioning supply lines. Tenant further agrees that neither tenant nor its servants, employees, agents, visitors, licensees or contractors shall at any time enter mechanical installations or facilities of the Building or adjust, tamper with, touch or otherwise in any manner affect said installations or facilities.

11. Electric current is furnished as required by the Building standard office lighting and fractional horsepower office business machines in the amount of approximately four (4) watts per square foot. The tenant agrees, should its electrical installation or electrical consumption be in excess of the aforesaid quantity or extend beyond normal business hours, to reimburse Landlord monthly for the measured consumption under the terms, classifications and rates charged to similar consumers by said public utilities serving in the neighborhood in which the Building is located. If a separate meter is not installed at tenant's cost, such excess cost will be established by an estimate agreed upon by Landlord and tenant, and if the parties fail to agree, as established by an independent licensed engineer. Tenant agrees not to use any apparatus or device in, or upon, or about the premises which will in any way increase the amount of such services usually furnished or supplied to said premises, and tenant further agrees not to connect any apparatus or device or wires, conduits or pipes, or other means by which such services are supplied, for the purpose of using additional or unusual amounts of such services without written consent of Landlord. Should tenant use the same to excess, the refusal on the part of tenant to pay, upon demand of Landlord, the amount established by Landlord for such excess charge shall constitute a breach of the obligation to pay rent current under tenant's lease and shall entitle Landlord to the rights therein granted for such breach. At all times tenant's use of electric current shall never exceed the capacity of the feeders to the Building or the risers or wiring installation.

12. Water will be available in public areas for drinking and lavatory purposes only, but if tenant requests, uses or consumes water for any purpose in addition to ordinary drinking and lavatory purposes, of which fact tenant constitutes Landlord to be the sole judge, Landlord may install a water meter and thereby measure tenant's water consumption for all purposes. Tenant shall pay Landlord for the cost of the meter and the cost of the installation thereof and throughout the duration of tenant's occupancy, tenant shall keep said meter installation equipment in good working order and repair at tenant's own cost and expense, in default of which Landlord may cause such meter and equipment to be replaced or repaired and collect the cost thereof from tenant. Tenant agrees to pay for water consumed, as shown on said meter, as and when bills are rendered, and on default in making such payment, Landlord may pay such charges and collect the same from tenant. Any such costs or expenses incurred, or payments made by Landlord for any of the reasons or purposes hereinabove stated shall be deemed to be additional rent, payable by tenant, and

collectible by Landlord as such.

13. Landlord reserves the right to stop service of the elevator, plumbing, ventilating, air conditioning and electric systems, when necessary, by reason of accident or emergency or for repairs, alterations or improvements, in the judgment of Landlord desirable or necessary to be made, until said repairs, alterations or improvements shall have been completed, and shall further have no responsibility or liability for failure to support elevator facilities, plumbing, ventilating, air conditioning or electric service, when prevented from doing so by strike or accident or by any cause beyond Landlord's reasonable control or by laws, rules, orders, ordinances, directions, regulations or requirements of any federal, state, county or municipal authority or failure of gas, oil or other suitable fuel supplied or inability by exercise of reasonable diligence to obtain gas, oil or other suitable fuel. It is expressly understood and agreed that any covenants on Landlord's part to furnish any service pursuant to any of the terms, covenants, conditions, provisions or agreements of tenant's lease or to perform any act or thing for the benefit of tenant, shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of a strike or labor trouble or any other cause whatsoever beyond Landlord's control.

14. Landlord reserves the right to exclude from the Building between the hours of 6 P.M. and 8 A.M. Monday through Friday and at all hours on Saturdays, Sundays and legal holidays all persons who do not present identification acceptable to Landlord. Each tenant shall provide Landlord with a list of all persons authorized by such tenant to enter its premises and shall be liable to Landlord for all acts of such persons. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In the case of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in Landlord's opinion, Landlord reserves the right to prevent access to the Building during the continuance of the same by such action as Landlord may deem appropriate, including closing doors.

15. The directory of the Building will be provided for the display of the name and location of tenants and the principal officers and employees of tenants (not to exceed two (2) names per one thousand (1,000) rentable feet in the Premises) at the expense of such tenant. Periodic revisions and updating shall be provided by Landlord without charge.

16. No curtains, draperies, blinds, shutters, shades, screens or other coverings, hangings or decorations shall be attached to, hung or placed in, or used in connection with any window of the Building without the prior written consent of Landlord. In any event, with the prior written consent of Landlord, such items shall be installed on the office side of Landlord's standard window covering and shall in no way be visible from the exterior of the Building. Tenants shall keep window coverings closed when the effect of sunlight (or the lack thereof) would impose unnecessary loads on the Building's heating or air conditioning system.

17. No tenant shall obtain for use in the premises ice, drinking water, food, beverage, towel or other similar services, except at such reasonable hours and under such reasonable regulations as may be established by Landlord.

18. Each tenant shall ensure that the doors of its premises are closed and locked and that all water faucets, water apparatus and utilities are shut off before such tenant or such tenant's employees

leave the premises so as to prevent waste or damage, and for any default or carelessness in this regard, such tenant shall compensate for all injuries sustained by other tenants or occupants of the Building or Landlord. On multiple-tenancy floors, all tenants shall keep the doors to the Building corridors closed at all times except for ingress and egress.

19. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, no foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be paid by the tenant who, or whose agent, employee, contractor, invitee or licensee, caused it.

20. Except with the prior written consent of Landlord, no tenant shall sell at retail newspapers, magazines, periodicals, theater or travel tickets or any other goods or merchandise to the general public in or on the premises, nor shall any tenant carry on or permit or allow any employee or other person to carry on the business of stenography, typewriting, printing or photocopying or any similar business in or from the premises for the service or accommodation of occupants of any other portion of the Building, nor shall the premises of any tenant be used for manufacturing of any kind, or any business activity other than that specifically provided for in the tenant's lease.

21. No tenant shall install any radio or television antenna, loudspeaker, or other device on the roof or exterior walls of the Building. No television or radio or recorder shall be played in such a manner as to cause a nuisance to any other tenant.

22. There shall not be used in any space, or in the public halls of the Building, either by any tenant or others, any hand trucks except those equipped with rubber tires and side guards or such other material handling equipment as Landlord approves. No other vehicles of any kind shall be brought by any tenant into the Building or kept in or about its premises.

23. Each tenant shall store all its trash and garbage within its premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of office building trash and garbage in the vicinity of the Building, without being in violation of any law or ordinance governing such disposal. All garbage and refuse disposal shall be made only through entryways and elevators provided for such purposes and at such times as Landlord shall designate.

24. Canvassing, soliciting, distribution of handbills or any other written material and peddling in the Building are prohibited, and each tenant shall cooperate to prevent the same.

25. The requirements of tenants will be attended to only upon application in writing at the office of the Building. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

26. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

27. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the agreements, covenants, conditions and provisions of any lease of premises in the Building.

28. Landlord reserves the right to make such other rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Building and for the preservation of good order therein.

29. All construction projects and tenant improvement work must conform to the General Construction and Building Rules.

30. Tenant agrees that all employees will park on the lower levels of the parking structure and that the surface level parking spaces are to be reserved for customers and service providers.

31. Tenant agrees to limit the sale of Beer and Alcohol to:

No alcohol sales.

32. Tenant shall display signage indicating that a “no shirt, no shoes, no service” policy is in effect.

EXHIBIT G

LEASE RIDER
(not applicable)

EXHIBIT H
LEASE CONFIRMATION

TO: Tenant

DATED: April 6, 2021

Re: Lease dated April 6, 2021 by and between CITY OF REDONDO BEACH a chartered city and municipal corporation as Landlord, and BOARDWALK WORLDWIDE LLC DBA DINGHY DELI, a Limited Liability Company as Tenant (the "Lease") for those premises generally referred to as 160 International Boardwalk, Redondo Beach, CA 90277 (the "Premises").

Please acknowledge that the Commencement Date of the Lease is April 6, 2021 and that the Expiration Date of the Lease is April 5, 2026.

Very truly yours,

Agent for "Landlord"

Tenant hereby confirms the information set forth above, and further acknowledges that Landlord has fulfilled its obligations under the above-referenced Lease.

By:
Title:

EXHIBIT I

Recording requested by
and when recorded return to:

CITY OF REDONDO BEACH
415 Diamond Street
Redondo Beach, CA 90277
Attn: City Clerk

No Recording Fee
Exempt pursuant to Government Code § 6103

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into April 6, 2021, by and between the CITY OF REDONDO BEACH, a chartered municipal corporation, hereinafter referred to as the "Landlord" and BOARDWALK WORLDWIDE LLC DBA DINGHY DELI, a Limited Liability Company, hereinafter referred to as "Tenant."

RECITALS

A. Landlord and Tenant have entered in a Lease (hereinafter, "Lease") dated April 6, 2021, for certain premises which are located on real property which is legally described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). Copies of the Lease and Addendum are available for public inspection at Landlord's office at 415 Diamond Street, Redondo Beach, CA 90277.

B. The Lease, as amended, provides that a short form memorandum of the Lease shall be executed and recorded in the Official Records of Los Angeles County, California.

NOW, THEREFORE, the parties hereto certify as follows:

1. Landlord, pursuant to the Lease, has leased the Premises to the Tenant upon the terms and conditions provided for therein, generally for the purposes of general restaurant use.
2. Unless earlier terminated, the term of the Lease shall expire on April 5, 2026.
3. This Memorandum is not a complete summary of the Lease, and shall not be used to interpret the provisions of the Lease.

IN WITNESS WHEREOF, Landlord and Tenant caused these presents to be subscribed, all as of the day and year first above written.

CITY OF REDONDO BEACH

William C. Brand
Mayor

ATTEST:

Eleanor Manzano
City Clerk

APPROVED AS TO FORM:

Michael W. Webb
City Attorney

BOARDWALK WORLDWIDE LLC DBA DINGHY DELI, a Limited Liability Company

By:
Title:

State of California }
 } ss.
County of Los Angeles }

On _____, 20__, 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)

State of California }
 } ss.
County of Los Angeles }

On _____, 20__, 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)



Administrative Report

H.10., File # 21-2263

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL

From: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT
DIRECTOR

TITLE

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2104-028, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO MJD LANDING LLC, DBA REDONDO BEACH SPORTFISHING & WHALE WATCH, A LIMITED LIABILITY COMPANY

APPROVE A LEASE WITH MJD LANDING LLC, DBA REDONDO BEACH SPORTFISHING & WHALE WATCH FOR THE PREMISES AT 140 INTERNATIONAL BOARDWALK FOR A MONTHLY AMOUNT OF \$787.50 FOR THE TERM APRIL 6, 2021 - APRIL 5, 2026

EXECUTIVE SUMMARY

In July 2012, the City purchased the International Boardwalk leasehold and began the process of direct leasing to various tenants. This International Boardwalk is comprised of a narrow linear development of approximately 17,200 square feet that is fronted by a public walkway. The City has negotiated a lease with MJD Landing LLC, dba Redondo Beach Sportfishing & Whale Watch for the space at 140 International Boardwalk, which is approximately 350 rentable square feet.

The proposed lease is for a five-year term with the City retaining the option to terminate the lease with a twelve (12) month prior written notice. Rental to the City's Harbor Uplands Fund is the greater of the minimum monthly rent of \$787.50 or 10% of gross sales. Minimum annual rent is \$9,450.00.

BACKGROUND

In July 2012, the City purchased the International Boardwalk leasehold and began the process of entering into direct leases with various tenants. The International Boardwalk is comprised of a very narrow and linear development along the east side of the Redondo Beach Marina - also referred to as Basin III. The approximately 17,200 square feet of space is almost entirely prepared for retail and food and beverage uses.

MJD Landing LLC is acquiring Redondo Beach Sportfishing from the current operator, Larry Derr, and 140 International Boardwalk will serve as the ticket office for the sportfishing and whale watching operations. Redondo Beach Sportfishing will be operated by Mike Jimenez and Jacob Moreno who currently own and operate the Navagante that operates out of Basin III. The Navagante offers harbor tours, whale watching, and sportfishing operations.

The proposed lease carries a five-year term with a minimum monthly rent of \$787.50, or approximately \$2.25 per square foot - which is consistent with other similar leases in the waterfront and broader market. The monthly rent paid to the City will be the greater of the minimum monthly rent of \$787.50 or 10% of gross sales. The minimum monthly rent increases by 3% on the first anniversary of the lease and every year thereafter. The percentage rent is set at 10% for the term of the lease.

Under the lease, Tenant accepts the property "as is" with no further cost to the City. The City retains the right to terminate the lease with a twelve-month written notice. The lease is personally guaranteed by Donald Cox, Mike Jimenez, and Jacob Moreno.

COORDINATION

The Waterfront and Economic Development Department collaborated with the City Attorney's Office on this report. The City Attorney's Office has approved the document as to form.

FISCAL IMPACT

Lease revenue from the property will accrue to the City's Harbor Uplands Fund. The proposed lease will result in a minimum monthly rent of \$787.50 with an annual minimum rent of \$9,450.00. Over the five-year term of the lease, revenue to the Uplands Fund will be a minimum of \$47,250.00.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Resolution No. CC-2104-028

Lease Between the City of Redondo Beach and MJD Landing, LLC dba Redondo Beach Sportfishing & Whale Watch

RESOLUTION NO. CC-2104-028

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO MJD LANDING LLC DBA REDONDO BEACH SPORTFISHING & WHALE WATCH, A LIMITED LIABILITY COMPANY

WHEREAS, Section 2-21.01, Chapter 21, Title 2, of the Redondo Beach Municipal Code provides that any lease of public land owned or controlled by the City of Redondo Beach, or by any department or subdivision of the City, shall be administratively approved by resolution; and

WHEREAS, the City Council shall approve the subject lease only upon the making of certain findings.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the City Council of the City of Redondo Beach approves the lease with MJD Landing LLC dba Redondo Beach Sportfishing & Whale Watch, a Limited Liability Company ("Lease") for the property commonly located at 140 International Boardwalk, Redondo Beach, CA 90277, consisting of approximately 350 rentable square feet, as further detailed in the Lease attached hereto as Exhibit "A" and incorporated herein as set forth in full.

SECTION 2. That the City Council of the City of Redondo Beach hereby finds:

1. The Lease will result in a net economic or other public benefit to the City of Redondo Beach or the general public; and
2. The granting of the Lease is consistent with and will further the fiscal, budgetary and applicable economic development, social, recreational, public safety or other applicable adopted policies of the City; and
3. The Lease, and all land uses and development authorized by the Lease, are consistent with all applicable provisions of the general plan, the Coastal Land Use Plan where applicable, and the applicable zoning ordinances of the City; and
4. The Lease and all land uses and development authorized by the Lease, are consistent with and will carry out the goals, standards and policies of any specific plan applicable to the Lease property; and
5. The Lease and its purposes are consistent with all other applicable provisions of law.

PASSED, APPROVED AND ADOPTED this 6th day of April, 2021.

William C. Brand, Mayor

APPROVED AS TO FORM:

ATTEST:

Michael W. Webb, City Attorney

Eleanor Manzano, CMC, City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF REDONDO BEACH)

I, Eleanor Manzano, City Clerk of the City of Redondo Beach, California, do hereby certify that Resolution No. CC-2104-028 was passed and adopted by the City Council of the City of Redondo Beach, California, at a regular meeting of said City Council held on the 6th day of April, 2021, and there after signed and approved by the Mayor and attested by the City Clerk, and that said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Eleanor Manzano, CMC
City Clerk

EXHIBIT “A”

REDONDO BEACH INTERNATIONAL BOARDWALK

LEASE

by and between

CITY OF REDONDO BEACH

Landlord

and

MJD LANDING LLC
DBA
REDONDO BEACH SPORTFISHING & WHALE WATCH

Tenant

SUMMARY OF LEASE PROVISIONS:

The information provided below is a summary of detailed provisions set forth in this Lease agreement by and between Landlord and Tenant identified below. This summary is intended to provide an overview only and is not intended to alter, limit or expand the provisions set forth at length in the Lease. In the event of any conflict between the information in this summary and any other provision of the Lease, the latter shall control.

Effective Date of Lease: April 6, 2021

Landlord: The City of Redondo Beach, a chartered city and municipal corporation.

Location: Portion of the Redondo Beach Waterfront commonly referred to as the International Boardwalk.

Premises: That certain location in the Retail Area commonly known as Tenant Space number 140 International Boardwalk, comprised of approximately 350 rentable square feet of Floor Area (as more particularly described in Exhibit A)

Tenant: MJD Landing LLC

Tenant's Trade Name: Redondo Beach Sportfishing & Whale Watch (Exhibit B)

Use of Premises: General use related to ticket sales, fishing and boat reservations and for no other use. Exhibit B

Lease Term: Five (5) years from commencement date. Landlord has the sole option to termination the Lease upon 12 months prior written notice.

Commencement Date: April 6, 2021.

Expiration Date: April 5, 2026.

Minimum Monthly Rent: \$787.50 per month for the first year (\$2.25 Base Rent) with a three percent (3%) increase on the anniversary of the Commencement Date each year thereafter.

Monthly Percentage Rent: Ten percent (10%) of Gross Sales and as may be further described in Section 7.4.

Tenant's Monthly Expense Share: Tenant to pay its pro rata share of all applicable property operating expenses, including Common Area Maintenance (CAM) expenses, which is derived by dividing the Premises leased space by the total square footage of the Location. The pro rata share of operating expenses is 1.85%.

Tenant's Association Share: Tenant to pay it's share for joint advertising and promotion as described in Article 27.

Address for Notices: (Article 29):

TO LANDLORD:

City of Redondo Beach Waterfront Economic Development Director 415 Diamond Street Redondo Beach, CA 90277	and	City of Redondo Beach City Attorney 415 Diamond Street Redondo Beach, CA 90277
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TO TENANT:

MJD Landing LLC
c/o Donald Cox, Mike Jimenez and Jacob Moreno
140 International Boardwalk
Redondo Beach CA 90277

Security Deposit: One Thousand Seven Hundred Fifty Dollars (\$787.50)

Guarantors: Donald Cox, Mike Jimenez and Jacob Moreno (see Exhibit C)

Name and location of competing business or operation not subject to Non-Competition provisions (Section 15.3): N/A.

Rider to Lease: None. (Exhibit G)

Brokers: Landlord: BC Urban. Tenant: None.

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EXHIBITS

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EXHIBIT B	-	Description of the Premises, Trade Name and Use of Premises
EXHIBIT C	-	Guaranty of Lease
EXHIBIT D	-	Estoppel Certificate
EXHIBIT E	-	Sign Criteria
EXHIBIT F	-	Boardwalk Retail/Restaurant Area and Parking Rules and Regulations
EXHIBIT G	-	Rider to Lease
EXHIBIT H	-	Confirmation of Lease
EXHIBIT I	-	Memorandum of Lease Form

REDONDO BEACH INTERNATIONAL BOARDWALK LEASE

This Lease ("Lease") is made as of April 6, 2021, by and between the **City of Redondo Beach**, a chartered city and municipal corporation ("Landlord") and **MJD Landing LLC DBA Redondo Beach Sportfishing & Whale Watch, a California Limited Liability Company** ("Tenant").

RECITALS

A. The State of California has granted to Landlord certain tidelands on the conditions that Landlord develop, improve and operate such lands as a harbor. Landlord has developed, improved and is currently operating the area commonly known as Redondo Beach Harbor (the "Harbor Area"), which includes tide and submerged lands and uplands. As part of the Harbor Area, Landlord has constructed a boardwalk area known as the Redondo Beach International Boardwalk (the "Boardwalk") within the Harbor Area, and maintains the Boardwalk for recreational uses.

B. Tenant desires to lease from Landlord, and Landlord is willing to lease to Tenant, a certain portion of the Improvements on the Boardwalk Retail/Restaurant Area described herein as the Premises upon and subject to the terms, provisions and conditions of this Lease.

C. Landlord is planning to undertake a comprehensive revitalization of the Harbor Area, which may include the conveyance and/or redevelopment of the Boardwalk. Landlord has disclosed to Tenant that Landlord may desire to terminate this Lease prior to the end of the Term in connection with Landlord's planned revitalization of the Harbor Area and Boardwalk.

In consideration of the promises, conditions and covenants set forth herein, Landlord and Tenant hereby agree as follows:

ARTICLE 1 DEFINITIONS

For the purposes of this Lease, the following underlined terms shall have the meaning ascribed to them:

Additional Rent. All sums of money required to be paid pursuant to the terms of this Lease, including but not limited to the sums to be paid pursuant to Article 7, Article 8 and Section 18.2.

Assignment. Any (i) transfer, assignment, subletting, license, concession, change of ownership, mortgage or hypothecation of the Lease or of any portion of the Premises (as defined below) by Tenant or (ii) if Tenant is a business entity other than a publicly traded corporation, the transfer, assignment or hypothecation of more than twenty-five percent (25%), in the aggregate, of the equity, securities or voting control of Tenant.

Boardwalk. The Redondo Beach International Boardwalk.

Boardwalk Retail/Restaurant Area. The Improvements which are a part of the Redondo

Beach International Boardwalk Area ("Boardwalk Area") of the Redondo Harbor Properties and the Redondo Beach Harbor Enterprise, and which comprise the retail shops in the Boardwalk Area. The Boardwalk Retail/Restaurant Area, of which the Premises is a part, is located on the real property ("Property") located in Redondo Beach and further described in Exhibit A.

City. The City of Redondo Beach, a chartered city and municipal corporation.

CPI. The Consumer Price Index-All Consumers (Los Angeles-Anaheim-Riverside, CA, All Items, Base 1982-84 = 100) as published by the United States Department of Labor, Bureau of Labor Statistics. Should the Bureau discontinue the publication of the Index, or publish the same less frequently or on a different schedule, or alter the same in some other manner including, but not limited to, changing the name of the Index or the geographic area covered by the index, Landlord and Tenant shall adopt a substitute index or procedure which reasonably reflects and monitors consumer prices.

Commencement Date. The Commencement Date shall be the Commencement Date in the Summary.

Common Area. All improved and unimproved areas within the exterior boundaries of the Boardwalk Retail/Restaurant Area that are provided and designated by Landlord from time to time for the general and common use, benefit and/or convenience of Landlord and/or other tenants in the Boardwalk Retail/Restaurant Area and/or their respective authorized representatives and invitees. The Common Area are those areas, facilities and equipment of the Boardwalk Retail/Restaurant Area outside the Tenant Spaces and other premises for the exclusive use of Landlord or a tenant, and include without limitation, pedestrian walkways and patios, pier decking, landscaped areas, sidewalks, service corridors, public restrooms, stairways, non-structural portions of the roofs and exterior walls, plazas, malls, thoroughways, loading areas and parking areas. The common areas as they exist at the Commencement Date of this Lease are outlined in Exhibit A, which are depicted for the sake of conceptual reference only and not to establish exact locations or boundaries.

Common Area Expenses. All expenses incurred in connection with maintenance of the Common Areas including but not limited to all sums expended in connection with all general maintenance, repairs, resurfacing, painting, restripping, cleaning, sweeping and janitorial services; maintenance and repair of signs; sprinkler systems, planting and landscaping; lighting and other utilities; heating, ventilating and air conditioning costs and systems; directional signs and other markers and bumpers; maintenance and repair of any fire protection systems; lighting systems, storm drainage systems and other utility systems; salaries and costs of workers' compensation insurance covering personnel to implement such services including, if Landlord deems necessary, the cost of security guards; real and personal property taxes and assessments on the Improvements and land comprising the Common Areas; any governmental imposition or surcharge imposed on and/or assessed against any portion of the Common Areas; depreciation, maintenance and operating costs of machinery and equipment used in connection with the Common Areas (if owned) and rental paid for such machinery and equipment (if rented); adequate public liability and property damage insurance on the Common Areas; fire and extended coverage insurance (and earthquake and other natural disaster coverage insurance if Landlord obtains and maintains such

coverage); licensing fees; pest extermination; and amounts paid by Landlord as a result of personal injury or property damages, whether due to lack of insurance, deductible amounts or otherwise. In addition, Common Area Expenses shall include an amount for accounting, bookkeeping and collection of the expenses associated with the Common Areas equal to ten percent (10%) of the total of the above expenses associated with Common Areas for each calendar year. Landlord may cause any or all services associated with the Common Areas to be provided by an independent contractor or contractors.

Should Landlord acquire or make available additional land not currently shown as part of the Boardwalk Retail/Restaurant Area (as defined below), and make said land available for parking or other Common Area purposes, then Common Area Expenses shall also include all of the aforementioned expenses and costs incurred and paid in connection with said additional land.

Environmental Damages. All claims, judgments, damages (including punitive damages), losses, penalties, fines, liabilities (including strict liability), encumbrances and liens, and any other costs and expenses, resulting from the existence on or in, or release to the ground or air of Hazardous Materials in violation of or alleged to be in violation of the laws applicable thereto, including any attorneys' fees, disbursements, consultant's fees and other costs resulting from (a) investigation and defense of any alleged claim and (b) directive of any Governmental Agency, whether or not the claims or directives are groundless, false or fraudulent or ultimately defeated, and (c) any settlement or judgment.

Floor Area. All areas within the Boardwalk Retail/Restaurant Area which are held for the exclusive use and occupancy by specific tenants of Landlord, measured from the exterior surface of exterior walls (and, in the case of openings, from extensions thereof), and from the center of interior partitions, including, but not limited to, restrooms, mezzanines, warehouse or storage areas, clerical or office areas, and employee areas.

Governmental Agency. Any Federal, State, County or City authority having appropriate jurisdiction, any political subdivision thereof, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof.

Gross Sales . The gross selling price (including finance charges) of all merchandise or services sold, leased, licensed, or delivered in or from the Premises by Tenant, its permitted subtenants, licensees, or concessionaires, whether for cash or on credit (whether collected or not), including the gross amount received by reason of orders taken on the Premises although filled elsewhere, and whether made by store personnel or vending machines and all deposits not refunded to purchasers. Any transaction on an installment basis, including, without limitation, any "lay-away" sale, gift certificate or like transaction, or otherwise involving the extension of credit, shall be treated as a sale for the full price at the time of the transaction, irrespective of the time of payment or when title passes. All sales originating and orders taken, from or at the Premises, whether the orders are made by telephone, mail or any electronic device even if the order is filled elsewhere, shall be considered as made and completed therein, even though bookkeeping and payment of the account may be transferred to another location for collection, and although actual filling of the sale or service order or actual delivery of the merchandise may be made from a place other than the Premises. Gross Sales also shall include any sums that Tenant receives from pay

telephones, stamp machines, music machines, amusement machines, or public toilet locks, as well as all admission, entry and other fees of any nature or kind charged by Tenant, its agents, sublessees, concessionaires or licensees. Gross Sales in credit card transactions shall include only the actual amount received by Tenant from the credit card issuer.

In addition, the term Gross Sales as used in this Lease shall not include the full retail price of California State Lottery tickets sold from the premises, but shall include the full amount of compensation and any incentive bonuses paid to and received by Tenant for such sales, as such compensation and bonuses are determined from time to time by the State Lottery Commission and Director under California Government Code §8880.51 and other applicable California laws.

Gross Sales shall not include, or if included there shall be deducted (but only to the extent they have been included), the following:

1. The selling price of all merchandise returned by customers and accepted for full credit, or the amount of discounts, refunds, and allowances made on such merchandise.

2. Merchandise returned to sources or transferred to another store or warehouse owned by or affiliated with Tenant.

3. Sums and credits received in the settlement of claims for loss of or damage to merchandise.

4. The price allowed on all merchandise traded in by customers for credit or the amount of credit for discounts and allowances made instead of acceptance of merchandise.

5. Any sums paid to third parties for the use or rental of pay telephones, stamp machines, music machines, amusement machines, or public toilet locks.

6. Sales and use taxes, so-called luxury taxes, consumers' excise taxes, gross receipts taxes, and other similar taxes now or in the future imposed on the sale of merchandise or services, but only if such taxes are added to the selling price, separately stated, collected separately from the selling price of merchandise or services, and collected from customers.

7. Sales of fixtures, trade fixtures, or personal property that are not merchandise as allowed in this lease.

Guarantors. The Guarantors, if any, are set forth in the Summary attached hereto and made a part hereof.

Harbor Area. The area commonly known as Redondo Beach Harbor.

Hazardous Materials. (a) Any petroleum or petroleum products, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other materials or pollutants which (i) pose a hazard to the Boardwalk Retail/Restaurant Area or to persons on or about the Boardwalk Retail/Restaurant Area or (ii) cause the Boardwalk

Retail/Restaurant Area to be in violation of any Hazardous Materials Laws; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty (50) parts per million; (c) any chemical, material or substance defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any applicable local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto, including, but not limited to, the Comprehensive Environmental Response' Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et. seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251, et seq.; Sections 25115, 25117, 25122.7, 25140, 25281, 25316, and 25501 of the California Health and Safety Code; and Article 9 or Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20; and (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the occupants of the Boardwalk Retail/Restaurant Area or the owners and/or occupants of property adjacent to or surrounding the Boardwalk Retail/Restaurant Area.

Impositions. The term "Impositions" shall mean all taxes, assessments, charges, levies, fees and other governmental charges, general and special, ordinary and extraordinary, of any kind and nature whatsoever, including, but not limited to, assessments for public Improvements or benefits, which shall be laid, assessed, levied, or imposed upon the Boardwalk Retail/Restaurant Area and the Common Areas or any part thereof and which are payable at any time during the term hereof, and all gross receipts taxes, rent taxes, business taxes and occupancy taxes, and shall include all of Landlord's reasonable administrative costs and any and all costs incurred by Landlord in contesting or negotiating the taxes with any governmental authority, except only franchise, estate, inheritance, succession, capital levy, transfer, income and excess profits taxes imposed upon Landlord.

Improvements. Structures, construction, alterations, additions and/or changes to the Boardwalk Retail/Restaurant Area, the Common Areas or the Premises, as the context requires.

Landlord. City or any successor to or assignee of Landlord's interest in the Boardwalk Retail/Restaurant Area.

Lease Year. For the first Lease Year, the period commencing on the Commencement Date and ending on the immediately next June 30th, whether in the same calendar year or the following calendar year, and thereafter, the period of 12 consecutive months commencing with each July 1st thereafter and ending on the following June 30th, the calendar year next following the Commencement Date.

Lender. Any construction, interim or permanent lender, or any mortgagee, trustee or beneficiary under a mortgage or deed of trust to which the Premises, the Boardwalk Retail/Restaurant Area, and/or any part thereof is subject pursuant to an agreement with Landlord.

Master Documents. This Lease shall be subordinate to the Tideland Trust instruments and any master lease, pursuant to which Landlord owns its estate, and any other document reasonably deemed relevant by Landlord, all of which are on file with Landlord.

Maximum Lawful Rate of Interest. The maximum lawful rate of interest shall be 300 basis points (3%) above the prime rate of interest announced by the Bank of America at its San Francisco office as charged to corporate borrowers of the highest standing for short term unsecured obligations (but in no event in excess of the maximum rate of interest then permitted to be charged by California law).

Minimum Hours of Operation. The minimum hours of operation shall be 11:00 am through 8:00 pm during each day of the Months of May, June, July, August and September; and 11:00 am through 6:00 pm during each day for any other Month (subject to change as provided for below).

Minimum Monthly Rent. Minimum Monthly Rent as specified in the Summary, payable Monthly in advance as increased pursuant to the terms of Article 7.

Month or Monthly. A calendar month period within each Lease Year, except that with regard to payments that are to be made Monthly, the first Monthly period shall commence on the date the Term commences and the last Monthly period shall end on the date the Term expires or terminates.

Monthly Percentage Rent. The Monthly Percentage Rent is that percentage of the Gross Sales during each Month as set forth in the Summary.

Premises. That portion of the Boardwalk Retail/Restaurant Area known as the Tenant Space number referred to above in the Summary, which numbered Tenant Space is located as shown on Exhibit B. The Minimum Monthly Rent is not based on the actual square footage as may be found by more exact measurement, and deviation from the approximations of Floor Area used to describe the Tenant Space herein shall not cause a change in the Minimum Monthly Rent.

Principal Owner. Any person or entity which owns or has the power to vote at least twenty-five percent (25%) of the equity securities (whether stock, partnership interests or otherwise) of Tenant.

Prior Lease. The lease between Landlord and Tenant in effect prior to the Commencement Date of this Lease, if any.

Reconstruction. The repair, reconstruction and restoration of the Premises following a casualty, as described in Article 17.

Removable Trade Fixtures. All personal property of Tenant not permanently affixed to the Premises, including but not limited to shelves, racks, signs, displays, counters and mirrors, which can be removed without damage to the Premises.

Security Deposit. The amount of the Security Deposit is set forth in the Summary, and is

payable by Tenant to Landlord pursuant to Article 31.

Summary. The Summary is the Summary of Lease Provisions attached at the front of this Lease and made a part hereof.

Tenant. The Tenant is identified in the Summary and on the first page of this Lease.

Tenant's Estoppel Certificate. A written statement by Tenant, substantially in the form of Exhibit D, with respect to the Lease, as required by Section 25.5.

Tenant Spaces. Those certain spaces designed for the possession and occupancy of businesses and tenancies under lease from Landlord as depicted on Exhibit B.

Tenant's Monthly Expense Share. Tenant's Monthly Expense Share is set forth in the Summary.

Term. The term of this Lease is set forth in the Summary, commencing on the Commencement Date.

ARTICLE 2 EXHIBITS

The Summary set forth above and the following drawings and special provisions are attached hereto as Exhibits and are incorporated herein by this reference:

- Exhibit A: General site plan of the Boardwalk Retail/Restaurant Area.
- Exhibit B: Description of Premises, Trade Name and Use of the Premises.
- Exhibit C: Guaranty of Lease.
- Exhibit D: Tenant's Estoppel Certificate.
- Exhibit E: Sign Criteria.
- Exhibit F: Rules and Regulations.
- Exhibit G: Rider to Lease
- Exhibit H: Confirmation of Lease
- Exhibit I: Memorandum of Lease Form

ARTICLE 3 PREMISES

3.1 Lease of Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises, for the Term, for the rent, and upon the covenants and conditions set forth in this Lease. Prior to entering into this Lease, Tenant has made a thorough and independent examination of the Premises and all matters related to Tenant's decision to enter into this Lease. As the occupant of the Premises pursuant to the Prior Lease, Tenant is thoroughly familiar with all aspects of the Premises and is satisfied that it is in an acceptable condition and meets Tenant's needs. Tenant agrees that Tenant shall accept the Premises "AS IS" in the

condition as of the execution of this Lease, subject to all recorded matters, laws, ordinances and governmental regulations and orders. Landlord shall have no responsibility for any work or Improvements which may be required to prepare the Premises for Tenant's use, or for any work in remodeling the Premises. Tenant acknowledges that neither Landlord nor any agent or representative of Landlord has made any representation as to the condition of the Premises, the suitability of the Premises for Tenant's intended use or the economic feasibility of the business Tenant intends to conduct. This Lease confers no rights of possession to Tenant to that portion of Boardwalk Retail/Restaurant Area lying outside of the exterior walls, floor and roof of the Premises, or to the Common Areas.

3.2 Agreements Affecting Lease. This Lease is subject to the Master Documents, which are hereby incorporated by reference. Upon written demand of Landlord, Tenant shall execute, acknowledge and deliver to Landlord for recording a subordination agreement whereby this Lease is subordinated to any of the Master Documents and any amendments thereto provided Tenants' rights under this Lease are not substantially or materially altered..

3.3 Landlord's Reservations.

3.3.1 Regarding the Boardwalk Retail/Restaurant Area. Landlord may change the name of the Boardwalk Retail/Restaurant Area. Tenant acknowledges that the Improvements shown in Exhibit A and the identity of any tenant shown thereon are subject to changes, alterations, additions and deletions as the Landlord may direct. Landlord may change the shape, size, location, number and extent of the Improvements on the site plan as shown on Exhibit A, and eliminate or add any Improvements to any portion of the Boardwalk Retail/Restaurant Area. Landlord reserves to itself the use of the roof, exterior walls, and the equipment, machinery, connections, pipes, ducts, conduits and wires leading through the Premises and serving other parts of the Boardwalk Retail/Restaurant Area, all in a manner and in locations which will not unreasonably interfere with Tenant's use of the Premises. Tenant's consent shall not be required for the creation of any covenants, easements or rights of way which are created by or required by Landlord or by any governmental authority.

3.3.2 Regarding the Premises. Landlord shall not materially change the size or location of the Premises without Tenant's prior written consent, which shall not be unreasonably withheld, after the Commencement Date. Landlord reserves the right to enter the Premises for purposes of inspection and repairs as set forth in Section 16.5, for self-help as set forth herein, for the installation and maintenance of sprinkler equipment, and at all times in case of emergency.

3.3.3 Regarding the City as Regulator. Tenant acknowledges and agrees that neither this Lease nor any other agreement with City in its proprietary capacity as Landlord shall bind the City in its regulatory capacity and that nothing contained herein is an agreement of the City as a governmental body having regulatory jurisdiction of the Premises to issue or grant to Tenant any permit including building, land use, occupancy, and health permits. Tenant shall be required to apply for and obtain all permits including building and land use permits needed from the City in its governmental regulatory capacity, and to comply with all laws, ordinances, rules and regulations of City governing the construction, use and occupancy of the Premises. Tenant further acknowledges that Tenant shall not have the right to apply for building and land use

permits without Landlord's written consent, which may be withheld in the sole discretion of Landlord.

ARTICLE 4 USE AND POSSESSION

4.1 Tenant's Business. Upon and after the Commencement Date Tenant shall use the Premises at all times for the sole purpose of conducting therein the business described and under the trade name as set forth in, Exhibit B, and for no other purpose or use and under no other trade name. Tenant shall not by any means or device, either directly or indirectly, violate the aforementioned restrictions on the use of the Premises.

4.2 Compliance with Agreements, Laws, etc; Rules and Regulations; Insurance Requirements.

4.2.1 Tenant shall not use or permit to be used the Premises or any part thereof for any purpose or use in violation of the Master Documents, this Lease or in violation of any law or ordinance or any regulation of any governmental authority or in any manner that will constitute an unreasonable annoyance to any occupant of the Boardwalk Retail/Restaurant Area or a public or private nuisance, including but not limited to the production of deleterious or offensive odors (which shall in all instances for purposes of this Lease include any and all food and cooking odors), or that will damage the reputation of the Boardwalk Retail/Restaurant Area or any part thereof, or for any hazardous purpose, or in any manner that will violate, suspend, void or serve to increase the premium rate of or make inoperative any policy or policies of insurance at any time carried on the property, buildings or Improvements on the Boardwalk Retail/Restaurant Area or the Property or any part thereof.

4.2.2 Tenant shall not violate or permit the violation of, and at Tenant's cost and expense shall comply with or cause to be complied with, at all times during the Term, all provisions of this Lease and the Master Documents affecting the Boardwalk Retail/Restaurant Area and all laws, ordinances, rules, regulations and orders of all governmental authorities (including, without limitation, the Tidelands Trust) affecting the Boardwalk Retail/Restaurant Area and the operation of any business therein and, without limiting the generality of the foregoing, Tenant shall, at its cost and expense, procure all licenses, permits or other authorizations required in connection with any operation conducted in the Premises. Tenant shall pay for any and all changes to the remainder of the Boardwalk Retail/Restaurant Area outside the Premises required or necessitated by or in any way due to this Lease and/or Tenant's required or permitted activities (including construction) hereunder.

4.3 Release. Tenant hereby releases Landlord from any liability for any loss or damage should Tenant's use and occupancy of the Premises for the purposes set forth in this Lease be prohibited or impaired by reason of any zoning, law, ordinance or regulation of federal, state, county or municipal governments, or by reason of any act of legal or governmental or other public authority, including without limitation, ballot initiatives.

4.4 Use of the Premises. Tenant shall at all times and at Tenant's cost and expense during the term (and shall cause its occupants to, as appropriate):

(1) Maintain the Premises and all access areas thereto in good order, condition and repair, and provide such janitorial services as shall be necessary to keep all of the above continuously safe, neat, vermin free, clean, inviting and attractive; and that in regard thereof, Tenant acknowledges that the Premises, being an oceanfront facility, is subject to nuisances caused by birds in the form of roosting and deposit of their droppings, and agrees to take reasonable measures to prevent or reduce such roosting and other nuisances caused by the birds on the exterior and roof of the Premises and to keep the exterior of the Premises and its immediate area clean and free of such droppings;

(2) Store or stock in the Premises only such property as shall be reasonably required in connection with business being conducted in the Premises, and not use any portion of the Premises for storage or warehouse purposes beyond such needs; and except for incidental related office purposes, use for office, clerical or other non-selling purposes only such space in the Premises as is from time to time reasonably required for Tenant's business therein;

(3) Store all trash and garbage in adequate closed containers located within the Premises so as not to be visible to members of the public patronizing the Boardwalk Retail/Restaurant Area; maintain such containers in a neat and clean condition and in a manner which will not create or permit any health or fire hazard or any offensive odor; and arrange for the regular removal of trash and garbage. If Landlord shall furnish trash removal service, Tenant shall use such service and shall pay Landlord monthly for such service at the prevailing competitive rate for such service as billed by Landlord;

(4) Refrain from burning any papers, trash or garbage of any kind in, on or about the Premises;

(5) Refrain from overloading any floor in the Premises;

(6) Refrain from using any portion of the Premises as living quarters, sleeping apartments or lodging rooms;

(7) Refrain from using the plumbing facilities for any purpose other than that for which they were constructed and refrain from disposing of any toxic, hazardous, damaging or injurious substance therein;

(8) Refrain from distributing any handbills or other advertising matter in, on or about any part of the Premises, the Boardwalk Retail/Restaurant Area, or nearby parking facilities, and shall not permit any parading, rallying, patrolling, picketing, demonstrating, hawking, sign waving, or any similar type of conduct within the Premises or the Boardwalk Retail/Restaurant Area;

(9) Use best efforts to cause all trucks servicing the Premises to be loaded and unloaded in those areas and during those hours specified by Landlord;

(10) Provide the proper number and types of fire extinguishers for the Premises as

required by the most stringent applicable laws or insurance requirements of either Landlord or Tenant;

(11) Keep the Premises suitably lighted during such hours as Landlord may reasonably require, including periods in addition to the business hours of Tenant if in the opinion of Landlord such lighting is reasonably necessary or desirable; and,

(12) Keep the walkway in front of the Premises free of all obstructions, including, but not limited to, temporary displays and signage. Certain furnishings, such as tables and chairs along the marina basin railing, may be considered by Landlord on a case-by-case basis in Landlord's sole discretion.

4.5 Prohibited Uses. Tenant shall not, and shall not allow any occupant of the Premises to:

(1) Conduct any going-out-of-business, fire, bankruptcy, auction or other distress sale in, on or about the Premises, or sell any used or re-conditioned merchandise or items;

(2) Use any sidewalks, walkways or areaways of the Boardwalk Retail/Restaurant Area for any purpose other than the passage of pedestrians. Tenant shall conduct its business entirely within the Premises and no portion of Tenant's business may encroach onto, or be located on the walkway in front of the Premises;

(3) Place any fence, structure, building, improvement, division, rail, sign, advertising, display, device or obstruction of any type or kind upon the Common Area or the Boardwalk Retail/Restaurant Area or any part thereof, or upon any vestibule, entrance or return to the Premises, except as may be approved in writing by Landlord;

(4) Park, operate, load or unload any truck or other delivery vehicle at the Boardwalk Retail/Restaurant Area or the Property, other than that portion from time to time designated by Landlord, or use any portion of Landlord's loading docks and related facilities other than such portions thereof and during such times as Landlord may designate in its sole and absolute discretion;

(5) Keep live animals of any kind in, on or about the Premises;

(6) Install, use or permit to be used in, on or about the Premises or the Boardwalk Retail/Restaurant Area any advertising medium, paging system, or other sound, light, or sensory device which may be seen, heard or experienced outside the Premises, such as, but not limited to, flashing lights, searchlights, loudspeakers, phonographs, pianos, organs, jukeboxes or radio or television broadcasts, or permit any live music or entertainment at any time unless in accordance with the terms of a valid entertainment permit issued by the City;

(7) Maintain or permit to be maintained in, on or about the Premises, pinball, mechanical or electronic games of any nature, or any vending, coin or credit card operated machines of any nature (except for any vending machines for food, candy, beverages and other

similar items which are located only in areas not generally accessible to patrons and are solely for use by employees of the business(s) being conducted in the Premises);

(8) Use any portion of the Premises for (i) the sale of drugs, including without limitation medical marijuana, (ii) a drug treatment clinic, (iii) a liquor store, (iv) a bar dispensing liquor or alcoholic products which is not an incidental part of a restaurant or (v) the sale, distribution, display or offer for sale any item which in Landlord's good faith judgment (which judgment may include consideration of the fact that the Landlord is the City), is inconsistent with the quality of the operation of the Boardwalk Retail/Restaurant Area intended for general and family-oriented patronage or which may tend to injure or detract from the moral character or image of the Boardwalk Retail/Restaurant Area, or which may otherwise violate the local community's sense of decorum, as may be determined by Landlord in its sole discretion. Without limiting the generality of the foregoing, Tenant shall not sell, distribute, display or offer for sale any paraphernalia used in connection with any illegal drugs or any pornographic, lewd or "adult" newspaper, book, magazine, film, picture, representation or merchandise of any kind.

4.6 Safety Requirements. Tenant's occupancy and rights hereunder shall be subject to the following:

(1) All fire protection systems servicing the Premises and the Boardwalk Retail/Restaurant Area, including, without limitation, any central station or remote station alarm systems, risers, sprinkler system, sprinkler control and fire protection water supply and related valves and fire pumps, shall be subject to Landlord's direct control and supervision, but without any obligation on Landlord to exercise such control and/or supervision.

(2) It shall be the responsibility of Landlord to keep any sprinklers in service at all times and to maintain any sprinkler equipment within the Premises in good order and repair so as to satisfy a "highly protected risk" rating with Landlord's fire insurance carrier, and any impairments to the sprinkler system within the Premises shall be reported immediately by Tenant to Landlord. In the event that it is necessary that any automatic sprinkler system be out of service, Tenant shall provide a fire watch in the affected areas of the building to meet both Landlord's and Code requirements.

(3) Tenant shall provide and maintain portable fire extinguishers throughout the Premises on the basis of at least one 2A-20BC rated extinguisher for each 3,000 sq. ft. or portion thereof. Said extinguishers must be mounted along normal paths of travel and securely hung in conspicuous locations. Said extinguishers must be placed so that travel distance to an extinguisher from any portion of the Premises does not exceed 75 feet.

(4) Tenant shall not introduce any hazardous occupancy or operation into the Premises for which the fire protection equipment therein is not designed. No operation may be conducted in the Boardwalk Retail/Restaurant Area which involves the use or storage of flammable liquids, aerosols or gas, and such use or storage in the Premises is prohibited, except and only as may be otherwise provided in this Lease for cooking facilities.

(5) Tenant shall observe and comply with all requirements specified by Landlord's fire

insurance carrier for a "highly protected risk" rating in respect of the Premises and Tenant's use of the same and its operations therein.

(6) If any cooking facility is operated in the Premises, Tenant shall comply with the special hazard protection requirements in the latest edition of NFPA Standard 96, including, without limitation:

(i) properly constructed and arranged ventilation hoods and ducts for all cooking equipment;

(ii) a fixed pipe automatic dry chemical or carbon dioxide extinguishing system (or approved equivalent) protecting the cooking surface, ventilation hood and ductwork of all cooking appliances producing grease-laden vapors;

(iii) the extinguishing system must be interconnected with the fuel supply for the cooking equipment so that actuation of the extinguishing system causes automatic shut-off of the fuel supply to the equipment.

4.7 Compliance with Law. Tenant covenants and agrees not to violate or permit the violation of, and at its expense shall comply or cause to be complied with all present and future applicable building, subdivision, zoning, off-street parking, environmental protection or any other land use or other laws, ordinances, rules, regulations or orders of any and all governmental authorities regulating the conduct of or having jurisdiction over the use and occupancy of the Boardwalk Retail/Restaurant Area (including the Premises) and, without limiting the generality of the foregoing, Tenant shall, at its expense, procure all licenses, permits or other authorizations required in order to lawfully and properly use, as a portion of the Boardwalk Retail/Restaurant Area, the Premises in the manner required and contemplated by this Lease. Tenant shall be responsible, at Tenant's expense, for making any modifications to the Premises or accommodations as may be required pursuant to the Americans with Disabilities Act and any other applicable accessibility laws.

4.8 Rules and Regulations. Tenant and Tenant's agents, employees, licensees, concessionaires, subtenants and invitees shall observe faithfully and comply with any reasonable rules and regulations governing the Boardwalk Retail/Restaurant Area as may from time to time be established in the Boardwalk Retail/Restaurant Area and Parking Rules and Regulations in Exhibit F and modified by Landlord. Such rules and regulations may apply, but need not be limited to, Minimum Hours of Operation, safety regulations, matters relating to security, schedule for lighting of display windows and signs and the use of Common Areas. Such rules and regulations shall be binding upon Tenant when posted in the management office of the Boardwalk Retail/Restaurant Area or upon delivery of a copy thereof to Tenant.

4.9 Food Service Use. Any material change in the quality or general theme of the restaurant originally approved by Landlord in the Premises shall be subject to Landlord's prior written approval, which may be granted or withheld in Landlord's sole discretion. Tenant agrees to maintain the highest standards in the quality and preparation of all food items, maintenance and cleanliness of the Premises, including, without limitation, the following:

(a) Tenant shall use its best efforts to maintain an “A” rating (or such similar first-class standard) set forth from time to time in applicable health department or other applicable governmental guidelines. Tenant’s failure to maintain such first-class rating more than three (3) times in any twenty-four (24) month period during the Lease Term shall, at Landlord’s election, constitute a material default by Tenant hereunder; provided, however, that Tenant shall not be in default under this section so long as Tenant contests any such rating in good faith within thirty (30) days after Tenant’s receipt of notice that its rating has been lowered and concurrently therewith provides to Landlord written evidence that Tenant is diligently pursuing the resolution of such contest and thereafter resolves such contest within sixty (60) days.

(b) Tenant shall not permit the accumulation of any refuse and shall be solely responsible, at Tenant’s sole cost and expense, for the removal of all trash and garbage from the Premises not less than seven (7) days per week to trash receptacles provided by Landlord pursuant to such procedures as Landlord may designate from time to time. Pending such removal, all such trash shall be kept in odor-proof, vermin-proof sealed containers out of public view and in compliance with all applicable laws.

(c) Tenant shall, at its sole cost and expense, at all times during the Term, provide necessary exhaust fans and systems, ductwork and venting and use its best efforts to ensure that all smoke, odors, vapors and steam are properly exhausted from the Premises. Such systems shall be installed pursuant to plans approved by Landlord, which systems shall prevent the discharge of smoke, odors, vapors and steam into the Common Areas of the Premises and the premises of other tenants. Notwithstanding the foregoing, Landlord acknowledges and agrees that Tenant’s ordinary and customary odors alone which are consistent with Tenant’s permitted restaurant use shall not constitute a violation of this section. Tenant’s exhaust and venting systems shall include fire prevention and/or extinguishment facilities or systems as may be required from time to time by applicable law or by Landlord in connection with Tenant’s use at the Premises. All such systems shall be maintained by Tenant at Tenant’s sole cost and expense in good working order and condition and in accordance with all applicable laws. Tenant shall regularly and adequately clean and maintain, or provide a contract for such cleaning and maintenance of, all such exhaust and venting systems serving the Premises, whether located within or outside the Premises in compliance with Landlord’s standards and requirements for such cleaning and maintenance. Tenant shall provide to Landlord, upon Landlord’s request, reasonable proof of such cleaning and maintenance program.

(d) Tenant shall use its best efforts to keep the Premises free from insects, rodents and all vermin. Without limiting the generality of the foregoing, Tenant shall, at Tenant’s sole cost and expense, engage professional, reputable exterminators reasonably approved by Landlord to service the Premises, including, without limitation, all food preparation and food storage areas, on a monthly basis (or at such greater frequency as Landlord may require) and to the extent necessary to safely keep the Premises free of insects, rodents, vermin and other pests and to prevent insects, rodents, vermin and other pests from infesting the premises of other tenants or the Common Areas of the Premises. Tenant shall, upon Landlord’s request, provide reasonable proof that Tenant is causing such extermination to be performed regularly at the Premises.

(e) Tenant shall, at Tenant's sole cost and expense at all times during the Lease Term, provide the necessary piping, connections, traps, grease traps, catch basins and other facilities for the removal of all waste liquids from the Premises in compliance with all applicable laws, codes and ordinances. Such facilities shall be connected to the sewers and mains provided by Landlord and shall be constructed so as to prevent the backing up or discharge of any such waste liquids into the Premises, the premises of other tenants or into the Common Areas of the Premises. Tenant shall not dispose of, nor permit to be disposed, any materials which tend to cause clogging or blockage of pipes and drains. Tenant shall regularly and adequately clean, or provide for the cleaning of, all grease traps, catch basins, plumbing waste lines and similar facilities serving the Premises. Tenant shall, upon Landlord's request, provide adequate proof that Tenant is causing such drainage cleaning to be performed regularly at the Premises.

(f) If alcoholic beverages are to be served at the Premises, Tenant shall obtain and maintain all required liquor licenses at all times during the Term. Tenant shall comply with all applicable alcoholic beverage control laws. Tenant shall not sell or serve alcoholic beverages intended for consumption outside of the Premises and shall use its best efforts to ensure that Tenant's customers do not carry such beverages outside of the Premises.

ARTICLE 5 TERM

5.1 Term. The Term for the period stated in the Summary shall commence on the Commencement Date. If the Commencement Date occurs on a day other than the first day of a Month, the Initial Term shall commence on the Commencement Date and shall continue from the first day of the calendar month next following the Commencement Date for the period of years set forth above.

5.2 Early Termination. Landlord may terminate the Term at any time in Landlord's sole and absolute discretion, with or without cause, by giving Tenant written notice at least twelve (12) months prior to the intended termination date. If Landlord delivers such notice of termination to Tenant, then this Lease shall terminate on the date set forth in the termination notice. Upon receipt of Landlord's notice of termination, Tenant may in its sole and absolute discretion give notice to Landlord of Tenant's election to terminate the Term 90 days after its receipt of Landlord's termination notice, and in such event the date of termination shall be 90 days after Tenant's receipt of Landlord's termination notice. Tenant acknowledges that Landlord may desire to terminate this Lease to facilitate Landlord's plans for the revitalization of the Boardwalk and Harbor Area, and that Tenant is not entitled to relocation benefits therefore as set forth in Section 5.3 hereof. Upon the termination of the Term of this Lease, the parties shall have no further obligations under this Lease, except as to those obligations that expressly survive the termination of this Lease.

5.3 No Relocation Assistance. Tenant understands and agrees that Tenant is not eligible to be a "displaced person" under the California Relocation Act, which provides that a "displaced person" shall not include any person whose right of possession at the time of moving arose after the date of the public entity's acquisition of the real property. Tenant understands that Tenant is a "post-acquisition tenant" pursuant to the Relocation Assistance and Real Property Acquisition Guidelines of the California Department of Housing and Community Development, 25 Cal. Code Regs. §6000, *et seq.* Tenant understands that pursuant to Section 6034(b) of the

California Code of Regulations, Tenant shall not be entitled to any relocation benefits or assistance if Tenant is temporarily or permanently displaced from the Premises, whether as a result of the expiration of the Term, Landlord's termination of the Lease pursuant to Section 5.2 hereof, Landlord's pursuit of an unlawful detainer proceeding against Tenant, or for any other reason. Tenant hereby knowingly and voluntarily waives any rights Tenant may have to claim or receive any relocation assistance or benefits under state or federal law, and agrees not to file any claim or take any other action to receive such assistance or benefits.

ARTICLE 6 HOLDING OVER

If Tenant holds over or remains in possession of the Premises with or without the consent of Landlord after the expiration of the Term, such holding over or continued possession shall create a tenancy from month to month only, upon the same terms and conditions as are herein set forth so far as the same are applicable; provided, however, the Minimum Monthly Rent payable during the period of such holding over shall be two hundred percent (200%) of the rent payable immediately preceding the expiration of the Term. If Tenant fails to surrender the Premises in a timely manner upon the termination of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall indemnify and hold Landlord harmless from loss or liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any proposed new tenant founded on such failure.

ARTICLE 7 RENT

Tenant shall pay Landlord without prior demand, deduction, set-off, counterclaim or offset during the Term the rent provided in this Article. All payments to be made under the terms of this Lease shall be in lawful money of the United States of America.

7.1 Minimum Monthly Rent. Tenant agrees to pay the Minimum Monthly Rent, in advance, on the first day of each calendar month, commencing on the Commencement Date, for the use and occupancy of the Premises. Should the Commencement Date be on a day other than the first day of a Month, then the rental for such fractional month shall be computed on a daily basis for the period from the Commencement Date to the end of such calendar month in an amount equal to 1/30 of said Minimum Monthly Rent for each day in such period and shall be due on the Commencement Date.

7.2 Payment of Tenant's Monthly Expense Share. Tenant shall pay Monthly to Landlord, as Additional Rent in addition to all other rental payable pursuant to this Article 7, Tenant's Monthly Expense Share. Tenant's Monthly Expense Share shall be due and payable at the same time that the Minimum Monthly Rent is due and payable. Tenant acknowledges that all businesses within the Boardwalk Retail/Restaurant Area are currently assessed under the International Boardwalk Sanitation District ("Sanitation District") for operational service fees provided by the City. Said fees are levied and assessed as set forth by ordinance and resolution of Landlord's City Council and may be adjusted from time to time. Tenant agrees to pay the annual assessment levied on the Premises by the Sanitation District. One-twelfth of the assessment levied annually upon Tenant at the Premises by the Sanitation District shall be credited (the "Sanitation District Credit") to each of Tenant's Monthly Expense Share for each month during the Lease Year

for which the assessment and levy pertains; provided that Tenant delivers a true copy of the notice of assessment and levy to Landlord within 30 days that Tenant receives such notice of assessment and levy. No Sanitation District Credit shall be given on account of penalties, interest or costs of collection arising from non-payment of the assessment. In the event the Sanitation District is dissolved or altered in any manner, including to assess only leaseholders, Tenant agrees that the Sanitation District Credit shall cease and no longer be credited against Tenant's Monthly Expense Share, and that the full amount of the Tenant's Monthly Expense Share shall be due and payable without credit or offset.

7.3 Adjustment To Minimum Monthly Rent. On the third anniversary of the Commencement Date, the Minimum Monthly Rent shall be adjusted to an amount equal to 80% of the average total monthly rent, including without limitation percentage and minimum rent, payable to Landlord during the previous (three-year) period, provided it shall never be decreased. If such a formula does not yield an increase in Minimum Monthly Rent equal to or greater than the CPI increase for such a period, then Minimum Monthly Rent shall be adjusted by the increase in the CPI over such period, but in no event decreased, as provided in this Section. For purposes of these CPI increase adjustments, the "Base Month" shall be the Month which is two Months before the Commencement Date, and the adjustment Month shall be the next Month immediately following the third anniversary of the Base Month. The increase shall be calculated by multiplying the Minimum Monthly Rent by a fraction in which the numerator is the CPI for the adjustment Month and the denominator is the CPI for the base Month, and the Minimum Monthly Rent shall be increased to that sum. If the CPI is amended or discontinued, Tenant agrees that Landlord shall have the right to designate a substitute index to be used which will assure that substantially the same results will be obtained hereunder as if the CPI had remained in effect throughout the Term.

7.4 Monthly Percentage Rent. In addition to Minimum Monthly Rent and other sums specified herein, Tenant agrees to pay to Landlord on the 10th day of each Month, Monthly Percentage Rent for the immediately preceding Month without any prior demand and without any offset or deduction whatsoever; except that Tenant shall be liable for Monthly Percentage Rent only to the extent by which the amount the Monthly Percentage Rent for the immediately preceding Month exceeds the Minimum Monthly Rent paid to Landlord by Tenant for the same immediately preceding Month.

7.4.1 Default Monthly Percentage Rent. In the event Tenant shall fail to timely submit a Monthly Statement, as provided for below in section 7.4.4, the Monthly Percentage Rent due on the date that the Monthly Statement for such Month is required to be submitted to Landlord shall be the "Default Monthly Percentage Rent", which is the higher of (i) the highest Monthly Percentage Rent previously reported on a Monthly Statement or (ii) 110% of the then current Minimum Monthly Rent applicable to the Month for which the Monthly Percentage Rent is due. In the event that the Monthly Percentage Rent to be due was later determined from the relevant Monthly Statement in accordance with section 7.4.4 to be greater than the Default Monthly Percentage Rent, Tenant shall immediately pay the amount of the deficiency to Landlord, together with interest thereon from the date the Monthly Percentage Rent was otherwise due. Nothing contained herein shall be construed (i) to allow Tenant to fail or refuse to faithfully account for Gross Sales, to submit Monthly Statements or to pay Monthly Percentage Rent as otherwise provided for herein, or (ii) as a waiver of the rights of Landlord to otherwise receive faithful

accountings and Monthly Statements from Tenant and to conduct audits concerning such rights. The Monthly Percentage Rent for any Month shall be the greater of (i) the Default Monthly Percentage Rent and (ii) the Monthly Percentage Rent determined by a timely submitted Monthly Statement. Tenant shall not be entitled to a credit or repayment if the Default Monthly Percentage Rent is later determined by the relevant Monthly Statement to be greater than the Monthly Percentage Rent.

7.4.2 Calculation and Adjustment of Monthly Percentage Rent Payments. The amount of the Monthly Percentage Rent due and payable for the immediately preceding Month shall be calculated by applying the percentage of Gross Sales specified as Monthly Percentage Rent in the Summary to Gross Sales in the Monthly Statement to be submitted to Landlord as required below and deducting therefrom the payment (if any) of Minimum Monthly Rent made by Tenant for the same Month. The calculation of Minimum Percentage Rent shall be made in writing by Tenant and submitted to Landlord together with the payment of the Monthly Percentage Rent to which it applies. The accuracy of such calculation and of the Monthly Statement shall not be binding on Landlord. For the purpose of computing the Monthly Percentage Rental due, sales made during the first fractional Month in which Monthly Percentage Rent commences shall be added to the sales made during the first full calendar Month and Tenant shall pay to Landlord the amount by which the amount so computed as a percentage of Gross Sales of Tenant during this entire period exceeds the Monthly installments of Minimum Monthly Rent which are paid by Tenant during said period. The amount by which the Minimum Monthly Rent paid for any Month exceeds the Monthly Percentage Rent for that same Month shall not be credited against the Minimum Monthly Rent or Monthly Percentage Rent for any other Month and there shall not be an adjustment on an annual basis of the aggregate Monthly Percentage Rent due during a Lease Year.

7.4.3 Record Keeping. Tenant shall record at time of sale, in the presence of the customer, all receipts from sales or other transactions, whether cash or credit, in a cash register(s), which shall provide a cumulative total and which shall number consecutive purchases. Tenant shall keep and maintain (i) all such cash register receipts with regard to the Gross Sales, net sales, credits, refunds and other pertinent transactions made from or upon the Premises (including the Gross Sales of any subtenant, licensee or concessionaire), (ii) detailed original records of any exclusions or deductions from Gross Sales (including any exclusions or deductions from Gross Sales of any subtenant, licensee or concessionaire) and (iii) full and accurate books of account and records in accordance with generally accepted accounting principles consistently applied. Such books, receipts and records shall be kept for a period of three (3) years after the close of each Lease Year, and shall be available for inspection and audit by Landlord and/or its representatives at the Premises at all times during regular business hours. In addition, upon request of Landlord, Tenant agrees to furnish to Landlord a copy of Tenant's State and Local Sales and Use Tax Returns and Tenant waives any right of confidentiality which Tenant may claim to have for such Returns.

7.4.4 Monthly and Annual Statements. Tenant shall furnish to Landlord a written statement ("Monthly Statement") of Gross Sales for each Month not later than 10 days after the end of such Month. Tenant shall also furnish an annual written statement ("Annual Statement"), including a Monthly breakdown of Gross Sales during each Lease Year, within 45 days after the close of each Lease Year. Such Monthly Statements and Annual Statement shall be signed and certified to be true and correct by Tenant if Tenant is composed of individuals, or by the chief

financial officer of Tenant, if Tenant is a corporation. The receipt by Landlord of any Monthly or Annual Statement or any payment of Monthly Percentage Rental for any period shall not bind it as to the correctness of the Monthly Statement or the Annual Statement, or the correctness of any payment. Any information gained by Landlord from such Statements, or any audit or inspection shall be confidential to the extent that Tenant maintains such information as secret and confidential and so informs Landlord, and shall not be disclosed by Landlord other than to carry out the purposes of this Section, with the exception of the following: Landlord shall be permitted to divulge the contents of any such Statements in connection with any financing arrangements, ground leases, or assignments of Landlord's interest in the Premises, in connection with any administrative or judicial proceedings in which Landlord is involved where Landlord may be required to divulge such information or when Landlord (as a public agency) is required by law to divulge such information.

7.4.5 Right to Inspect and Audit. Landlord shall, within five (5) years after the receipt of the Annual Statement for a Lease Year, be entitled to inspect and audit, and to make and retain copies of, Tenant's books, records and accounts relevant to the determination of Gross Sales and the cost of sales (including the Gross Sales and cost of sales of any subtenant, licensee or concessionaire) for all Months during the period subject to audit. Such audit shall be conducted either by Landlord or by an auditor designated by Landlord during normal business hours at Tenant's principal place of business. If it is determined as a result of such audit that there has been a deficiency in the payment of any Monthly Percentage Rental, then such deficiency shall immediately become due and payable, together with interest at the Maximum Lawful Rate from the date when said payment should have been made. In addition, if any of Tenant's Monthly Statements under review by Landlord is found to have understated Gross Sales for any Month by more than two percent (2%), and if Landlord is entitled to any additional Monthly Percentage Rental for that Month as a result of said understatement, then Tenant shall pay to Landlord all reasonable costs and expenses (including, but not limited to: accounting, bookkeepers and auditors fees; attorneys' fees; costs allocable to salaries and benefits of Landlord's employees; copying, reproduction and printing costs; and litigation and court costs) which may be incurred or suffered by Landlord in determining the understatement or collecting the underpayment. If Tenant's statement shall be found to have understated Gross Sales for any Month by more than 6%, then, in addition to Landlord's aforesaid rights, Landlord may, at its sole option, terminate this Lease at any time thereafter upon notice to Tenant.

7.5 Additional Rent. Tenant shall pay all Additional Rent. If such amounts or charges are not paid at the time provided in this Lease, they shall nevertheless be collectible as Additional Rent with the next installment of Minimum Monthly Rent thereafter falling due. Nothing herein contained shall be deemed to suspend or delay the payment of any amount of money or charge at the time the same becomes due and payable hereunder, or to limit any other remedy of Landlord.

7.6 Failure To Pay Items Required Under Article 7. If Tenant fails to pay any Minimum Monthly Rent, Monthly Percentage Rent, Default Monthly Percentage Rent or any Additional Rent when the same is due and payable, such unpaid amounts shall bear interest at the Maximum Lawful Rate from the date due until the date of receipt by Landlord of such payment. In addition to such interest, Tenant acknowledges that the late payment by Tenant of any monthly installment of Minimum Monthly Rent (and/or late payment of other obligations hereunder) will cause Landlord to incur certain internal administrative costs and expenses not otherwise provided

for under this Lease, and that the exact amount of such costs are extremely difficult or impractical to fix. Such costs and expenses will include but are not limited to internal administrative processing, accounting and review. Therefore, if any such payment is not received by Landlord from Tenant in good funds by the 10th day after the date on which such payment is due, Tenant shall immediately pay to Landlord a late charge equal to the greater of 5% of such payment or \$100. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for its internal administrative loss suffered because of nonpayment or untimely payment by Tenant. Acceptance of this late charge shall not constitute a waiver of Tenant's default with respect to such nonpayment or untimely payment by Tenant, and shall not prevent Landlord from exercising all other rights and remedies available to Landlord under this Lease.

7.7 Application of Payments. Landlord may at its option, apply any payments received from Tenant, to any Minimum Monthly Rent, Monthly Percentage Rent or Additional Rent which is then due and payable. If Landlord shall not make any specific application of a payment received from Tenant, then any payment received from Tenant shall be applied first to the Minimum Monthly Rent, Monthly Percentage Rent or Additional Rent which has been overdue for the longest period of time.

7.8 Address for Payments. All rental and other payments shall be paid by Tenant to Landlord at Landlord's address as shown in the Summary, or at such other place as may occasionally be designated by Landlord in writing.

ARTICLE 8 UTILITIES

Tenant shall, during the entire Term, (i) arrange for and pay any and all initial utility deposits and fees, connection and metering costs, and (ii) all monthly service charges for electricity, gas, water, telephone and any other utility services, except for sewage, furnished to the Premises and the Improvements thereon. Landlord shall not be liable for any loss or damage resulting from an interruption of any of the above services.

8.1 Indemnification. Tenant shall defend, indemnify and save Landlord harmless against any liability or charges on account of any utility services. In case any utility charges are not paid by Tenant when due, Landlord may pay the utility charges to the utility company or department furnishing the utility service, and any amounts so paid by Landlord shall be paid by Tenant to Landlord immediately upon demand by Landlord, as Additional Rent.

8.2 Utility Charges. If a submeter is installed for any utilities, Tenant shall pay Landlord monthly for the utility services so submetered at the same rates which Tenant would pay to the utility company supplying such utility service if such service were supplied by direct meter. If the furnishing of any service by Landlord should be determined to be a public utility service and rates therefor should be fixed or approved by any public authority having jurisdiction, then such rates for any such service shall supersede the provisions of this Lease with respect to the determination of the charges to be paid by Tenant for such service. Landlord may at its option, install separate utility meters at Tenant's expense.

8.3 No Overloading. Tenant shall not have the right to install any equipment which

shall exceed the capacity of any utility facilities or which shall require additional utility facilities without Landlord's prior written approval of Tenant's plans and specifications therefor. If such installation is approved by Landlord, and if Landlord provides such additional facilities to accommodate Tenant's installation, Tenant agrees to pay Landlord, upon demand, the cost of providing such additional utility facilities and all related expenses of any kind. Tenant shall in no event use any of the utility facilities in any way which shall overload or overburden the utility systems.

8.4 Discontinuance. Landlord reserves the right to cut off and discontinue furnishing any heating, ventilation, air conditioning or other utility services furnished or submetered by Landlord at any time after an event of default under this Lease by Tenant. Landlord shall not be liable for any damages resulting from or arising out of such discontinuance of utility services, and such discontinuance shall not constitute a termination of this Lease or an eviction of Tenant. Tenant hereby releases Landlord from any loss, damage or liability sustained by Tenant as a result of such discontinuance.

8.5 Additional Utility Programs. If Landlord now or hereafter elects to provide any type of utility or alarm services to all or a substantial part of the Boardwalk Retail/Restaurant Area, then Tenant shall, upon Landlord's request, participate in the program and pay to Landlord the reasonable cost of installing and providing the services to Tenant. The utility or alarm services which Landlord may provide include, but are not limited to, electricity for lighting, heating and air conditioning, fire, smoke or security alarm systems, telephone systems and/or any other technological advances which may provide a benefit to the tenants or patrons of the Boardwalk Retail/Restaurant Area. If Landlord provides any of such utility or alarm systems, Landlord may also establish a reasonable program, through rules and regulations, for the monitoring of such systems, determining the usage by each Occupant, establishing standards, requirements and limitations on usage, record keeping, construction and maintenance.

8.6 Utility Service by Landlord. If any utilities are provided in whole, or in part, by Landlord, Tenant shall promptly pay to Landlord as Additional Rent Tenant's share of the charges paid by Landlord for the utilities servicing the Premises or the Common Areas during the Term. From and after the Commencement Date, Tenant shall pay to Landlord an amount estimated by Landlord to be the monthly sum payable hereunder by Tenant for such services. Landlord may adjust the monthly estimated sum at the end of each calendar quarter, based on Landlord's experience and reasonably anticipated costs. Within 60 days following the end of each calendar year, Landlord shall furnish Tenant a statement covering the previous year showing the total of said utility expenses payable by Tenant for said year and the payments actually made by Tenant with respect to such period as set forth above. If the sums payable for such utility expenses exceed Tenant's prior payments, Tenant shall pay Landlord the deficiency within 10 days after receipt of such statement. If said payments exceed the sums payable for such expenses, Tenant shall be entitled to offset such excess against payments which next become due to Landlord as set forth above. Tenant shall pay its pro rata share of the utilities expense, which shall be an amount equal to the utilities expense on the Boardwalk Retail/Restaurant Area multiplied by a fraction the numerator of which shall be the floor area of the Premises as determined by Landlord (and as indicated on the cover sheets hereto) and the denominator of which shall be the floor area of all areas available for exclusive use and occupancy by tenants of the Boardwalk Retail/Restaurant

Area, whether or not such areas are actually occupied and open for business.

ARTICLE 9 INDEMNITY - RELEASE - INSURANCE - WAIVER OF SUBROGATION

9.1 Indemnity. To the fullest extent permitted by law, Tenant shall indemnify and hold harmless Landlord and its respective officers, employees, elected and appointed officials and volunteers from and against any and all claims, damages, liabilities, losses, Environmental Damages, judgments, lawsuits, causes of action, obligations, penalties, costs, charges and expenses, including without limitation, attorneys' fees and costs and expert witness fees, caused in whole or in part by any intentional, reckless or negligent act or omission of Tenant, any Tenant assignee, licensee, sublessee, or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, or its failure to comply with any of its obligations contained in this Lease, or its failure to comply with any law, and which may be imposed or incurred or asserted (whether real or claimed) against Landlord or its respective officers, employees, elected and appointed officials, contractors, and volunteers by reason of the occurrences listed below during the Term of this Lease. This indemnification obligation shall survive this Lease and shall not be limited by any term of any insurance policy required under this Lease.

(a) Any use, non-use, possession, occupation, condition, operation, conduct of business, maintenance or management of the Premises, or from any activity, work, or other things done, permitted or suffered by Tenant, its agents, contractors, servants, employees or invitees, in or about the Premises, or any part thereof, or any sidewalk, curb, vault, passageway or space adjacent thereto over which Tenant has management responsibilities or control;

(b) Any negligence or wrongful act on the part of Tenant or any of its agents, contractors, servants, employees, sublessees, operators, licensees or invitees;

(c) Any accident, injury or damage to any person or property occurring in, on or about the Premises, or any part thereof, or any sidewalk, curb, vault, passageway or space adjacent thereto over which Tenant has management responsibilities or control;

(d) Any failure on the part of Tenant to maintain, repair, restore or construct the Premises as provided in this Lease, or any failure to perform or comply with any of the other terms, provisions, covenants and conditions contained in this Lease on its part to be performed or complied with; and

(e) All liens, claims and demands arising out of the construction, alteration, repair, restoration or work of improvement on or about the Premises by or on behalf of Tenant or its facilities.

Tenant agrees to give prompt notice to Landlord in case of casualty or accidents in the Premises, or in the case of any incident or omission upon which a claim could be made. In case any action or proceeding is brought against Landlord or its officers, agents and employees by reason of any such claim, Tenant, upon written notice from Landlord, shall at Tenant's expense, resist or defend such action or proceeding by counsel reasonably approved by Landlord in writing.

This obligation to indemnify shall include without limitation reasonable attorneys' fees and investigation costs and all other reasonable costs, expenses and liabilities from the first notice that any claim or demand is to be made or may be made. Notwithstanding the foregoing, Landlord or its officers, agents and employees shall not be entitled to indemnity under the foregoing provision for any claim arising from the willful misconduct or gross negligence of Landlord, its officers, agents and employees.

9.2 Release. Landlord or its agents shall not be liable for interference with the light, air, access to, or for any latent defect in the Premises. Landlord shall not be liable for and Tenant hereby releases Landlord from any loss, damage or liability of any kind, for any injury to or death of persons, for Environmental Damages or for damage to property of Tenant or any other person from any cause whatsoever occurring from and after the Commencement Date by reason of the use, construction, occupancy and enjoyment of the Premises or the Boardwalk Retail/Restaurant Area by Tenant or any person thereon or holding under Tenant, or for any matter for which Tenant indemnifies Landlord. The damages for which Landlord is released include, but are not limited to, damages resulting from (i) any labor dispute, (ii) fire, smoke, explosion, noxious odors, the presence of Hazardous Materials, falling plaster or other building materials, steam, gas, electricity, or other nuisance, (iii) water, dampness, wave action or rain which may leak from or to any part of the Premises or its roof, (iv) failure or rupture of the pipes, appliances, systems, equipment or plumbing works in the Premises or the Boardwalk Retail/Restaurant Area and (v) interruption in utility service. Landlord shall in no event be liable to Tenant or anyone claiming by, under or through Tenant for any loss, damage or liability resulting from the acts or omissions of other Tenants or users of the Boardwalk Retail/Restaurant Area or by any other third person who was not acting under the direction and control of Landlord.

9.3 Waiver of Subrogation. Tenant hereby waives any rights Tenant may have against Landlord on account of any loss or damage occasioned to Tenant, or Tenant's property, arising from any risk generally covered by fire and extended coverage insurance. Tenant's insurance coverages shall be endorsed to state that all insurers waive any rights of subrogation it may have against the City of Redondo Beach, its officers, elected and appointed officials, contractors, employees, and volunteers.

9.4 Insurance Provided by Tenant. From and after delivery of possession of the Premises, Tenant shall carry and maintain, at Tenant's sole cost and expense, the following types of insurance, in the amounts specified and in the forms provided below:

9.4.1 Comprehensive General Liability. Comprehensive General Liability Insurance covering the Premises and Tenant's use thereof against claims for bodily injury or death, personal injury and property damage occurring upon, in or about the Premises regardless of when such claims may be made. Such insurance shall have limits of not less than \$2,000,000 for bodily injury to or death of any number of persons arising out of any one occurrence and \$1,000,000 for property damage arising out of any one occurrence, or a combined single limit of at least \$3,000,000 may be provided in lieu of split limits. These limits shall apply to this location only. The insurance coverage required under this Section shall include coverage for liability hazards as defined in the policy forms and endorsements for premises and operations liability, personal injury liability, broad form property damage liability and contractual liability, which shall extend to

liability of Tenant arising out of the indemnities provided in Section 9.1. General Liability coverage can be provided in the form of an endorsement to Tenant's insurance, or as a separate policy. If required by Landlord from time to time, Tenant shall increase the limits of its comprehensive general liability insurance to reasonable amounts customary for tenants in like Boardwalk Retail/Restaurant Areas. Coverage must be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).

9.4.2 Plate Glass. Insurance covering all plate glass on the Premises. Tenant shall have the option to (i) insure the risk, (ii) post a bond for replacement of any damaged plate glass, or (iii) pay for the immediate replacement of all plate glass if and when any damage occurs.

9.4.3 Boiler and Machinery. Boiler and machinery insurance on all air conditioning equipment and systems exclusively serving the Premises and all electrical facilities and equipment located in the Premises. If said equipment and systems, and the damage that may be caused by them or result from them, are not covered by Tenant's extended coverage insurance, then the insurance specified in this subsection shall be in an amount of not less than Five Hundred Thousand Dollars (\$500,000). If Tenant requires boilers or other pressure vessels to serve the Premises they shall also be insured in the amount required by this subsection.

9.4.4 Direct Property Damage. All Risk Physical Damage Insurance covering Tenant's trade fixtures, merchandise and personal property from time to time in, on or about the Premises, and all leasehold Improvements to the Premises which Tenant is required to maintain pursuant to Section 16.1, specifically including any heating and cooling facilities serving the Premises which may be located outside the Premises provided that Tenant shall have the option to self insure the plate glass. Such insurance (i) shall be written on a replacement cost basis in an amount equal to at least ninety percent (90%) of the replacement cost of the insured property; and (ii) shall provide protection against perils that are covered under standard insurance industry practices within the classification of all risk insurance, including, but not limited to, loss or damage from fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, domestic water damage, collapse, sprinkler leakage, vandalism, malicious mischief, and, if obtainable at commercially reasonable rates, also earthquake, flood and other natural disaster insurance. Tenant's obligations to provide insurance pursuant to this Section shall apply to all Improvements and fixtures, notwithstanding that some or all of such Improvements and fixtures may have been installed by Tenant, Landlord, a prior tenant or any other party at any time before or after the delivery of the Premises to Tenant.

9.4.5 Workers Compensation. Statutory workers compensation insurance (including occupational disease insurance) as may be from time to time required by the laws of the State of California.

9.4.6 Employer's Liability. Employer's liability insurance with a per occurrence limit of not less than \$1,000,000 per accident for bodily injury or disease or such greater amount as is customary for similar employers in the trade area.

9.4.7 Liquor Liability. If, with the consent of Landlord, alcoholic beverages are to be dispensed in the Premises, liquor liability insurance which includes loss of means of support

coverage with limits of not less than those set forth in Section 9.3.1 above, for bodily injury or death and property damage in the event that in any part of the Premises there shall be given, sold or dispensed intoxicating liquors or alcoholic beverages as set forth in the Dram Shop statutes of California.

9.4.8 Business Interruption. Rental insurance (or, as the case may be, use and occupancy insurance) and business interruption or disruption insurance with benefits payable to Landlord in amounts not less than the total Minimum Annual and Monthly Percentage Rentals payable by Tenant to Landlord for the previous year.

9.4.9 Motor Vehicle Liability. Motor vehicle liability insurance governing any autos used in connection with operations at the Premises with coverage at least as broad as Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).

9.4.10 Policy Form. All policies of insurance provided for herein shall be issued by insurance companies (i) with A. M. Best rating of not less than A-X, and (ii) which are California admitted insurers. Any deductibles must be declared to and approved by Landlord in its sole discretion. All such policies shall provide that the full amount of any losses shall be payable for Landlord's benefit under the terms of this Lease notwithstanding any act, omission or negligence of Landlord or Tenant which might otherwise result in a forfeiture of insurance coverage, and shall be issued in the names of Landlord and Tenant, and if requested by Landlord, Landlord's mortgagee or beneficiary, which policies shall be for the mutual and joint benefit and protection of Landlord, Tenant and Landlord's mortgagee or beneficiary. Executed copies of such policies of insurance or certificates and endorsements thereof shall be delivered to Landlord within ten (10) days after the Commencement Date. Thereafter, executed copies of renewal policies or certificates and endorsements thereof shall be delivered to Landlord at least fifteen (15) days prior to the expiration of each term of each such policy. All public liability and property damage policies shall contain a provision that Landlord, although named as an insured, shall nevertheless be entitled to recover under said policies for any loss occasioned by Landlord, its officers, elected and appointed officials, agents, employees and volunteers due to negligence by Tenant. All policies of insurance delivered to Landlord shall contain a provision that the company writing said policy will give to Landlord in writing thirty (30) days' notice in advance of any cancellation or lapse, refusal to renew, suspension or termination of coverage, reduction of any policy limits, increase of any policy deductibles, or other alteration of any terms or conditions of the policy, or of the effective date of any reduction in the amounts of insurance. All of Tenant's insurance coverages shall be written as primary policies, not contributing to, and not as excess coverage to coverage which Landlord may carry. Tenant agrees to permit Landlord, at any reasonable time, to inspect Tenant's policies of insurance of Tenant with respect to the Premises. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

(a) Additional Insured Endorsement:

1. General Liability: "The City of Redondo Beach, its officers, elected and appointed officials, employees and volunteers are to be covered as insureds with respect to liability arising out of ownership,

maintenance or use of that part of the premises leased to Tenant.”

2. Automobile Liability: “The City of Redondo Beach, its officers, elected and appointed officials, employees and volunteers are to be covered as insureds with respect to liability arising out of automobile owned, leased, hired or borrowed by or on behalf of Lessee.”

(b) Each insurance policy shall be endorsed to state that the inclusion of more than one insured shall not operate to impair the rights of one against another insured, and the coverages afforded shall apply as though separate policies had been issued to each insured.

(c) Each insurance policy required by this Lease shall be in effect for the duration of the Lease Term. The maintenance of proper insurance coverage is a material element of the Lease and failure to maintain or renew coverage or to provide evidence of renewal may be treated by Landlord as a default of the Lease on Lessee’s part.

9.5 Blanket Coverage. Notwithstanding anything to the contrary set forth in this Article 9, Tenant’s obligations to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Tenant; provided, however, (i) that Landlord and other parties in interest to Landlord shall be named as additional insured as their interests may appear and (ii) that the coverage afforded Landlord will not be reduced or diminished by reason of the use of such blanket policy of insurance, and (iii) that the requirements set forth herein are otherwise satisfied.

9.6 Insurance Provided by Landlord. Landlord shall at all times from and after the Commencement Date maintain in effect a policy or policies of insurance covering the Premises in an amount not less than eighty percent (80%) of full replacement cost (exclusive of the cost of land, excavations, foundations and footings) from time to time during the Term, or the amount of such insurance as Landlord’s Lender may require Landlord to maintain, whichever is greater. This coverage must provide protection against any peril generally included in the classification “Fire and Extended Coverage,” sprinkler damage, vandalism, malicious mischief and business interruptions. In addition, Landlord may, at Landlord’s option, obtain insurance against earthquake, flood and other natural disaster damage; but Landlord is not obligated to obtain or continue to maintain such coverage. Landlord’s obligation to carry the insurance provided for herein may be brought within the coverage of any so-called blanket policy or policies of insurance carried and maintained by Landlord, provided that the coverage afforded will not be reduced or diminished by reason of the use of such blanket policy of insurance. If Landlord is a municipal governmental entity, Landlord may elect to self insure for the coverage required herein on terms and conditions in accordance with programs and policies of self insurance established and in effect from time to time by Landlord.

9.7 Actions Affecting Insurance. Tenant shall not at any time during the Term carry any stock or goods or do anything in or about the Premises which will in any way tend to increase the insurance rates upon the Boardwalk Retail/Restaurant Area. Tenant shall pay to Landlord, upon demand, the amount of any increase in premiums for insurance that may be charged during the Term, or the amount of insurance coverage required to be carried by Landlord on the

Boardwalk Retail/Restaurant Area, resulting from any act of Tenant in or about the Premises which does so increase the insurance rates, whether or not Landlord shall have consented to such act on the part of Tenant. If Tenant installs upon the Premises any electrical equipment which constitutes an overload of the electrical lines of the Boardwalk Retail/Restaurant Area, Tenant shall, at its own expense, make whatever changes are necessary to comply with the requirements of the insurance underwriters and any governmental authority having jurisdiction, including without limitation, removal and restoration, and nothing herein contained shall be deemed to constitute Landlord's consent to such overloading. Tenant shall, at its own expense, comply with all requirements for Landlord's maintenance of fire and extended coverage insurance for the Premises, including the installation of fire extinguishers or automatic dry chemical extinguishing systems that may be more particularly described elsewhere in this Lease.

9.8 Hazardous Materials. Tenant covenants that no Hazardous Materials shall be brought onto, stored, used, transported or disposed of at the Premises by Tenant or any of its employees, agents, independent contractors, licensees, subtenants or invitees, except for in strict compliance with all laws, rules and regulations controlling the presence and use of such materials. No Hazardous Materials shall be placed into the plumbing or waste treatment systems of the Premises except for systems which are designed to accept Hazardous Materials for treatment and discharge in accordance with the laws applicable thereto. Tenant shall undertake special attention and precautions to prevent the discharge or disposal of any Hazardous Materials into the ocean. Tenant shall hold harmless, indemnify and defend Landlord, its respective councilmembers, elected and appointed officials, employees, volunteers, successors and assigns, (collectively, the "Indemnified Persons") from and against any direct, indirect, or consequential Environmental Damages resulting from or arising out of events occurring on or about the Premises during the Term, except for Environmental Damages arising solely from the acts or omissions of any one of the Indemnified Persons. Tenant's indemnification obligation hereinabove shall survive the expiration of the Term or earlier termination of this Lease.

Tenant covenants to promptly notify Landlord when Tenant becomes aware of (a) the presence of Hazardous Materials on the Premises which were not previously authorized by Landlord in accordance with the provisions of this Section or approved in writing by Landlord, and (b) the release to the Premises or the air of Hazardous Materials, whether or not caused or permitted by Tenant. Such notice shall include as much detail as reasonably possible, including identity of the location, type and quantity of Hazardous Materials released. If the unauthorized existence of Hazardous Materials on the Premises is caused or permitted by the Tenant, or the Tenant releases Hazardous Materials beneath, on or above the Premises, and such existence or release results in Environmental Damages, the Tenant, at its sole expense, shall promptly take all actions required by the Laws applicable thereto to return the Premises to the condition existing prior to the events which resulted in Environmental Damages.

9.9 Adjustment of Coverage. The amounts of insurance coverage shall be adjusted periodically upon the request of the Landlord's "risk manager", and the amounts of adjustments shall not be less than such periodic increases of CPI. As conditions change, Landlord reserves the right to make changes to any provisions or coverage as set forth in this Article 9 as determined by City's risk manager in his or her reasonable discretion.

ARTICLE 10 TENANT'S RIGHT TO MAKE ALTERATIONS

10.1 Landlord's Consent.

(a) Tenant shall not make or permit to be made any alterations, additions or improvements (singularly and collectively "Alterations") to or of the Premises, Boardwalk or Improvements or any part thereof without the prior written consent of Landlord in each instance.

(b) Landlord will not unreasonably withhold its consent to any Alterations provided and upon the condition that all of the following conditions shall be satisfied: (i) the Alterations do not affect the outside appearance of the Premises, Boardwalk or Improvements; (ii) the Alterations are nonstructural and do not impair the strength of the Premises, Boardwalk or Improvements or any part thereof; (iii) the Alterations are to the interior of the Premises and do not affect any part of the Boardwalk or Boardwalk Retail/Restaurant Area outside of the Premises; (iv) the Alterations do not affect the proper functioning of the heating, ventilating and air conditioning ("HVAC"), mechanical, electrical, sanitary or other utilities, systems and services of the Premises or Improvements, or increase the usage thereof by Tenant; (v) Landlord shall have approved the final plans and specifications for the Alterations and all contractors who will perform them; (vi) Tenant pays to Landlord (A) a fee for Landlord's indirect costs, field supervision or coordination in connection with the Alterations equal to ten percent (10%) of the estimated cost of Alterations that are in excess of \$10,000, and (B) the reasonable costs and expenses actually incurred by Landlord in reviewing Tenant's plans and specifications and inspecting the Alterations to determine whether they are being performed in accordance with the approved plans and specifications and in compliance with applicable laws, including, without limitation, the fees of any architect or engineer employed by Landlord for such purpose; (vii) before proceeding with any Alteration which will cost more than \$10,000 (exclusive of the costs of items constituting Tenant's Property, as defined in Section 10.2), Tenant obtains and delivers to Landlord, at Landlord's option, either: (C) a performance bond and a labor and materials payment bond for the benefit of Landlord, issued by a corporate surety licensed to do business in California, each in an amount equal to one hundred twenty five percent (125%) of the estimated cost of the Alterations and in form satisfactory to Landlord, or (D) such other security as shall be reasonably satisfactory to Landlord. Unless all of the foregoing conditions are satisfied, Landlord shall have the right to withhold its consent to the Alterations in Landlord's sole and absolute discretion.

(c) Not less than fifteen (15) days nor more than twenty (20) days prior to commencement of any Alterations, Tenant shall notify Landlord of the work commencement date so that Landlord may post notices of nonresponsibility about the Premises. All Alterations must comply with all applicable laws, the other terms of this Lease, and the final plans and specifications approved by Landlord, and Tenant shall fully and promptly comply with and observe the rules and regulations of Landlord then in force with respect to the making of Alterations. Landlord's review and approval of Tenant's plans and specifications are solely for Landlord's benefit. Landlord shall have no duty toward Tenant, nor shall Landlord be deemed to have made any representation or warranty to Tenant, with respect to the safety, adequacy, correctness, efficiency or compliance with Laws of the design of the Alterations, the plans and specifications therefor, or any other matter regarding the Alterations.

10.2 Ownership and Surrender of Alterations. Upon their installation, all Alterations, including, but not limited to, wall covering, paneling and built-in cabinetry, but excluding movable furniture, trade fixtures and office equipment ("Tenant's Property"), shall become a part of the realty and belong to Landlord and shall be surrendered with the Premises. However, upon the expiration or sooner termination of the Term, Tenant shall, upon written demand by Landlord, at Tenant's expense, immediately remove any Alterations made by Tenant which are designated by Landlord to be removed and repair any damage to the Premises caused by such removal.

10.3 Liens. Tenant shall pay when due all claims for labor, materials and services furnished by or at the request of Tenant or Tenant's affiliates. Tenant shall keep the Premises, Boardwalk and Boardwalk Retail/Restaurant Area free from all liens, security interests and encumbrances (including, without limitation, all mechanic's liens and stop notices) created as a result of or arising in connection with the Alterations or any other labor, services or materials provided for or at the request of Tenant or Tenant's affiliates, or any other act or omission of Tenant or Tenant's affiliates, or persons claiming through or under them. (Such liens, security interests and encumbrances singularly and collectively are herein called "Liens.") Tenant shall not use materials in connection with the Alterations that are subject to any Liens. Tenant shall indemnify Landlord for, and hold Landlord harmless from and against: (a) all Liens; (b) the removal of all Liens and any actions or proceedings related thereto; and (c) all liabilities incurred by Landlord or Landlord's affiliates in connection with the foregoing. If Tenant fails to keep the Premises, Boardwalk or Boardwalk Retail/Restaurant Area free from Liens, then, in addition to any other rights and remedies available to Landlord, Landlord may take any action necessary to discharge such Liens, including, but not limited to, payment to the claimant on whose behalf the Lien was filed. Tenant shall indemnify Landlord for, and hold Landlord harmless from and against, all liabilities so incurred by Landlord, without regard to any defense or offset that Tenant may have had against the claimant. Neither Landlord's curative action nor the reimbursement of Landlord by Tenant shall cure Tenant's default in failing to keep the Premises, Boardwalk and Boardwalk Retail/Restaurant Area free from Liens.

10.4 Additional Requirements. Alterations shall comply with all Laws. Tenant, at its expense, shall obtain all necessary permits and certificates for the commencement and performance of Alterations and for final approval thereof upon completion, and shall cause the Alterations to be performed in compliance therewith and with all applicable insurance requirements, and in a good, first-class and workmanlike manner. The City shall have all rights to review and approve or disapprove all required submittals in accordance with the City Municipal Code, and nothing set forth in this Lease shall be construed as the City's approval of any or all of the applications or plans for the Alterations. Tenant, at its expense, shall diligently cause the cancellation or discharge of all notices of violation arising from or otherwise connected with Alterations, or any other work, labor, services or materials done for or supplied to Tenant or Tenant's affiliates, or by any person claiming through or under Tenant or Tenant's affiliates. Alterations shall be performed so as not to interfere with any other tenant in the Boardwalk or Boardwalk Improvements, cause labor disharmony therein, or delay or impose any additional expense on Landlord in the construction, maintenance, repair or operation of the Boardwalk or Boardwalk Retail/Restaurant Area. Throughout the performance of the Alterations, Tenant, at its expense, shall carry, or cause to be carried, in addition to the insurance described in this Lease,

Workers' Compensation insurance in statutory limits and such other insurance as Landlord may reasonably require, with insurers reasonably satisfactory to Landlord. Tenant shall furnish Landlord with satisfactory evidence that such insurance is in effect at or before the commencement of the Alterations and, upon request, at reasonable intervals thereafter until completion of the Alterations.

10.5 Compliance with Applicable Prevailing Wage Requirements. The Tenant shall carry out the construction of all Alterations in conformity with all applicable laws. Although the parties believe that California law does not require the payment of prevailing wages or the hiring of apprentices as a result of this Lease because the parties intend that the Premises is being leased to Tenant at its fair market rental value, and no other subsidies or financial assistance is being provided to Tenant by Landlord hereunder, Tenant shall be solely responsible for determining and effectuating compliance with such laws, and Landlord makes no representation as to the applicability or non-applicability of any of such laws to the construction of the Alterations. Tenant hereby expressly acknowledges and agrees that the Landlord has not previously affirmatively represented to the Tenant or its contractor(s) for the construction of the Alterations, in writing or otherwise, in a call for bids or otherwise, whether the Alterations are a "public work," as defined in Section 1720 of the Labor Code. If work required to be performed by the Tenant is finally determined by a court of competent jurisdiction to be subject to prevailing wage laws, then the Landlord acknowledges that the work is a "public work," and the following requirements apply:

- a. Landlord shall obtain the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in this locality for each craft, classification, or type of workman needed for the Alterations.
- b. Tenant shall obtain those rates from the Director of Department of Industrial Relations at <http://www.dir.ca.gov/dlsr/DPreWageDetermination.htm> or from the Landlord.
- c. Tenant shall provide a copy of prevailing wage rates to any staff or subcontractor hired, and shall pay the adopted prevailing wage rates as a minimum.
- d. Tenant shall comply with the provisions of Labor Code Sections 1771, 1773.2, 1773.8, 1774, 1775, 1776, 1777.5, 1777.6, 1777.7, 1810, 1813 and 1815 and California Administrative Code Title 8, Section 200 et seq.
- e. Pursuant to the provisions of Section 1775 of the Labor Code, Tenant shall forfeit to the Landlord, as a penalty, the sum of \$200.00 for each calendar day, or portion thereof, for each laborer, worker or mechanic employed, paid less than the stipulated prevailing rates for any work done under this Lease, by him or by any subcontractor under him, in violation of the provision of the Lease.

To the maximum extent permitted by law, Tenant shall defend (at Tenant's expense with counsel reasonably acceptable to the Landlord), indemnify and hold harmless the Landlord and its officers, employees, elected or appointed officials, volunteers, contractors and agents from and against any and all loss, demand, liability, damage, claim, cost, expense and/or "increased costs" (including reasonable attorneys' fees, court and litigation costs, and fees of expert witnesses) which, in connection with the construction of the Alterations, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Tenant or any of his subcontractors of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including,

without limitation, if applicable, the requirement to pay state prevailing wages); (2) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (3) failure by Tenant or any of his subcontractors to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the construction of the Alterations, including, without limitation, any and all public works (as defined by applicable law), Tenant shall bear all risks of his and his subcontractors' payment or non-payment of prevailing wages under California law and the implementation of Labor Code Section 1781, as the same may be amended from time to time, and any other similar law. "Increased costs," as used in this Section, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Lease.

ARTICLE 11 MECHANICS' LIENS

11.1 No Liens. Tenant shall do all things necessary to prevent the filing of any mechanics' or other lien against the Boardwalk Retail/Restaurant Area, the Premises, the underlying real property or any part thereof by reason of work, labor, services or materials supplied or claimed to have been supplied to Tenant, or anyone holding the Premises, or any part thereof, through or under Tenant, or by reason of Tenant's failure to pay any Taxes which Tenant is required to pay. If any lien shall at any time be filed against the Boardwalk Retail/Restaurant Area or the Premises or any part thereof, Tenant shall either cause the lien to be discharged of record immediately after the date of filing of the lien or, if Tenant in its discretion and in good faith determines that such lien should be contested, Tenant shall furnish such security as may be necessary or required, in Landlord's judgment, to prevent any foreclosure proceedings against the Boardwalk Retail/Restaurant Area, the Premises or any part thereof and to permit a reputable title insurance company to insure over the lien during the pendency of such contest. If Tenant shall fail to discharge such lien immediately or fail to furnish such security, such inaction shall constitute a default under this Lease and, in addition to any other right or remedy of Landlord resulting from Tenant's default, Landlord may, but shall not be obligated to, discharge the lien either by paying the amount claimed to be due or by procuring the discharge of such lien by giving security or in such other manner as is, or may be, deemed necessary by Landlord. Tenant shall, within three (3) days after Landlord's request, hire an attorney acceptable to Landlord who agrees with Landlord in writing to represent Landlord and Tenant, at Tenant's sole cost, in connection with the discharge of the lien and protection of the Premises and Boardwalk Retail/Restaurant Area. If such written confirmation is not received by Landlord from an acceptable attorney within such three (3) day period, Landlord may hire an attorney to represent Landlord's interest in connection with any such lien, at Tenant's sole cost. Tenant shall repay to Landlord upon demand, all sums disbursed, expended, incurred or deposited by Landlord pursuant to the foregoing provisions of this Section 11.1, including Landlord's costs, expenses and reasonable attorneys' fees incurred by Landlord in connection therewith. Nothing contained in this Lease shall imply any consent or agreement on the part of Landlord to subject Landlord's estate to liability under any mechanics' or other lien law.

11.2 Notices of Non-Responsibility. Landlord or its representatives shall have the right to enter and inspect the Premises at all reasonable times, and shall have the right to post and keep posted thereon notices of non-responsibility or such other notices which Landlord may deem to be

proper for the protection of Landlord's interest in the Premises. Tenant shall, before the commencement of any work which might result in any putative lien, give to Landlord written notice of its intention to do so in sufficient time to enable the posting of such notices.

11.3 Security for Contested Claims. If Tenant desires to contest any claim of lien, it shall furnish Landlord adequate security for 150% of the amount of the claim, plus estimated costs and interest, or the bond of a responsible corporate surety in such amount, conditioned upon the discharge of the lien. If a final judgment establishing the validity or existence of a lien for any amount is entered, Tenant shall immediately pay and satisfy such judgment.

11.4 Landlord's Rights. If Tenant is in default in paying any charge for which a mechanics' lien claim and suit to foreclose the lien have been filed, and has not given Landlord security to protect the Premises and Landlord against such claim of lien, Landlord may (but shall not be so required to) pay said claim and any associated costs. The amount so paid, together with reasonable attorneys' fees incurred in connection therewith, shall be immediately due and payable from Tenant to Landlord. Interest shall accrue on such amount from the dates of Landlord's payments at the Maximum Lawful Rate.

ARTICLE 12 ADVERTISING MEDIA

12.1 Approved Advertising. Tenant shall erect signs in accordance with the provisions of the sign criteria labeled Exhibit E. Tenant hereby receives Landlord's consent to affix a sign to a lower corner of the door or front window of the Premises, showing the name, address and telephone number of Tenant. Any and all signage pertaining to Tenant's business must be approved by all necessary public agencies prior to installation. Any signage currently on the Premises will be considered new signage as of the Commencement Date, and therefore, must receive the proper approval (from Landlord and all appropriate governmental agencies) to remain on the Premises.

12.2 Landlord's Consent Required. Tenant shall not affix or maintain any signs, advertising placards, names, insignia, trademarks, descriptive material or any other such item or items except with the prior written approval of Landlord as to size, type, color, location, copy, medium, structure and aesthetic qualities on any of the glass panes and supports of the show windows, doors and the exterior walls nor within twenty-four (24) inches of any window of the Premises.

12.3 Advertising Outside Premises. No advertising medium shall be utilized by Tenant which can be heard or experienced outside the Premises, including but not limited to flashing lights, searchlights, loudspeakers, phonographs, radios or televisions. Tenant shall not display, paint or place any handbills, bumper stickers or other advertising devices on any vehicle parked in the parking area of the Boardwalk Retail/Restaurant Area, nor shall Tenant distribute, or cause to be distributed, in the Boardwalk Retail/Restaurant Area or on the Property, any handbills or other advertising devices without the prior written consent of Landlord. Landlord may enter upon the Premises to remove any non-conforming signs, etc. Tenant shall not decorate, paint, alter, install canopies, devices, fixtures, antennas or attachments to the exterior or roof of the Premises. Tenant agrees to keep the walkway in front of the Premises free of all obstructions, including, but not

limited to, temporary displays and signage.

ARTICLE 13 FIXTURES AND PERSONAL PROPERTY; PAYMENT OF TAXES.

13.1 Removable Trade Fixtures. Any Removable Trade Fixtures shall remain the property of Tenant and Landlord agrees that Tenant shall have the right to remove any and all of its Removable Trade Fixtures which it may have stored or installed in the Premises, provided Tenant is not in breach or violation of any of its duties or obligations under the terms of this Lease. Nothing in this Article shall be deemed or construed to permit Tenant to remove such Removable Trade Fixtures without the immediate replacement thereof with similar property of comparable or better quality, if such removal renders the Premises unsuitable for conducting the type of business specified in Exhibit B. Tenant shall, at its expense, immediately repair any damage to the Premises caused by the removal of any such trade fixtures, signs, and other personal property. Upon expiration or termination of this Lease, Tenant shall leave the Premises in a neat and clean condition, free of debris. All Removable Trade Fixtures installed in or attached to the Premises by Tenant must be new when so installed or attached.

13.2 Improvements and Tenant's Work. All Improvements to the Premises by Tenant, including but not limited to mechanical systems, light fixtures, floor coverings and partitions, but excluding Removable Trade Fixtures, shall become the property of Landlord upon expiration or termination of this Lease.

13.3 Taxes on Improvements and Fixtures. Tenant shall pay before delinquency, any and all taxes, assessments, license fees and public charges levied, assessed or imposed upon its business operation, Removable Trade Fixtures, leasehold improvements, merchandise and other personal property in, on or upon the Premises. In the event any of such items of property are assessed with the property of Landlord, then such assessment shall be equitably allocated between and paid by Landlord and Tenant, and any portion of such assessment levied on the property of Landlord shall be paid to Landlord as Additional Rent. Landlord shall determine the basis of prorating any such assessments and such determination shall be binding upon both Landlord and Tenant.

13.4 Notice of Possessory Interest; Payment of Taxes and Assessments. City is a public entity, and as such, Landlord's underlying fee and reversionary interest in the subject property is, or may be, exempt from property tax assessments. **In accordance with California Revenue and Taxation Code Section 107.6(a), Landlord hereby informs Tenant that by entering into this Lease a possessory interest in Tenant subject to property taxes may be created, and if so, Tenant or other party in whom the possessory interest is vested may be subject to the payment of property taxes levied on such interest.**

In the event the Landlord shall no longer be exempt from property tax assessments and Tenant is not separately assessed for its possessory interest and Improvements on the Premises, Tenant shall, as Additional Rent, pay (or, if Landlord is assessed and pays, shall pay to Landlord) that portion of any assessment levied against or upon the Boardwalk Retail/Restaurant Area or Landlord's interest therein that represents the value of the Tenant's leasehold interest and the value

of the Improvements of the Premises that would have been assessed and levied upon the Premises had it been assessed as such possessory interest. The amount of any tax or excise payable by or assessed against Tenant shall be paid by Tenant before it becomes delinquent.

Landlord and Tenant recognize and acknowledge that there may be changes in the current real property tax system and that there may be imposed new forms of taxes, assessments, charges, levies or fees placed on, or levied in connection with the ownership, leasing, occupancy or operation of the Boardwalk Retail/Restaurant Area or the Premises. Any new or increased tax, assessment, charge, levy or fee which is imposed or increased as a result of or arising out of any change in the structure of the real property tax system or any limitation on the real property taxes which can be assessed on real property including, but not limited to, any and all taxes, assessments, charges, levies and fees assessed or imposed due to the existence of this Lease (including any surcharge on the income directly derived by Landlord therefrom) or for the purpose of funding special assessment districts of the type funded by real property taxes, shall also be included within the meaning of "taxes". With respect to any general or special assessment which may be levied against or upon the Premises or the Boardwalk Retail/Restaurant Area and which under the laws then in force may be evidenced by improvement or other bonds, or may be paid in periodic installments, there shall be included within the meaning of "taxes" with respect to any tax fiscal year only the amount currently payable on such bond for such tax fiscal year, or the periodic installment for such tax fiscal year. With respect to any tax fiscal year only the amount currently payable on such bond for such tax fiscal year, or the periodic installment for such tax fiscal year. During any part of the Term which shall be less than a full tax fiscal year, Taxes applicable to the Premises shall be prorated on a daily basis between Landlord and Tenant so that Tenant shall pay only the Taxes attributable to the portion of the tax fiscal year occurring within the term of this Lease. In the event that any Taxes are payable after the end of a tax fiscal year, Landlord may nevertheless collect Taxes applicable to the Premises from Tenant as set forth above (in a tax fiscal year) and treat Tenant's payments as payments on account of Taxes payable after the tax fiscal year.

ARTICLE 14 ASSIGNING, MORTGAGING, SUBLETTING, CHANGE IN OWNERSHIP

14.1 Prohibition Against Transfer. Tenant acknowledges that as a government entity, Landlord must make many of its lease decisions in public, and therefore has unique concerns regarding the composition of tenants. Tenant further acknowledges that given the unique "attraction park" nature of the property, the importance of the Harbor and Boardwalk areas in bringing revenues to the City, and the importance of the Harbor and Boardwalk areas to the image of Redondo Beach, Landlord has further unique concerns regarding the composition of tenants. Accordingly, Tenant agrees that Tenant shall not have the power to transfer or assign this Lease, sublet the Premises, enter into license or concession agreements, or change ownership (such transactions are hereinafter individually and collectively referred to as a "Transfer"), without first obtaining the written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion.

14.2 Restrictions on Transfer. If Tenant desires to apply for Landlord's consent for a Transfer to anyone (a "Transferee"), Tenant shall give written notice ("Transfer Notice") to

Landlord at least 60 days before the effective date of any such proposed Transfer. The Transfer Notice shall state (a) whether Tenant proposes to assign the Lease, sublet the Premises, enter into a license or concession agreement or change ownership, (b) the proposed effective date of the Transfer, (c) the identity of the proposed Transferee, (d) all other material terms of the proposed Transfer, (e) in detail the type of business operation the proposed Transferee intends to conduct on the Premises and (f) Tenant's warranty and representation that Tenant is not in breach or violation of any of its obligations or duties under this Lease (or, if there is such a breach or violation, a statement identifying such breach or violation). The Transfer Notice shall be accompanied by a copy of the proposed agreement documenting the Transfer, or if none, a copy of any offers, draft agreements, letters of commitment or intent and other documents pertaining to the proposed Transfer. In addition, the Transfer Notice shall be accompanied by the proposed Transferee's income statements and balance sheets covering the preceding 36-month period, and each shall be certified as accurate by the Transferee.

If Landlord consents to the proposed Transfer, Tenant may thereafter promptly effect a Transfer in accordance with the terms of Tenant's Transfer Notice. If Landlord consents to the proposed Transfer and Tenant does not consummate the proposed Transfer within 30 days after receipt of Decision Notice, the provisions of the first paragraph of this Section 14.2 shall again apply. Any Transfer without Landlord's prior written consent shall be immediately void and shall constitute a default hereunder.

14.3 No Release from Liability. No Transfer, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of Tenant's obligations under this Lease, from its covenants and obligations hereunder during the Term. Tenant shall, promptly upon demand, reimburse Landlord for Landlord's reasonable attorneys' fees and administrative expenses incurred in conjunction with the processing and documentation of any requested Transfer.

14.4 Transferees's Obligations. Each Transfer to which Landlord has consented shall be evidenced by a written instrument in form satisfactory to Landlord, and executed by Tenant and the Transferee. Each such Transferee shall agree in writing for the benefit of Landlord to assume, be bound by, and perform the terms, covenants and conditions of this Lease to be performed, kept or satisfied by Tenant, including the obligation to pay to Landlord all amounts coming due under this Lease. One fully executed copy of such written instrument shall be delivered to Landlord. Failure to obtain in writing Landlord's prior consent or otherwise comply with the provisions of this Article 14 shall prevent any Transfer from becoming effective.

14.5 Assignee's or Subtenant's Rent. Upon the effective date of any Assignment, the Minimum Monthly Rent shall be increased to the highest of (i) the rentals payable by any assignee or subtenant pursuant to such Assignment or Subletting, (ii) an amount equal to the total of the Minimum Monthly Rent, as adjusted under Section 7.3 hereof, plus Percentage Rental, required to be paid by Tenant pursuant to this Lease during the twelve (12) month period immediately preceding such Assignment, or (iii) an amount equal to the Minimum Monthly Rent as adjusted under Section 7.3 hereof, but using as the numerator of the fraction described therein the CPI as of the effective date of such Assignment. In no event shall the Minimum Monthly Rent after such Assignment be less than the Minimum Monthly Rent during the period immediately preceding.

14.6 Further Restrictions. Tenant shall not, without the prior written consent of Landlord (which consent may be granted or withheld in Landlord's sole discretion), mortgage, encumber or hypothecate this Lease or any interest herein. Tenant shall not permit the Premises to be used by any party other than Tenant or a permitted Transferee. Any of the foregoing acts without such consent shall be void and shall, at the option of Landlord, terminate this Lease. For purposes of this Article 14, if Tenant is a partnership, a limited liability company or other association other than a corporation, any withdrawal(s) or change(s) of a Principal Owner or if Tenant is a corporation, any transfers cumulating 25% or more of its stock, shall constitute a voluntary Transfer and shall be subject to the provisions hereof. This Lease shall not, nor shall any interest of Tenant herein, be assignable by operation of law without the written consent of Landlord.

ARTICLE 15 TENANT'S CONDUCT OF BUSINESS

15.1 Continuous Operation. Tenant covenants to open for business with the general public adequately staffed with workers, merchandise and fixtures in accordance with the Use of Premises to which it is restricted under this Lease. From and after the date Tenant opens for business, Tenant shall continuously (except for reasonable temporary periods necessary for maintenance, repairs, installation of equipment and tenant improvements) and uninterruptedly conduct within the Premises the business which it is permitted to conduct under this Lease except while the Premises are untenable by reason of fire or other casualty. Tenant shall at all times keep and maintain within and upon the Premises an adequate staff of workers and stock of merchandise and trade fixtures to service and supply the usual and ordinary demands of its customers, and shall keep the Premises in a neat, clean and orderly condition. Tenant shall continuously, actively and diligently operate its business in the entire Premises in a high grade and reputable manner throughout the term of this Lease, maintaining in the Premises an adequate staff of employees and a full and complete stock of merchandise. The Premises shall be personally supervised by competent personnel who have power to act on behalf of Tenant. In general, Tenant shall employ its best business judgment, efforts and abilities to operate Tenant's business in an efficient and businesslike manner. It is expressly understood and agreed that Landlord does not consider Minimum Monthly Rent in itself a fair and adequate rental for the Premises and would not have entered into this Lease unless Tenant had obligated itself to pay Monthly Percentage Rent, which Landlord expects to supplement the Minimum Monthly Rent to provide fair and adequate rental return. It is the intent of Landlord and Tenant that Tenant produce the maximum Gross Sales possible during the Term. Therefore, if Tenant fails to continuously operate its business in accordance with the terms of this Lease, fails to keep the required store hours, or vacates the Premises prior to the expiration of the term hereof, Tenant shall pay Monthly Percentage Rent in an amount not less than Default Monthly Percentage Rent for each Month during which such failure or vacation has occurred, notwithstanding that for each such Month Tenant also submits a Monthly Statement. In addition, Landlord shall have the right to treat any of such events as a material default and breach of this Lease.

15.2 Hours of Operation. Recognizing that it is in the interests of both Tenant and Landlord to have regulated hours of business for all of the Boardwalk Retail/Restaurant Area, if Tenant conducts a retail business, then Tenant shall remain open for business during the Minimum Hours of Operation. Landlord retains the right (but not the obligation) to change the Minimum

Hours of Operation to those hours, if any, other businesses in the Boardwalk Retail/Restaurant Area are normally open for business. Tenant shall adequately illuminate its window displays, exterior signs and exterior advertising displays continuously during all Minimum Hours of Operation as determined in Landlord's sole and absolute discretion. The foregoing provisions shall be subject to the hours of operation prescribed by any governmental regulations or labor union contracts to which the Tenant's business is subject. Tenant's failure to keep the Premises open for business during the Minimum Hours of Operation shall be conclusively deemed for any and all purposes to be a violation or breach of a condition, covenant or obligation of this Lease which cannot afterward be cured or performed, but which may be enforced by Landlord by an action for specific performance, in addition to any other remedies available to Landlord.

15.3 Non-Competition. Because Monthly Percentage Rent is a material consideration of this Lease, and in order to achieve maximum sales volume, Tenant, any affiliate and any Guarantor of the Lease, (and their respective officers, directors, and stockholders or partners) shall not directly or indirectly own, operate, manage or have any interest in the profits of any similar store or business (unless in operation on the date of this Lease and identified in the Rider, Exhibit G) within a radius of three (3) miles from the perimeter of the Boardwalk Retail/Restaurant Area. Without limiting Landlord's remedies, if Tenant violates any provision of this Section, Landlord may, at its option, include the gross sales of such other competing stores or businesses in the Gross Sales transacted in the Premises for the purpose of computing Monthly Percentage Rent due hereunder, as though the sales of such competing stores or businesses had actually been made from the Premises. If Landlord so elects, all of the provisions of Article 7 hereof shall be applicable to all records pertaining to such competing stores or businesses. Any competing stores or businesses existing as of the date of this Lease and specified in the Rider that would violate this Non-Competition section may continue to be operated, managed, conducted and owned in the same manner and location as on the date of this Lease.

ARTICLE 16 REPAIRS AND MAINTENANCE

16.1 Tenant's Maintenance. In addition to the duties, restrictions and obligations of Tenant in Section 4.2 above, Tenant shall, at its own cost and expense, repair, replace and maintain in good and tenantable condition (a) the Premises and every part thereof (except that portion of the Premises to be maintained by Landlord as hereinafter provided), (b) the utility meters, lines, pipes and conduits, all fixtures, air conditioning equipment and heating equipment and other equipment or fixtures exclusively serving the Premises, located within and without the Premises regardless of whether (i) such equipment or fixtures are installed or owned by Landlord or Tenant as part of any equipment system or (ii) are attached to the exterior of or installed on the roof of the Premises by Tenant or Landlord; (c) the storefront or storefronts and all signs, locks and closing devices, window sashes, casements or frames, doors and door frames, floor coverings (including carpeting, terrazzo or other special flooring). Tenant shall perform all such items of repair, maintenance, alteration, improvement or reconstruction as may at any time or from time to time be required by a Governmental Agency having jurisdiction over the Premises. Tenant shall contract with a service company, acceptable to Landlord, for the monthly maintenance of the heating, ventilating and air conditioning equipment exclusively serving the Premises, and shall furnish to Landlord a copy of the service contract within ten (10) days after Tenant opens the Premises to the public for business, and shall furnish to Landlord a copy of any subsequent contract entered into by Tenant from time

to time during the Term. Tenant shall promptly replace at its own expense any broken glass, both exterior and interior, with glass of the same kind, size and quality and shall cause the exterior of the Premises to be painted not later than the end of every third Lease Year in accordance with the specifications required by the "Design Criteria" adopted by Landlord for the Boardwalk Retail/Restaurant Area. Tenant shall make no adjustment, alteration or repair of any part of the sprinkler or sprinkler alarm system within or outside the Premises without Landlord's consent in its sole discretion. Tenant acknowledges and understands that the concrete roof structure above the Premises was not specifically designed or constructed in such a manner to prevent water leakage or intrusion below into the Premises. Tenant hereby agrees to maintain the Premises in a "water-tight" manner to prevent water intrusion or leaking from above, including, but not limited to, maintaining the ceiling of the Premises.

16.2 Landlord's Right to Repair. If Tenant fails to make repairs and/or maintain the Premises or any part thereof in a manner reasonably satisfactory to Landlord, Landlord shall have the right to elect to make such repairs or perform such maintenance on behalf of and for the account of Tenant after five (5) days' notice of such election. No notice shall be required in the event of an emergency. The cost of such work shall be paid by Tenant as Additional Rent promptly upon receipt of a bill therefor.

16.3 Surrender of Premises. Upon expiration or termination of the Lease, Tenant shall deliver the Premises to Landlord in good order, condition and state of repair, ordinary wear and tear excepted. Upon request of Landlord, Tenant shall execute and deliver to Landlord in recordable form a quitclaim deed for the Premises.

16.4 Landlord's Maintenance. Subject to the foregoing provisions, Landlord shall keep and maintain in good and tenantable condition and repair the structural integrity of the foundation and pilings which support the Premises and of the roof, exterior bearing walls (excluding the interior of all walls and the exterior and interior of the store fronts, all windows, doors and plate glass and interior ceilings) and structural parts of the Premises, the main trunk lines, pipes and conduits outside the Premises for the furnishing to the Premises of various utilities (except to the extent that the same are the obligations of the appropriate utility company). Landlord reserves the right to charge Tenant with the cost of any Landlord repairs that would otherwise be within Tenant's maintenance responsibilities set forth above. Notwithstanding the foregoing, Landlord shall not be required to make repairs (a) necessitated by reason of (i) the negligence or omission of Tenant or anyone claiming under Tenant, (ii) the failure of Tenant to perform or observe any conditions or agreements in this Lease, or (iii) alterations, additions, or Improvements made by Tenant or anyone claiming under Tenant or (b) casualties for which Landlord is not required to (and does not) carry insurance or for insured casualties for which available insurance proceeds are not sufficient to pay the costs of such repair. Landlord shall have no liability to Tenant for failure to make repairs unless (i) Tenant has previously notified Landlord in writing of the need for such repairs and (ii) Landlord has failed to commence and complete said repairs within a reasonable period of time following receipt of Tenant's written notification. Tenant shall be responsible for all damage resulting from any delays in making required repairs occasioned by Tenant's failure to give prompt notice as Landlord's obligation to repair is conditioned thereon.

As used in this Section, "exterior walls" shall not include storefronts, plate glass, window

cases or window frames, doors or door frames, security grills or similar enclosures. Landlord shall be under no obligation to make any repairs, alterations, renewals, replacements or Improvements to and upon the Premises or the mechanical equipment exclusively serving the Premises at any time except as expressly provided in this Article. If Landlord fails to begin making such repairs to the Premises or perform such maintenance of the Premises as it is obligated to do by the terms hereof within a reasonable time after Landlord's receipt of written notice, Tenant's sole right and remedy for such failure on the part of Landlord shall be, after further written notice to Landlord, to cause such repairs to be made or such maintenance to be performed to the Premises in a first class workmanlike manner and in compliance with all applicable governmental, insurance and warranty requirements and the standards set forth in this Lease. Upon completion of such repair or maintenance Tenant must submit to Landlord its invoice for the actual, direct costs and expenses of the repairs or maintenance, which Landlord shall pay promptly after demand, provided that the costs and expenses shall not exceed the reasonable cost of such repairs or maintenance. Tenant hereby releases Landlord from, and agrees that Tenant shall be liable for, any damages resulting from Tenant's failure to properly perform any repairs or maintenance which Tenant elects to perform under this Section 16.4.

16.5 Landlord's Entry. Upon reasonable notice by Landlord, Tenant shall permit Landlord or its authorized representatives to enter the Premises at all times during normal business hours for purposes of inspection. Tenant shall permit Landlord or any person authorized by Landlord to enter upon the Premises and make any necessary repairs to the Premises or to perform Landlord's maintenance required of Landlord under Section 16.4 and to perform any work therein (i) which may be necessary to comply with any laws, ordinances, rules or regulations of any public authority, of any insurer of the Premises, or of any rating bureau or insurance underwriters of Landlord, or (ii) that Landlord may deem necessary to prevent waste or deterioration in connection with the Premises if Tenant does not make or cause such repairs to be made or performed promptly after receipt of written demand from Landlord, or (iii) that Landlord may deem necessary to perform remodeling, construction or other work incidental to any portion of the Boardwalk Retail/Restaurant Area or the pilings and other structures supporting the Boardwalk Retail/Restaurant Area, including but not limited to work on the bikepath level above the Premises or the premises of another tenant adjacent to the Premises or to enforce any provision of this Lease or to cure any default of Tenant. Landlord shall use its best efforts not to interfere unreasonably with Tenant's business during the conduct of any such work. If such work of Landlord unreasonably interferes with the ability of Tenant to conduct its business on the Premises as required by this Lease, during the period of such unreasonable interference the Minimum Monthly Rent shall be partially abated in proportion to the amount of such unreasonable interference; and in the event such work fully prevents Tenant from conducting its business as required, the Minimum Monthly Rent shall be fully abated during such period, and such interference shall not be claimed by Tenant as constituting a constructive eviction by Landlord; provided, however, that the Minimum Monthly Rent shall not be reduced to a level lower than the amount of the Business Interruption Insurance required to be provided by Tenant in Section 9.3.8. Nothing herein contained shall imply any duty on the part of Landlord to do any such work which, under any provision of this Lease, Tenant may be required to do, nor shall it constitute a waiver of Tenant's default in failing to perform such work. No exercise by Landlord of any rights herein reserved shall entitle Tenant to any damage for any injury or inconvenience occasioned by the exercise of such rights. In the event Landlord makes any repairs pursuant to subsections (i) or (ii), Tenant

shall pay the cost thereof to Landlord as Additional Rent, promptly upon receipt of a bill therefor.

16.6 Display. Landlord and its authorized representatives may enter the Premises at any time during business hours for the purpose of exhibiting the Premises to prospective developers, lenders, assignees, or master leaseholders. During the final six (6) months of the term of this Lease, Landlord may exhibit the Premises to prospective tenants.

ARTICLE 17 RECONSTRUCTION

17.1 Damage or Destruction by Casualty. In case of any damage to or destruction of the Improvements on the Boardwalk Retail/Restaurant Area or the Common Area or the Improvements on the Premises, or any part thereof, and subject to the next sentence, if the insurance proceeds available to Landlord, if any, on account of such damage or destruction to the Premises are sufficient for the purpose, Landlord shall within a reasonable period of time commence and complete the restoration, replacement or rebuilding of the Improvements, together with such alterations and additions, or variations from the original plans for the exterior elevations (including materials selection and color) or the size, bulk and scale of the Improvements and such alterations or changes as are required by then current building codes (such restoration, replacement, rebuilding, alterations and additions, together with any temporary repairs and property protection pending completion of the work being herein called "Restoration"). If the Improvements on the Premises are damaged during the last three (3) years of the Lease Term, or if the insurance proceeds collected with respect to such Improvements are not sufficient to complete Restoration, or if there are no insurance proceeds for the Improvements, or if Landlord elects not to undertake Restoration of the Improvements, then Landlord shall have the right to notify Tenant of such election and this Lease shall terminate as to the Premises. Tenant shall repair and restore Tenant's betterments, trade fixtures, equipment, inventory or other installations or Improvements of Tenant in, on or about the Premises, and such Improvements as Tenant is required to insure, and/or repair and maintain under this Lease.

17.2 Termination Upon Substantial Damage. Notwithstanding anything to the contrary contained in this Lease, Landlord may, at its option, terminate this Lease upon thirty (30) days' notice to Tenant (said notice to be given not later than one hundred (100) days after the later of the occurrence of any damage or destruction or written notification from Tenant to Landlord of such occurrence) if: (i) the Premises, the Boardwalk Retail/Restaurant Area or the Common Area shall be damaged or destroyed and Landlord's architect shall certify in writing that the extent of the damage or destruction is twenty-five percent (25%) or more of the replacement value of any of the respective Premises, Boardwalk Retail/Restaurant Area or the Common Area (excluding the replacement value of trade fixtures, equipment, inventory or other installations or Improvements not permanently affixed to the real estate) immediately prior to the occurrence of the damage or destruction, or (ii) the damage or destruction is such that, in Landlord's judgment, restoration cannot be completed within one hundred twenty (120) days of the commencement thereof regardless of the cost of such restoration or repair. The effective date of the termination shall be the date of the occurrence of the damage or destruction.

17.3 Commencement of Restoration. If the Premises shall be damaged or destroyed, and either the provisions of Section 17.2 shall not apply, or the provisions of Section 17.2 shall

apply but Landlord shall not have elected to terminate this Lease, Landlord and Tenant shall commence their respective obligations of repair and restoration set forth in Section 17.1 as soon as practicable, and shall prosecute the same to completion with all due diligence.

17.4 No Abatement of Rent. During the period of any damage, repair or restoration provided for in Section 17.1, the Minimum Monthly Rent for the Premises shall not be abated in any way except if the Premises is not repaired or restored within six months from the date of the damage or destruction and such is due to the fact that Landlord failed to prosecute its repairs and restoration with all due diligence, then Minimum Monthly Rent for the Premises shall abate from the sixth month date after the date of such damage or destruction until that date upon which the Premises is repaired and restored, or such earlier date on which it should have been repaired and restored if Tenant had prosecuted its repairs and restoration with all due diligence; provided, that Tenant shall not be liable for any Minimum Monthly Rent to the extent that Landlord is paid benefits for such the loss of Minimum Monthly Rent from the Business Interruption Insurance required to be provided by Tenant in Section 9.3.8. Tenant shall continue or cause to be continued the operation of the businesses in the Premises during any such period to the extent reasonably practicable. Tenant's obligation to pay all other amounts payable under this Lease shall continue. Tenant shall not be entitled to any abatements or reductions or to any compensation, damage or offset for loss of the use of the whole or any part of the Premises and/or any inconvenience or annoyance occasioned by any damage, destruction, repair or restoration.

17.5 Remedies Limited. As a material inducement to entering into this Lease, Tenant irrevocably waives and releases its rights under the provisions of Section 1932(2) and 1933(4) of the California Civil Code, it being the intent of the parties hereto that the express terms of this Lease shall control under any circumstances in which those provisions might have otherwise applied. Said Sections whose effect are being waived presently provide as follows:

Section 1932: “The hirer of a thing may terminate the hiring before the end of the term agreed upon:...2. When the greater part of the thing hired, or that part which was and which the letter had at the time of the hiring reason to believe was the material inducement to the hirer to enter into the contract, perishes from any other cause than the want of ordinary care of the hirer.”

Section 1933: “The hiring of a thing terminates:...4. By the destruction of the thing hired.”

ARTICLE 18 **COMMON AREAS**

18.1 Use of Common Areas. Subject to the provisions of Section 18.4, Tenant and its employees and invitees are authorized, empowered and privileged to non-exclusive use of the Common Areas during the Term. Tenant hereby acknowledges that, as of the date of this Lease, there is no parking area within the Boardwalk Retail/Restaurant Area which will be part of the Common Area. Landlord reserves the right to repair, change, modify, or otherwise alter the Common Area. Further, Landlord expressly reserves the right to establish, modify and enforce reasonable rules and regulations governing the Common Area.

18.2 Common Area Maintenance. Landlord shall maintain and operate, or cause to be maintained and operated (except as hereinafter provided with reference to cost of maintenance),

the Common Areas at all times for the benefit and use of the customers and patrons of Tenant, and of other tenants, owners and occupants of the land constituting the Boardwalk Retail/Restaurant Area. All Common Area Expenses shall be at the sole cost and expense of Landlord and shall not, except for the Tenant's Monthly Expense Share, be charged to Tenant except as otherwise provided for in this Lease. If Landlord at any time hereafter determines, in Landlord's sole and absolute judgment, that the best interests of the Boardwalk Retail/Restaurant Area will be served by having the Common Areas or any part thereof operated and maintained by a person, firm or corporation other than Landlord, Landlord may select a person, firm or corporation to operate and maintain all or any such part of the Common Areas and may negotiate and enter into a contract therefor with such person, firm or corporation on such terms and conditions and for such time as Landlord, in Landlord's sole and absolute judgment, shall deem reasonable and proper both as to service and cost. Landlord shall keep, or cause to be kept, the Common Areas in a neat, clean and orderly condition, properly lighted, landscaped and insured, and shall repair any damage to the facilities thereof.

18.3 Control of Common Areas. Landlord shall at all times have the right and privilege of determining the nature and extent of the Common Areas within the Boardwalk Retail/Restaurant Area, including surface, underground or multiple-deck, and of making such changes therein which in Landlord's sole and absolute discretion are deemed to be desirable and for the best interest of all persons using the Common Areas. The exercise of Landlord's discretion shall include but shall not be limited to the location and relocation of entrances and exits, the installation and location of prohibited areas, and the design and location of landscaped areas.

Tenant and its employees, customers, suppliers, invitees and patrons shall abide by the Boardwalk Retail/Restaurant Area and Parking Rules and Regulations, as set forth in Exhibit F, as the same may be amended by Landlord from time to time in Landlord's sole and absolute discretion. Landlord and its successors and assigns, shall at all times during the Term have sole and exclusive control of the Common Areas, and may at any time during the Term exclude and restrain any person from use or occupancy thereof, excepting customers, suppliers, invitees, employees and patrons of Tenant, and other tenants of Landlord who make use of said areas in accordance with the Boardwalk Retail/Restaurant Area and Parking Rules and Regulations established by Landlord with respect thereto. The right of Tenant hereunder in and to the Common Areas shall at all times be subject to the rights of Landlord and other tenants of the Boardwalk Retail/Restaurant Area to use the same in common with Tenant. It shall be the duty of Tenant to keep all of said areas free and clear of any obstructions created or permitted by Tenant or resulting from Tenant's operation.

If, in the opinion of Landlord, unauthorized persons are using any of said areas by reason of the presence of Tenant in the Premises, Tenant, upon demand of Landlord, shall enforce Landlord's right to exclude such persons by appropriate proceedings. Nothing herein shall affect the right of Landlord at any time to remove any such unauthorized persons from said areas or to restrain the use of any of said areas by unauthorized persons.

Landlord shall not be liable for any damage to motor vehicles, or for loss of property from within such motor vehicles, of Tenant, its customers, suppliers, invitees, employees or patrons, unless caused by the gross negligence of Landlord, its agents, servants or employees.

18.4 Parking. Tenant hereby acknowledges that Landlord built, owns and operates two (2) parking structures adjacent to the Redondo Beach Boardwalk Area, known as the "Pier Parking Structure" and the "Plaza Parking Structure". Said parking structures are to service the general public; including, but not limited to, customers of the Redondo Beach Boardwalk Area and customers of Tenant. Tenant acknowledges that at no time will Tenant share in the revenues from said parking structures, nor will Tenant, its agents, employees, customers, licensees and sub-tenants receive free parking, unless granted by Landlord, in its sole discretion. Tenant, its agents, employees, customers, licensees and sub-tenants agree to comply with the fees for parking automobiles in the parking structures; said fees shall be set by the City Council of Landlord at its sole discretion. Landlord reserves the right to change entrances, exits, traffic lanes and the boundaries and locations of said parking structures. If at any time Landlord elects to close all or a portion of said parking structures for repair, Tenant will waive any and all claims against Landlord for such closure.

Employees and suppliers of Tenant and the other tenants of Landlord shall park their automobiles in certain designated non-exclusive automobile parking areas which may from time to time be designated for employees and suppliers of the Boardwalk Retail/Restaurant Area. Landlord at all times shall have the right to designate the particular parking area, if any, to be used by any or all of such employees or suppliers and any such designation may be changed from time to time. Tenant shall furnish Landlord with the license numbers of Tenant and its employees within fifteen (15) days after the Commencement Date and Tenant shall thereafter notify Landlord of any changes within five (5) days after such change occurs. All parking in parking areas owned or operated by Landlord shall be subject to the charges, fees and the Boardwalk Retail/Restaurant Area and Parking Rules and Regulations pertaining to employees and suppliers promulgated from time to time by City. If special charges and fees are allowed to employees and suppliers, and Tenant or its employees or its suppliers fail to park their cars in designated parking areas, then Landlord may charge Tenant for the charges and fees for general parking each day or partial day per car parked in any areas other than those designated. All amounts due under the provisions of this Section shall be payable by Tenant within ten (10) days after demand therefor. Tenant acknowledges that employee, supplier, customer and patron parking may not be available during certain evening and early morning hours.

ARTICLE 19 BANKRUPTCY; INVOLUNTARY TRANSFERS

19.1 Election to Assume Lease. In the event an order for relief shall be entered against or come into existence as to Tenant under Chapter 7 or Chapter 11 or Chapter 13 of the U.S. Bankruptcy Code, and the Trustee or Debtor-In-Possession shall elect to assume this Lease for the purpose of assigning this Lease or otherwise, such election and assignment may only be made if all of the terms and conditions of Sections 19.2 and 19.3 are satisfied. If such Trustee shall fail to elect to assume this Lease within sixty (60) days after the order for relief, or such additional time as the Bankruptcy Court authorizes, then this Lease shall be deemed rejected and immediately canceled and terminated. Landlord shall be thereupon immediately entitled to possession of the Premises without further obligation to Tenant or Trustee. Landlord's right to be compensated for damages in such bankruptcy proceeding shall survive.

19.2 Conditions of Assumption. In the event that a Petition for reorganization or

adjustment of debts is filed concerning Tenant under Chapters 11 or 13 of the Bankruptcy Code, or a proceeding is filed under Chapter 7 of the Bankruptcy Code and is converted to Chapters 11 or 13, the Trustee or Tenant, as Debtor-In-Possession (“DIP”), whether DIP under Chapter 11 or 13, must elect to assume this Lease within sixty (60) days from the date of the filing of the Petition under Chapters 11 or 13, or within such additional time as the Bankruptcy Court may authorize, or the Trustee or DIP shall be deemed to have rejected this Lease. No election by the Trustee or DIP to assume this Lease, whether under Chapters 7, 11 or 13, shall be effective unless each of the following conditions, which Landlord and Tenant acknowledge are commercially reasonable in the context of a bankruptcy proceeding of Tenant, have been satisfied, and Landlord has so acknowledged in writing:

(a) Landlord has not terminated this Lease pursuant to the provisions established herein prior to the filing of the Petition.

(b) The Trustee or the DIP has cured, or has provided Landlord adequate assurance (as defined below) that:

(i) Within ten (10) days from the date of such assumption the Trustee will cure all monetary defaults under this Lease; and

(ii) Within thirty (30) days from the date of such assumption the Trustee will cure all non-monetary defaults under this Lease.

(c) The Trustee or the DIP has compensated, or has provided to Landlord adequate assurance (as defined below) that within ten (10) days from the date of assumption Landlord will be compensated for any monetary loss incurred by Landlord arising from the default of Tenant, the Trustee, or the DIP as recited in Landlord's written statement of monetary loss sent to the Trustee or DIP. The term “monetary loss” shall include all of Landlord’s attorney fees and costs incurred in monitoring Tenant’s bankruptcy case and in representing Landlord’s interests in such case.

(d) The Trustee or the DIP has provided Landlord with adequate assurance of the future performance of each of Tenant's Trustee's or DIP’s obligations under this Lease; provided, however, that:

(i) The Trustee or DIP shall also deposit with Landlord, as security for the timely payment of rent, an amount equal to three (3) months' rent (as adjusted pursuant to Section 19.2(d)(iii) below) and other monetary charges accruing under this Lease; and

(ii) If not otherwise required by the terms of this Lease, the Trustee or DIP shall also pay in advance on the date Minimum Monthly Rent is payable one-twelfth (1/12th) of Tenant's annual obligations under this Lease for maintenance, common area charge, real estate taxes, insurance and similar charges.

(iii) From and after the date of the assumption of this Lease, the Trustee or DIP shall pay as Minimum Monthly Rent an amount equal to the sum of the Minimum Monthly Rent otherwise payable hereunder, plus the highest amount of the annual Monthly Percentage Rent

paid by Tenant to Landlord within the five (5) year period prior to the date of Tenant's Petition under the Bankruptcy Code, which amount shall be payable in advance in equal monthly installments on the date Minimum Monthly Rent is payable.

(iv) If the Trustee or DIP assumes this Lease, and does not assign it, then the obligations imposed under this Lease upon the Trustee or DIP shall continue thereafter. If the Trustee or DIP assumes and assigns this Lease, then the obligations imposed under this Lease upon Trustee or DIP shall be released in accordance with Bankruptcy Code Section 365(l) and any amendments or replacements of such section, but such obligations shall continue thereafter upon the assignee(s).

(e) The assumption of the Lease will not:

(i) Breach any provision in any other lease, mortgage, financing agreement or other agreement by which Landlord is bound relating to the Boardwalk Retail/Restaurant Area; or

(ii) Disrupt, in Landlord's sole judgment, the tenant mix of the Boardwalk Retail/Restaurant Area or any other attempt by Landlord to provide a specific variety of retail stores in the Boardwalk Retail/Restaurant Area which, in Landlord's sole judgment, would be most beneficial to all of the tenants in the Boardwalk Retail/Restaurant Area and would enhance the image, reputation, and profitability of the Boardwalk Retail/Restaurant Area.

(f) For purposes of this Section 19.2, Landlord and Tenant acknowledge that, in the context of a bankruptcy proceeding of Tenant, at a minimum "adequate assurance" shall mean:

(i) The Trustee or the DIP has and will continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure Landlord that the Trustee or DIP will have sufficient funds to fulfill the obligations of Tenant under this Lease, and to keep the Premises stocked with merchandise and properly staffed with sufficient employees to conduct a fully operational, actively promoted business on the Premises; and

(ii) The Bankruptcy Court shall have entered an Order segregating sufficient cash payable to Landlord and/or the Trustee or DIP shall have granted a valid and perfected first lien and security interest and/or mortgage in property of Tenant, Trustee or DIP acceptable as to value and kind to Landlord, to secure Landlord the obligation of the Trustee or DIP to cure the monetary and/or non-monetary defaults under this Lease within the time periods set forth above. Notwithstanding the foregoing provisions, Tenant shall have the right to assign or otherwise Transfer this Lease or the entire (but not part of) the Premises, to its parent corporation or to a wholly owned subsidiary; provided, however, that (A) Tenant shall also remain primarily liable for all obligations under this Lease, (B) the Transferee shall, prior to the effective date of the Transfer, deliver to Landlord instruments evidencing such Transfer and its agreement to assume and be bound by all of the terms, conditions and covenants of this Lease to be performed by Tenant, all in form acceptable to Landlord, (C) Tenant shall not be in default under this Lease, and (D) Tenant's right to make such Transfer is expressly conditioned on, and shall remain in effect

only as long as, the Transferee maintains its relationship as parent corporation or wholly owned subsidiary of Tenant.

19.3 Adequate Assurance. If the Trustee or DIP has assumed this Lease pursuant to the terms and conditions of Section 19.1 or 19.2 herein, for the purpose of transferring Tenant's interest under this Lease or the estate created thereby, to any other person, such interest or estate may be so transferred only if Landlord shall acknowledge in writing that the intended Transferee has provided "adequate assurance of future performance" as defined in this Section 19.3 of all of the terms, covenants and conditions of this Lease to be performed by Tenant. For purposes of this Section 19.3, Landlord and Tenant acknowledge that, in the context of a bankruptcy proceeding of Tenant, at a minimum "adequate assurance of future performance" shall mean that each of the following conditions have been satisfied, and Landlord has so acknowledged in writing:

(a) The Transferee has submitted a current financial statement audited by a certified public accountant which shows a net worth and working capital in amounts determined to be sufficient by Landlord to assure the future performance by such Transferee of Tenant's obligation under this Lease;

(b) The Transferee, if requested by Landlord, shall have obtained guarantees in form and substance satisfactory to Landlord from one or more persons who satisfy Landlord's standards of creditworthiness;

(c) The Transferee has submitted in writing evidence, satisfactory to Landlord, of substantial retailing experience in Boardwalk Retail/Restaurant Areas of comparable size to the Boardwalk Retail/Restaurant Area and in the sale of merchandise and services permitted under this Lease; and

(d) Landlord has obtained all consents or waivers from any third party required under any lease, mortgage, financing arrangement or other agreement by which Landlord is bound to permit Landlord to consent to such Transfer.

19.4 Occupancy Charges. When, pursuant to the Bankruptcy Code, the Trustee or DIP shall be obligated to pay reasonable use and occupancy charges for the use of the Premises or any portion thereof, such charge shall not be less than the Minimum Monthly Rent as defined in this Lease and other monetary obligations of Tenant for the payment of maintenance, common area charges, real estate taxes, Service Assessments, insurance and similar charges.

19.5 Consent. Neither Tenant's interest in this Lease, nor any lesser interest of Tenant herein, nor any estate of Tenant hereby created, shall pass to any trustee, receiver, Transferee for the benefit of creditors, or any other person or entity, or otherwise by operation of law under the laws of any state having jurisdiction of the person or property of Tenant unless Landlord shall consent to such Transfer in writing. No acceptance by Landlord of rent or any other payments from any such trustee, receiver, Transferee, person or other entity shall be deemed to have waived the need to obtain Landlord's consent for any transfer of Tenant's interest under this Lease.

19.6 Insolvency. In the event the estate of Tenant created hereby shall be taken in

execution or by other process of law, or if Tenant or any guarantor of Tenant's obligations hereunder shall be adjudicated insolvent pursuant to the provisions of any present or future insolvency law under any state law, or if any order for relief is entered against, or comes into existence as to the guarantor or if an involuntary petition is commenced against the guarantor under the U.S. Bankruptcy Code, or any similar provision of another country, or any similar provision in any future federal U.S. Bankruptcy Code, or any similar provision of another country, or if a Receiver or Trustee of the property of Tenant or any guarantor shall be appointed under any state law by reason of Tenant's or the guarantor's insolvency or inability to pay its debts as they become due and otherwise, or if any Transfer shall be made of Tenant's or the guarantor's property for the benefit of creditors under state law; then and in such event Landlord may, at its option, terminate this Lease and all rights of Tenant hereunder by giving Tenant written notice of the election to so terminate within thirty (30) days after the occurrence of such event.

19.7 Other Laws. The provision of this Article 19 concerning the rights of Landlord, and the obligations of Trustee, Tenant, Debtor, Receiver, DIP and assignee are in addition to such rights and obligations provided by law, including those applicable provisions of the Bankruptcy Code. Nothing contained in this Article 19 shall limit or reduce in any manner whatsoever such rights and obligations which are otherwise provided by law.

ARTICLE 20 DEFAULTS BY TENANT; REMEDIES; TERMINATION AND SURRENDER OF POSSESSION

20.1 Events of Default. The occurrence of any of the following shall constitute a default by Tenant and a breach of this Lease:

(a) Failure or refusal to pay any amount of Minimum Monthly Rent, Monthly Percentage Rent, Additional Rent or any other sums payable by Tenant hereunder when due, or the failure or refusal to submit a Monthly Statement or Annual Statement when due; or

(b) If Tenant shall be given, in any twelve (12) consecutive calendar month period, three or more notices under clause (a) above; or

(c) Failure or refusal to occupy and operate the Premises in accordance with Article 4 or Article 15; or

(d) Any Principal Owner or general partner of Tenant terminates or materially alters its relationship with Tenant without the prior written consent of Landlord; or

(e) Maintenance, commission or permission on the Premises of waste, nuisance, or use of the Premises for an unlawful purpose or failure or refusal to maintain and repair the Premises as required by this Lease; or

(f) Any Transfer contrary to the provisions of Article 14; or

(g) Understatement of Gross Sales by more than six percent (6%); or

(h) Failure to remain open for business as required by Article 15, on any occasion during a given year of the Lease Term in which Tenant has received two (2) or more notices pursuant to subsection (b) of Section 20.2; or

(i) Failing or refusing to perform fully and promptly any express or implied covenant or condition of this Lease.

20.2 Notices. Following the occurrence of any of the defaults specified in subsection (a) through (i) of Section 20.1, Landlord shall give Tenant, or any subtenant, a written notice specifying the nature of the default and the provisions of this Lease breached and demanding that Tenant, or any subtenant, either fully cure each such default within the time period specified in the corresponding subsections below or quit the Premises and surrender the same to Landlord:

(a) For nonpayment of Minimum Monthly Rent, Monthly Percentage Rent, Additional Rent, or any other sums payable by Tenant hereunder, or for failure to submit a Monthly Statement or Annual Statement, five (5) days;

(b) For breach of Article 4 or Article 15, three (3) days;

(c) For any default described in subsections (d) through (h) of Section 20.1, Landlord shall give Tenant or any subtenant a written notice specifying the nature of the default and the provisions of this Lease breached and Landlord shall have the right, but not the obligation and in addition to all other rights set forth herein, to demand in said notice that Tenant quit the Premises within five (5) days; and

(d) For failure to perform any other covenant or condition of this Lease, a reasonable period to cure such default not to exceed twenty (20) days; provided, however, that if such default cannot be cured within said time period, the cure period shall be extended if Tenant so notifies Landlord in writing of Tenant's need for additional time to cure, commences cure of the default within said time period, and thereafter diligently and in good faith continues with and actually completes said cure within a reasonable period of time.

To the extent permitted by California law, the time periods provided in this Section 20.2 for cure of Tenant's defaults under this Lease or for surrender of the Premises shall be in lieu of (not in addition to) any similar time periods prescribed by California law as a condition precedent to the commencement of legal action against Tenant for possession of the Premises.

20.3 Additional Assurances. At any time following the occurrence of any of the defaults specified in Section 20.1, Landlord, at its option, may request that within ten (10) days of Landlord's request, Tenant shall provide current financial statements for all Guarantors of this Lease.

20.4 Landlord's Rights and Remedies. Should Tenant fail to cure any default or quit the Premises within the time periods specified in Section 20.2, Landlord may exercise any of the following rights without further notice or demand of any kind to Tenant or any other person, except as required by applicable state law. Landlord has the remedy described in California Civil Code

Section 1951.4 (a lessor may continue the lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations); together with the following rights, which do not limit Landlord in the exercise of any other right or remedy Landlord may have on account of such default:

(a) The right of Landlord to terminate this Lease and Tenant's right to possession and to reenter the Premises, to take possession thereof and remove all persons therefrom, following which Tenant shall have no further claim thereon. A notice given in connection with unlawful detainer proceedings specifying a time within which to cure a default shall terminate Tenant's right to possession if Tenant fails to cure the default within the time specified in the notice; or

(b) The right of Landlord, without terminating this Lease, to reenter the Premises and take possession of all Improvements, additions, Alterations, equipment and fixtures therein and occupy the whole or any part thereof for and on account of Tenant and to collect any unpaid rentals and other charges, which have become payable, or which may thereafter become payable and to remove any persons in possession thereof; or

(c) The right of Landlord, even though it may have reentered the Premises, in accordance with subsection (b) of this Section, to elect to terminate this Lease and Tenant's right to possession of the Premises; or

(d) The right of Landlord to enjoin any act or omission.

If Landlord reenters the Premises under the provisions of subsection (b) above, Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to pay any rental or other charges thereafter accruing, or Tenant's liability for damages under any of the provisions hereof, by any such reentry or by any action, in unlawful detainer or otherwise, to obtain possession of the Premises, unless Landlord shall have notified Tenant in writing that it has elected to terminate this Lease. The service by Landlord of any notice pursuant to the unlawful detainer statutes of this state and the surrender of possession pursuant to such notice shall not (unless Landlord elects to the contrary by a written notice to Tenant at the time of or subsequent service of such notices) be deemed to be a termination of this Lease. If Landlord enters or takes possession of the Premises, Landlord shall have the right, but not the obligation, to remove therefrom all or any part of the personal property located therein and to place the same in storage at a public warehouse, all at the sole expense and risk of Tenant.

20.5 Landlord's Damages. If Landlord elects to terminate possession pursuant to the provisions of subsection 20.4 (a), (b) or (c) above, Landlord may recover from Tenant damages, the following:

(i) The worth at the time of award of any unpaid rental which had been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rental which would have been earned after termination until the time of award exceeds the amount of

such rental loss Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rental for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, any costs or expenses incurred by Landlord in (a) retaking possession of the Premises, including reasonable attorneys' fees, (b) maintaining or preserving the Premises after such default, (c) preparing the Premises for reletting to a new tenant, including repairs or alterations to the Premises for such reletting, (d) leasing commissions, or (e) any other costs necessary, incidental or appropriate to relet the Premises; plus

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of this State.

As used in subsections (i) and (ii) above, the "worth at the time of award" is computed by allowing interest at the Maximum Lawful Rate. As used in subsection (iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

For purposes of this Article only, the term "rental" shall be deemed to be the Minimum Monthly Rent as adjusted by Section 7.3, the average Monthly Percentage Rental payable by Tenant during the twelve months of the Term preceding Landlord's termination of this Lease, and all other sums required to be paid by Tenant pursuant to the terms of this Lease. All such sums, other than the Minimum Monthly Rent, shall, for the purpose of calculating any amount due under the provisions of subsection (iii) above, be computed on the basis of the average monthly amount thereof accruing during the immediately preceding sixty (60) month period, except that if it becomes necessary to compute such rental before such a sixty (60) month period has occurred then such rental shall be computed on the basis of the average monthly amount hereof accruing during such shorter period.

Even though Tenant has breached this Lease and abandoned the Premises, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession, and Landlord may enforce all its rights and remedies under this Lease, including the right to recover the rent as it becomes due under this Lease. Tenant's right to possession shall not be deemed to have been terminated by Landlord except pursuant to Section 20.4. The following do not constitute a termination of Tenant's right to possession:

(i) Acts of maintenance or preservation or efforts to relet the Premises;

(ii) The appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease.

Any sum accruing to Landlord or Tenant under the terms and provisions of this Lease which shall not be paid when due shall bear interest at the Maximum Lawful Rate from the date when the sum becomes due and payable by the terms and provisions hereof until paid.

20.6 Fixtures and Personal Property. Without limiting Landlord's rights under Article 13, in the event of default, all of Tenant's Removable Trade Fixtures, furniture, equipment, Improvements, additions, alterations, and other personal property shall remain on the Premises and in that event, and continuing during the length of said default, Landlord shall have the right, subject to the superior rights of any third party owners, lessors or lienholders of such property, to take the exclusive possession of same and to use the same, rent or charge free, until all defaults are cured or, at its option, at any time during the Term, to require Tenant to remove the same.

20.7 No Waiver. The waiver by Landlord of any breach of any term, covenant or condition herein shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, or of any right of Landlord to a forfeiture of the Lease by reason of such breach, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. No term, covenant or condition of this Lease shall be deemed to have been waived by Landlord unless such waiver be in writing signed by Landlord.

Notwithstanding any other provision of this Article, any written notice, other than as specifically set forth in this Article, required by any statute or law now or hereafter in force is hereby waived by Tenant to the fullest extent waivable under law.

The rights and remedies given to Landlord in this Article shall be in addition and supplemental to all other rights or remedies which Landlord may have under laws then in force.

20.8 Termination and Surrender of Possession. Upon any termination of this Lease, whether by expiration of the term hereunder, cancellation pursuant to an election provided for herein, forfeiture, or otherwise, Tenant shall immediately cease doing business in the Premises and peaceably quit and immediately surrender possession of the Premises to Landlord, with all Improvements, apparatus, fixtures and alterations (except trade fixtures and furniture) in a good operating condition and in the same condition of order and repair in which they were required by the provisions of this Lease to be kept throughout the term, subject to ordinary wear and tear after the last required repair or maintenance, and shall be the property of Landlord without payment therefor. Tenant shall repair at its own expense any damage and defacement to the Premises caused by its removal of its trade fixtures, furniture and equipment.

Notwithstanding anything in this Lease to the contrary, any of Tenant's trade fixtures, furniture and equipment which are not removed from the Premises by the time herein required shall become the property of Landlord and Landlord may thereafter either (i) retain all or any part of the same as Landlord's property without payment therefor to Tenant, or (ii) cause all or any part of the same to be removed from the Premises and disposed of, but the cost of any such removal and disposition and the cost of repairing any damage caused by such removal shall be borne by Tenant.

20.9 Self Help. If Tenant shall default in the performance of any covenant on its part to be performed by virtue of any provisions of this Lease, Landlord may, at Landlord's option, after any notice and the expiration of any period with respect thereto as required pursuant to the applicable provisions of this Lease, perform the covenant for the account of Tenant, and the costs incurred by Landlord shall be immediately due and payable by Tenant to Landlord, on demand, as Additional Rent. If Landlord, at any time, is compelled to pay or elects to pay any sum of money or do any acts which would require the payment of any sum of money by reason of the failure of Tenant to comply with any provision of this Lease, after any notice and the expiration of any grace period with respect thereto as required pursuant to the applicable provisions of this Lease, or if Landlord is compelled to incur any expense, or elects to incur any expense, including reasonable attorneys' fees, in enforcing or attempting to enforce the terms of this Lease, whether or not judicial or other action is actually instituted or in instituting, prosecuting or defending any action or proceeding, including non-judicial proceedings such as arbitration or mediation, instituted by reason of any default of Tenant hereunder, the sum or sums so paid by Landlord with all interest, costs, and damages shall be immediately due and payable by Tenant to Landlord, on demand, as Additional Rent.

20.10 Limitation on Setoffs, Counterclaims. Minimum Monthly Rent, Monthly Percentage Rent and Additional Rent due to Landlord hereunder shall be absolutely net to Landlord, so that this Lease shall yield to Landlord the full amount of the installments of Minimum Monthly Rent, Monthly Percentage Rent and Additional Rent throughout the Term, and shall be paid without assertion of any counterclaim, set off, deduction or defense and without abatement, suspension, deferment, diminution or reduction. Under no circumstances or conditions, whether now existing or hereafter arising, or whether beyond the present contemplation of the parties, shall Landlord be expected or required to make any payment of any kind whatsoever or be under any obligation or liability hereunder, except as herein expressly set forth. Except as otherwise expressly provided herein, this Lease shall continue in full force and effect, and the obligations of Tenant hereunder shall not be released, discharged or otherwise affected, by reason of: (a) any restriction or prevention of or interference with any use of the Premises or the Boardwalk Retail/Restaurant Area or any part thereof; (b) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other proceeding relating to Landlord, or any action taken with respect to this Lease by any trustee or receiver of Landlord with respect to this Lease by any trustee or receiver of Landlord, or by any court, in any proceeding; (c) any claim which Tenant has or might have against Landlord; (d) any failure on the part of Landlord to perform or comply with any of the terms hereof or of any other agreement with Tenant; or (e) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, in each case, whether or not Tenant shall have notice or knowledge of any of the foregoing. Except as otherwise expressly provided in this Lease, the obligations of Tenant shall be independent covenants and agreements separate from and not conditioned on the covenants and agreements of Landlord. Tenant hereby waives, to the full extent permitted by applicable law, all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Lease or the Premises or any part thereof, or to any abatement, suspension, deferment, diminution or reduction of Minimum Monthly Rent, Monthly Percentage Rent or Additional Rent.

20.11 Interest. Any amounts or sums due Landlord under this Lease not paid when due

shall bear interest from such date until the date actually paid at the Maximum Lawful Rate.

ARTICLE 21 DEFAULTS BY LANDLORD; REMEDIES

If Landlord shall neglect or fail to perform or observe any of the terms, covenants, or conditions contained in this Lease within 60 days after written notice of default or, if more than 60 days are required because of the nature of the default, if Landlord shall fail to proceed diligently to cure such default after written notice thereof, then Landlord shall be liable to Tenant for any and all damages sustained by Tenant as a result of Landlord's breach. Notwithstanding the foregoing, it is expressly understood and agreed that (a) any money judgment resulting from any default or other claim arising under this Lease shall be satisfied only out of the current rents, issues, profits and other income Landlord receives from its operation of the Boardwalk Retail/Restaurant Area, net of all current operating expenses, liabilities, reserves and debt service associated with said operation ("Net Income" for purposes of this Article 21 only), (b) no other real, personal or mixed property of Landlord, wherever located, shall be subject to levy on any such judgment obtained against Landlord, (c) if such Net Income is insufficient to satisfy such judgment, Tenant will not institute any further action, suit, claim or demand, in law or in equity, against Landlord for such deficiency, and (d) such neglect or failure shall not constitute consent by Landlord for Tenant to perform or observe such terms, covenants or conditions at Landlord's expense. Tenant hereby waives, to the extent permitted under law, any right to satisfy said money judgment against Landlord except from Net Income.

If this Lease or the rentals due from Tenant hereunder are assigned to any Lender, and Tenant is given written notice thereof, including the post office address of the Lender, then Tenant shall give written notice to the Lender, specifying the default in reasonable detail, and affording the Lender a reasonable opportunity to make performance for and on behalf of Landlord. If and when the Lender has made performance on behalf of Landlord, such default shall be deemed cured.

ARTICLE 22 EMINENT DOMAIN

22.1 Taking Resulting in Termination. If any of the Boardwalk Retail/Restaurant Area is taken under the power of eminent domain by any public or quasi-public authority, Landlord shall have the right to terminate this Lease as of the date Tenant is required to vacate a portion of the Premises, upon giving notice in writing of such election within thirty (30) days after receipt by Tenant from Landlord of written notice that said Boardwalk Retail/Restaurant Area have been so appropriated or taken. In the event of such termination, both Landlord and Tenant shall thereupon be released from any liability thereafter accruing under this Lease. Immediately after learning of any appropriation or taking, Landlord shall give Tenant notice thereof in writing.

22.2 Award. If this Lease is terminated as provided above, Landlord shall be entitled to the entire award or compensation in the condemnation proceedings, whether for a total or partial taking or for diminution in the value of the leasehold or for the fee; but the rental and other charges for the last month of Tenant's occupancy shall be prorated as of the time that Tenant's possession under this Lease is terminated by such taking, and Landlord agrees to refund to Tenant any rent or other charges paid in advance. Tenant agrees not to make any claim for any portion of the award

of compensation or damages for such taking, and Tenant hereby assigns and quitclaims to Landlord any portion of such award, including, but not limited to, any claim Tenant has (or may claim to have) for the value of Tenant's leasehold interest which is in excess of the rent reserved to Landlord hereunder. Notwithstanding the foregoing, Tenant retains, and may assert, any claim it may have under applicable law to receive compensation or damages (provided an award based on such claim does not diminish the award or claim of Landlord): (i) for its fixtures and personal property that it is entitled to remove pursuant to this Lease, (ii) for relocation benefits or assistance or (iii) for loss of goodwill to its business.

22.3 Partial Taking. If either (i) both Landlord and Tenant elect not to terminate this Lease under Section 22.1, or (ii) none of the Premises is appropriated under the power of eminent domain by any public or quasi-public authority, then Tenant shall remain in the remaining portion of the Premises, and Landlord shall, at Landlord's cost and expense, as soon as reasonably possible, restore the Premises on the land remaining to a complete unit of like quality and character as existed prior to such appropriation or taking; provided, however, that Landlord shall have no obligation to so restore the Premises at a cost or expense in excess of the award of compensation or damages received by Landlord due to such taking. After such restoration, the Minimum Monthly Rent provided for herein shall be reduced on an equitable basis, taking into account the relative value of the portion taken as compared to the portion remaining. Tenant hereby waives any statutory rights of termination which may arise by reason of any partial taking of the Premises under the power of eminent domain.

22.4 Transfer under Threat of Taking. For the purposes of this Article only, a voluntary sale or conveyance under threat and in lieu of condemnation shall be deemed an appropriation or taking under the power of eminent domain.

ARTICLE 23 ATTORNEYS' FEES

If at any time after the date hereof either Landlord or Tenant shall institute any action or proceeding against the other relating to the provisions of this Lease or any default hereunder, the unsuccessful party in such action or proceeding shall reimburse the successful party for all reasonable expenses of attorneys' fees, costs and disbursements incurred therein by the successful party, including but not limited to any such fees, costs or disbursements incurred on any appeal from such action or proceeding. All such fees, costs or disbursements shall be recoverable as items of cost by the successful party, whether or not such action proceeds to final judgment or determination.

ARTICLE 24 SALE OR MORTGAGE BY LANDLORD

24.1 Sale or Mortgage. Landlord may, at any time, without the consent of Tenant, sell, purchase, exchange, transfer, assign, lease, or convey (collectively, "Sale"), or encumber, pledge, mortgage or hypothecate an interest in Landlord, the Lease, the Premises, and/or any portion of or interest in the Boardwalk Retail/Restaurant Area.

24.2 Landlord's Successor. For the purposes of this Article, "Landlord's Successor" shall mean any person or entity that succeeds to all of Landlord's interest in the Premises, the Boardwalk

Retail/Restaurant Area, or in this Lease through a Sale.

24.3 Release on Sale. Provided that Landlord's successor expressly assumes Landlord's duties and covenants under this Lease, from and after a Sale, Landlord shall be released from all liability toward Tenant and Tenant's successors and assigns arising from this Lease because of any act, occurrence or omission of Landlord occurring after such Sale.

ARTICLE 25 MASTER DOCUMENTS AND LOAN CONSIDERATIONS

25.1 Subordination. This Lease is and shall be subordinate to the Master Documents and to any encumbrance now of record or recorded after the date of this Lease affecting the Boardwalk Retail/Restaurant Area or any part thereof and/or the land upon which the Boardwalk Retail/Restaurant Area is constructed. Such subordination is effective without any further action of Tenant. On Tenant's behalf and on behalf of all persons claiming through and under Tenant, Tenant agrees that Tenant shall from time to time on request from Landlord execute and deliver any documents or instruments that may be required by Landlord's Lender to effectuate any subordination. If Tenant fails to execute and deliver any such documents or instruments, Tenant irrevocably constitutes and appoints Landlord as Tenant's special attorney-in-fact to execute and deliver any such documents or instruments on Tenant's behalf.

25.2 Attornment. If Landlord conveys in a Sale all of its rights and duties in and to the Lease, the Premises, and/or the Boardwalk Retail/Restaurant Area, or if an interest in Landlord or Landlord's equity of redemption or other interest in the Lease, the Premises and the Boardwalk Retail/Restaurant Area under a mortgage, deed of trust, pledge or security agreement is foreclosed judicially or nonjudicially, upon the request of Landlord's lawful successor, Tenant shall at the election of Landlord's successor attorn to said successor, provided said successor accepts the Premises subject to this Lease. The foregoing notwithstanding, in accepting the Premises subject to this Lease, said successor shall not be bound by (i) any prepayment of more than one month's rental (except for payments under Section 31.1) or (ii) any amendment of this Lease made after the later of the Commencement Date or such date as the successor's lien or interest first arose, unless said successor shall have consented to such amendment, and shall not be liable for any act or omission of the prior Landlord or have any liability for any security deposits unless it shall have been physically delivered to the new Landlord, or be subject to any offset which shall theretofore have accrued to Tenant from the prior Landlord. Tenant shall upon request of any purchaser, mortgagee or other person acquiring an interest in the Boardwalk Retail/Restaurant Area execute and deliver an instrument or instruments confirming its attornment. Notwithstanding the foregoing, upon the request of the holder of any encumbrance, this Lease shall be prior and superior to the lien of any specified encumbrance. With respect to any encumbrance granted or entered into after the date of this Lease, Tenant's obligation to attorn to any purchaser, whether upon foreclosure of any encumbrance or otherwise, and to recognize such purchaser as Landlord under this Lease is conditioned upon such purchaser upon the foreclosure of the encumbrance agreeing to recognize this Lease if Tenant is not in default in the performance of any of the terms and conditions on Tenant's part to be kept and performed under this Lease.

25.3 Notice to Holder of Encumbrance. Tenant agrees that, provided the holder of any

Encumbrance shall have notified Tenant in writing of its address, Tenant will give such holder, by certified mail, a copy of any notice of default given by Landlord.

25.4 Recordation. The parties agree to record a short form memorandum of this Lease, in the form of Exhibit I attached, pursuant to Government Code Section 37393.

25.5 Estoppel Certificate. At any time and from time to time on not more than ten (10) days' written notice from Landlord, Tenant shall execute and deliver to Landlord a Tenant's Estoppel Certificate substantially in form as attached hereto as Exhibit D. Unless Tenant shall have notified Landlord in writing within said ten-day period of any qualifications tenant may have to the statements in the Tenant's Estoppel Certificate ("Tenant's Qualification Notice"), anyone participating with Landlord in any transaction referred to in Section 24.1 shall have the right to rely on the accuracy of such statements. If Landlord shall not have received Tenant's Qualification Notice, Tenant's failure to execute and deliver the Tenant's Estoppel Certificate within said ten-day period shall be deemed to make conclusive and binding upon Tenant (for the benefit of Landlord and anyone participating with Landlord in any such transaction) the statements contained in the Tenant's Estoppel Certificate as true and correct, without exception and Landlord is hereby appointed attorney-in-fact to execute and deliver the Tenant's Estoppel Certificate without exception on behalf of Tenant.

ARTICLE 26 QUIET POSSESSION

Landlord agrees that Tenant, upon paying the rental and performing the covenants and conditions of this Lease, may quietly have, hold and enjoy the Premises during the Term without hindrance by Landlord or by anyone claiming by, through or under Landlord, subject, however, to the provisions of Article 16, and subject to any mortgages, master leases, reciprocal easement agreements, other agreements and encumbrances to which this Lease is subordinate.

ARTICLE 27 TENANT'S ASSOCIATION SHARE FOR ADVERTISING AND PROMOTION.

Tenant acknowledges that Landlord is a member of an association of owners and ground lessees organized and operating for the purpose of carrying out such common or general advertising or promotional activities or programs for the benefit of the waterfront and pier areas, including the Boardwalk Area of which the Boardwalk Retail/Restaurant Area is a part (the "Association"), and that as such a member of the Association, Landlord is required to contribute to the Association an amount equal to 2/10ths of one percent (0.2%) of the gross sales of the Boardwalk Retail/Restaurant Area ("Landlord's Association Share"). Tenant agrees to pay Monthly to Landlord an amount equal to 0.2% of Gross Sales of Tenant ("Tenant's Association Share") in addition to payments to Landlord on account of Minimum Monthly Rent, Monthly Percentage Rent and Tenant's Monthly Expense Share. Landlord agrees that Landlord shall remit all payments of Tenant's Association Share to the Association as part of Landlord's Association Share, and that Landlord shall not retain any of Tenant's Association Share for its own account. In the event that Landlord shall no longer be a required or agree to pay Landlord's Association Share, the obligation of Tenant to pay Tenant's Association Share shall cease (or during the period of any suspension of Landlord's Association Share, shall be suspended). Likewise, should the

contribution to the Association change from its current 0.2% of gross sales, Tenant's obligation to pay Tenant's Association Share shall change in an equal manner. Tenant's Association Share for each Month during the Term shall be due and payable on the date that the Monthly Statement for that Month is required to be submitted to Landlord (i.e., on the 10th day of the Month for the Gross Sales of the preceding Month; see Article 7). If Tenant fails to submit the pertinent Monthly Statement, Gross Sales for the pertinent Month shall be equivalent to the Gross Sales used to calculate Default Monthly Percentage Rent for the purposes of Article 7, and subject to increases as also provided in that Article.

ARTICLE 28 CAPTIONS AND TERMS

The captions contained in this Lease are for convenience only, are not a part of this Lease and do not in any way limit or amplify the actual terms and provisions of this Lease.

If more than one (1) person or entity is named in and executes this Lease as Tenant, then the word "Tenant" wherever used in this Lease is intended to refer to all such persons or corporations, and the liability of such persons or entities for compliance with and performance of all the terms, covenants and provisions of this Lease shall be joint and several. The masculine pronoun used herein shall include the feminine or the neuter as the case may be, and the use of the singular shall include the plural.

ARTICLE 29 NOTICES

Wherever in this Lease it is required or permitted that notice or demand be given or served by either party to this Lease upon the other, such notice or demand shall be in writing and shall be deemed to have been duly given three business days after being mailed by certified or registered mail, postage prepaid, immediately upon personal service, or on the next business day if delivered by FedEx or another reputable overnight delivery service, and addressed to the parties at the addresses provided in the Summary.

Either party may change the address for such notices by giving written notice thereof to the other party in the manner specified above. The foregoing method of service or personal service of notice upon the addressee shall be exclusive and Tenant hereby waives, to the fullest extent allowed by law, the right to any other method of service required by any statute or law now or hereafter in force.

Notwithstanding anything to the contrary contained within this Article 29, any notices Landlord is required or authorized to deliver to Tenant in order to advise Tenant of alleged violations of Tenant's covenants contained in Article 12 (with respect to improper advertising media and/or signs), Article 16 (failure of Tenant to properly repair and/or maintain the Premises), and/or Article 18 (improper parking of Tenant and Tenant's employees' automobiles) must be in writing but shall be deemed to have been duly given or served upon Tenant by delivering a copy of such notice to one (1) of Tenant's managing employees at the Premises during normal business hours and by delivery of a copy of such notice to Tenant in the manner specified above.

ARTICLE 30 OBLIGATIONS OF SUCCESSORS

The parties hereto agree that, except as otherwise specified, all of the provisions hereof shall bind and inure to the benefit of the parties hereto, and their respective heirs, legal representatives, successors and assigns.

ARTICLE 31 SECURITY DEPOSIT

31.1 Payment. Upon execution of this Lease, Tenant shall deposit with Landlord the Security Deposit, which shall be held by Landlord without liability or interest as security for the faithful performance by Tenant of all of its obligations under this Lease. The Security Deposit shall not be considered an advance payment of rent or of any other sum due hereunder or as a measure of damages in case of a default by Tenant. The Security Deposit shall not be considered as a trust fund, and Tenant expressly acknowledges and agrees that Landlord is not acting as a trustee or in any fiduciary capacity in controlling or using Tenant's Security Deposit. Landlord, at its option, may maintain the Security Deposit separate and apart from Landlord's general and/or other funds, or may commingle the Security Deposit with Landlord's general and/or other funds. The Security Deposit shall not be mortgaged, assigned, transferred or encumbered by Tenant without the prior written consent of Landlord and any such act on the part of Tenant shall be without force and effect and shall not be binding upon Landlord. Concurrently with any adjustment to Minimum Monthly Rental, Tenant shall add to the Security Deposit held by Landlord so that the Security Deposit shall always be equal to the Minimum Monthly Rental.

31.2 Application. If any of the rental herein reserved or any other sum payable by Tenant to Landlord shall be overdue and unpaid or paid by Landlord on behalf of Tenant, or if Tenant shall fail to perform any of its obligations under this Lease, then Landlord may, at its option and without prejudice to any other remedy which Landlord may have under this Lease, use and apply the entire Security Deposit, or so much thereof as may be necessary, to compensate or reimburse Landlord for Minimum Monthly Rent, Additional Rent, loss or damage or expense sustained by Landlord, and Tenant shall immediately upon demand restore said Security Deposit to the original sum deposited. If Tenant complies with all obligations and promptly pays all rentals and all other sums payable by Tenant to Landlord as and when due, said Security Deposit (or any balance thereof) shall be refunded in full to Tenant without interest at the expiration or termination of the Lease Term and after the removal of Tenant and surrender of possession of the Premises to Landlord.

In the event of bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit shall be deemed to be applied first to the payment of rental and other charges due Landlord for the earliest periods prior to the filing of such proceedings.

31.3 Transfer of Landlord's Interest. If Landlord transfers Landlord's interest in the Premises, Landlord may deliver the funds deposited by Tenant under this Article to Landlord's transferee or assignee, and in such event, Landlord shall be discharged from any further liability with respect to such Security Deposit. This Section shall also apply equally to any subsequent transfer of Landlord's interest in the Premises.

ARTICLE 32 BROKERS

Landlord and Tenant each represent and warrant to the other that no real estate broker or finder other than the Broker(s) specified in the Summary has been involved in this transaction. Tenant agrees to indemnify and hold Landlord harmless from any claim, liability, loss or expense for any broker's commission, finder's fee, acquisition fee or like payment asserted against Landlord or Tenant by virtue of a contract or agreement made by Tenant. If no Broker is identified in the Summary, there shall be no obligation on the part of Landlord hereunder to pay any fees or commissions to a broker.

ARTICLE 33 MISCELLANEOUS

33.1 Relationship of the Parties. Nothing contained in this Lease shall be deemed or construed as creating a partnership or joint venture between Landlord and Tenant or between Landlord and any other party, or cause Landlord to be responsible in any way for the debts or obligations of Tenant or any other party.

33.2 Severability. If any provision of this Lease shall be determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Lease and all such other provisions shall remain in full force and effect. It is the intention of the parties hereto that if any provision of this Lease is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

33.3 Warranty of Authority. If Tenant hereunder is a corporation or partnership, the persons executing this Lease on behalf of Tenant hereby covenant and warrant that (i) their execution of this Lease is duly authorized by all necessary corporate or partnership proceedings; (ii) Tenant is a valid and subsisting corporation or partnership, duly formed under the laws of its state of formation and is duly qualified to do business in this state, (iii) all franchise, corporate and/or partnership taxes have been paid to date, and (iv) Tenant will file when due all future tax returns, forms, reports, fees and other documents necessary to comply with applicable laws.

33.4 Entire Agreement. This Lease contains all conditions, covenants and agreements between Landlord and Tenant relating in any manner to the Boardwalk Retail/Restaurant Area and to the rental, use and occupancy of the Premises and the other matters set forth in this Lease. No prior or contemporaneous agreement or understanding pertaining to the Boardwalk Retail/Restaurant Area or the Premises shall be valid or of any force or effect, and the conditions, covenants and agreements of this Lease cannot be altered, changed, modified, or added to, except in writing signed by Landlord and Tenant. Landlord and Tenant intend that this Lease supersedes all such prior or contemporaneous agreements and that this Lease constitutes the final, exclusive and complete embodiment of their agreement. This Lease shall supersede the Prior Lease, if any, which shall be terminated and of no further force or effect after the Commencement Date of this Lease, except for such provisions which survive the expiration or termination of the Prior Lease. No representation, inducement, understanding or anything of any nature whatsoever, made, stated or represented on Landlord's behalf, either orally or in writing (except this Lease), has induced Tenant to enter into this Lease. Specifically, but without limitation, Tenant acknowledges that Tenant has relied solely on its own investigation and business judgment in its determination to

enter into this Lease, that any statements which may have been made by any representative of Landlord concerning the success of Tenant's business and/or the Boardwalk Retail/Restaurant Area and/or the extent of Tenant's sales or profits are based upon that representative's expectations and are not to be considered as promises, covenants or guarantees of success, that the success of Tenant's business and the Boardwalk Retail/Restaurant Area are based upon many factors, including certain factors not within the control of Landlord and certain factors which are within the control of Tenant and that Tenant is not in any way entitled to the benefits of any agreements between Landlord and other tenants which agreements may differ from the terms of this Lease.

33.5 Construction. All of the provisions hereof shall be construed as covenants and not as conditions. Although the printed provisions of this Lease were drawn by Landlord, the parties hereto agree that this circumstance alone shall not create any presumption, canon of construction or implication favoring the position of either Landlord or Tenant. The parties agree that any deletion of language from this Lease prior to its mutual execution by Landlord and Tenant shall not be construed to have any particular meaning or to raise any presumption, canon of construction or implication, including but not limited to any implication that the parties intended thereby to state the converse or opposite of the deleted language.

33.6 Right to Lease. Landlord reserves the absolute right to create such other tenancies in the Boardwalk Retail/Restaurant Area as Landlord, in the exercise of its sole discretion, shall determine. Tenant does not rely on the fact, nor does Landlord represent, that there shall be any specific occupants or number of occupants of space in the Boardwalk Retail/Restaurant Area after the Commencement Date.

33.7 Governing Law. The laws of the state of California shall govern the validity, performance and enforcement of this Lease.

33.8 Waiver or Consent Limitation. No waiver of any default hereunder shall be implied from any omission by either party to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver, and then only for the time and to the extent therein stated. The acceptance by Landlord of rent or other payments with knowledge of the breach of any of the covenants of this Lease by Tenant shall not be deemed a waiver of any such breach. One or more waivers of any breach of any covenant, term or condition shall not be construed to be a waiver of any other covenant, terms or conditions, or a waiver of further breach of the same covenants, terms or conditions.

33.9 Force Majeure. For purposes of this Lease, neither Landlord nor Tenant as the case may be, nor any successor in interest, shall be considered in breach of, or default in, its obligations to construct, improve, repair, restore or make other physical improvements under this Lease as a result of the enforced delay in the performance of such obligations where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; government restrictions or priority; unusually severe weather; inability to secure necessary labor, materials or tools; acts of the other party; acts or failure to act of any public or governmental agency or entity; or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be

for the period of the enforced delay and shall commence to run from the time of the commencement of the cause if notice by the party claiming such extension is given to the other party within thirty (30) days after the commencement of the cause and shall continue for a reasonable period, not to exceed 6 months, during which time the party suffering such delay shall exert its best efforts to cure or eliminate the cause of such delay or prevention. If, however, notice by the party claiming such extension is sent to the other party more than thirty (30) days after the commencement of the cause, the period shall commence to run only thirty (30) days prior to the giving of such notice. Nothing contained herein shall be construed to permit delay in the payment of rents or other monetary obligations, or in the submission of notices, plans, Monthly Statements, Annual Statements or other documentation as may otherwise be required.

33.10 Waiver of Rights of Redemption. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event Tenant is evicted or dispossessed for any cause or in the event Landlord obtains possession of the Premises by reason of the violation by Tenant of any of the terms, covenants and conditions of this Lease or otherwise. The rights given to Landlord herein are in addition to any rights that may be given to Landlord by any statute or otherwise.

33.11 Labor Disputes. Tenant shall perform or cause Tenant's contractor to perform all work in the making and/or installation of any repairs, alterations or Improvements in a manner so as to avoid any labor dispute which causes or is likely to cause stoppage or impairment of work or delivery services in the Boardwalk Retail/Restaurant Area. In the event there shall be any such stoppage or impairment as the result of any such labor dispute or potential labor disputes, Tenant shall immediately undertake such action as may be necessary to eliminate such dispute or potential dispute, including but not limited to: (i) removing all parties in dispute from the job site until such time as the labor dispute no longer exists, (ii) seeking an injunction to remove such parties from the Boardwalk Retail/Restaurant Area, and (iii) filing appropriate unfair labor practice charges in the event of a union jurisdictional dispute.

33.12 Additional Assurances. Each of the parties agrees that it will execute such other documents or instruments as may be necessary to carry out and effectuate the purpose and terms of this Lease.

33.13 Gender and Person. Whenever the context of this Lease requires, the neuter, masculine or feminine genders shall each include the others; the singular shall include the plural and the plural shall include the singular; the conjunctive shall include the disjunctive and the disjunctive shall include the conjunctive.

33.14 Counterparts. This Lease and the documents, instruments and agreements executed in connection herewith may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

33.15 Time of Essence. Time is of the essence in the performance of this Lease.

33.16 Franchise. If Tenant is to operate a franchise location, Tenant shall, at the request of Landlord, supply Landlord with any and all information related to Tenant's relationship to

franchisor; including, but not limited to, any financial reports required by franchisor, and a copy of Tenant's franchise license or other document displaying the ability to use franchisor's name, product, logo, etc. Tenant shall also furnish Landlord with the appropriate information to contact a representative at the office of franchisor with respect to any issue. Landlord may request this information to be supplied prior to signing this Lease.

33.17 Exhibits Incorporated. All exhibits attached hereto and referred to herein are incorporated in this Lease and are expressly made a part hereof.

33.18 Nondiscrimination. Tenant shall not discriminate against any person or class of persons by reason of sex, race, color, creed, ancestry, national origin, age, physical handicap, or medical condition, and shall make its accommodations and services available to all persons on a nondiscriminatory basis. Tenant hereby agrees that in all matters affecting this Lease, it will comply with all applicable federal, state and local laws and regulations prohibiting discrimination of any kind.

33.19 Independent Contractor. This Lease is by and between Landlord and Tenant and is not intended and shall not be construed to create the relationship of agent, servant, employee, or representative of Landlord by Tenant.

33.20 No Conflict of Interest. No member, official, officer, employee, agent, or representative of Landlord shall be personally liable to Tenant, or any successor in interest, in the event of any default or breach by Landlord or for any amount which may become due to Tenant or successor or on any obligations under the terms of this Lease. No member, official or employee of City shall have any personal interest, direct or indirect, in this Lease nor shall any such member, official or employee participate in any decision relating to the Lease which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested. Tenant warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Lease.

33.30 Acknowledgment, Release and Waiver

TENANT HEREBY ACKNOWLEDGES that the subject Premises located at 142 and 144 International Boardwalk Redondo Beach, California 90277 are subject to pending lawsuits ("Pending Lawsuits") filed against the City that may invalidate or modify this Lease without advance notice. If the lease is invalidated or modified as the result of the Pending Lawsuits, Tenant shall not be entitled to seek damages, equitable relief, or any other type of relief from the City. Notwithstanding the above, Tenant agrees to enter into this Lease.

TENANT HEREBY RELEASES, WAIVES, DISCHARGES AND CONVENANTS NOT TO SUE the City of Redondo Beach, its officials, employees and agents with regard to any and all liability or potential liability to Tenant, its owners, directors, officers, employees, agents, assigns, heirs, and next of kin for any loss or damage, and any claims or demands of any kind resulting from the Pending Lawsuits or any impact or potential impact the lawsuits may have on Tenant or this Lease.

TENANT FURTHER EXPRESSLY AGREES THAT THE FOREGOING ACKNOWLEDGEMENT, RELEASE and WAIVER is intended to be as broad and inclusive as is permitted by the law of the State of California and that if any portion thereof is held invalid, it is agreed that the remaining terms shall, notwithstanding, continue in full legal force and effect.

IN WITNESS WHEREOF, Landlord has by motion duly adopted by the City Council, caused this Lease to be signed by its Mayor and attested by its City Clerk, and by Tenant caused these presents to be subscribed and have duly executed this Lease, all on the day and year first above written.

"LANDLORD":
CITY OF REDONDO BEACH,
a chartered municipal corporation

William C. Brand
Mayor

"TENANT":

MJD LANDING LLC DBA REDONDO BEACH SPORTFISHING & WHALE WATCH

By:
Title:

If Tenant is a CORPORATION, the authorized officers must sign on behalf of the corporation and indicate the capacity in which they are signing. The Lease must be executed by the president or vice-president and the secretary or assistant secretary, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which event, a certified copy of the bylaws or a certified copy of the resolution, as the case may be, must be attached to this Lease.

ATTEST:

APPROVED AS TO FORM:

Eleanor Manzano
City Clerk

Michael W. Webb
City Attorney

APPROVED:

Diane Strickfaden
Risk Manager

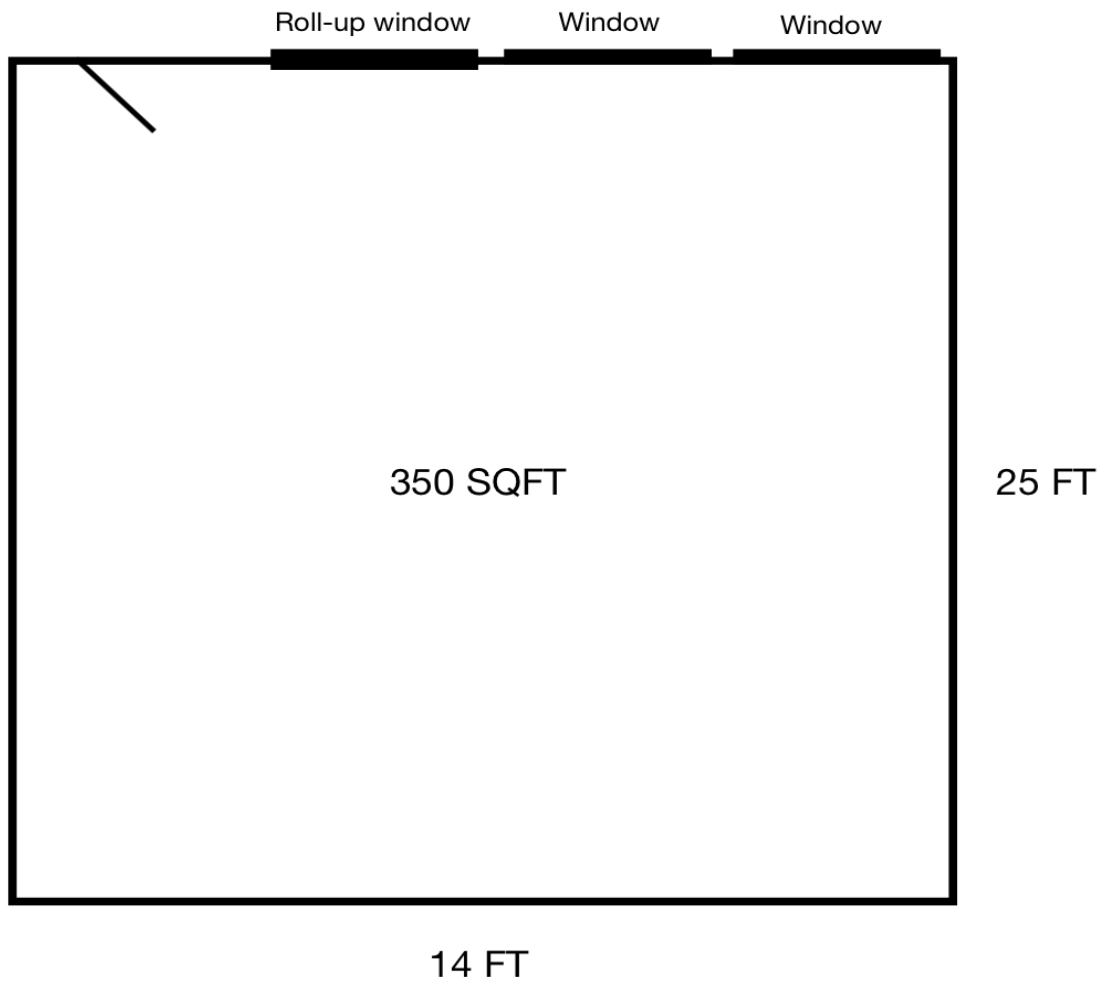
EXHIBIT A

**PREMISES FLOOR PLAN AND SITE PLAN OF BOARDWALK
RETAIL/RESTAURANT AREA**

Floor Plan

140 International Boardwalk
Redondo Beach, CA 90277

350 square feet



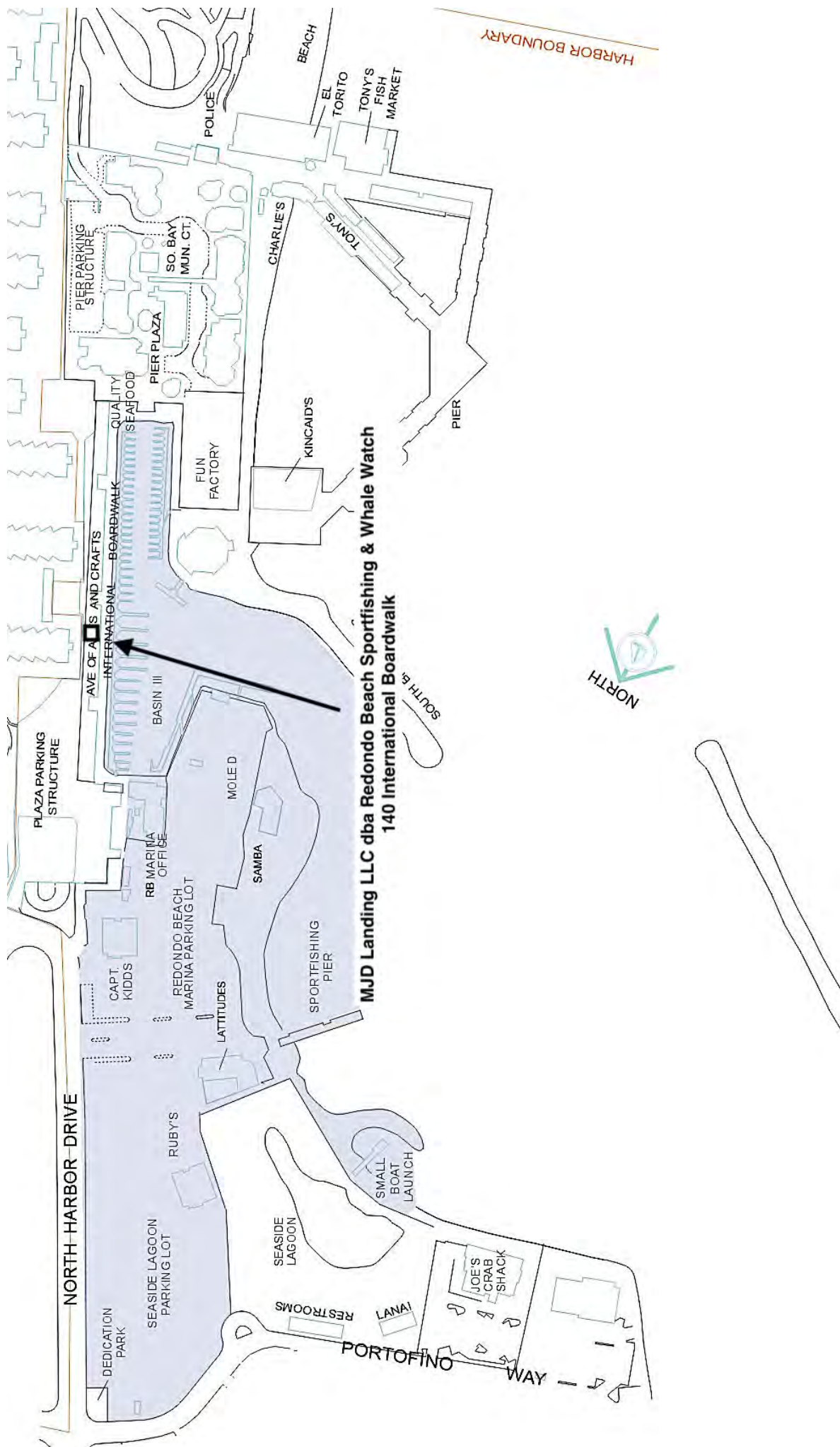


EXHIBIT B

DESCRIPTION OF PREMISES, TRADE NAME AND USE OF PREMISES

Description of Premises: Spaces located at 140 International Boardwalk, Redondo Beach, CA 90277, consisting of approximately 350 rentable square feet.

Trade Name: MJD Landing LLC dba Redondo Beach Sportfishing & Whale Watch

Use of Premises: General use related to ticket sales, fishing and boat reservations and for no other use, provided Tenant, if applicable, procures necessary and proper licenses, permits and permissions from appropriate government agencies.

EXHIBIT C

LEASE GUARANTY

THIS LEASE GUARANTY ("Guaranty") is made by Guarantors Donald Cox, Mike Jimenez and Jacob Moreno, in favor of the CITY OF REDONDO BEACH, a chartered city and municipal corporation ("Landlord"), in connection with that certain lease dated as of April 6, 2021 (the "Lease") pursuant to which Landlord is to lease to MJD Landing LLC dba Redondo Beach Sportfishing & Whale Watch, a Limited Liability Company ("Tenant") those premises generally referred to as 140 International Boardwalk, Redondo Beach, California 90277 (the "Premises").

A. Landlord requires this Guaranty as a condition to its execution of the Lease and the performance of the obligations to be performed under the Lease by Landlord.

B. Guarantor has agreed to provide this Guaranty to induce Landlord to enter into the Lease with Tenant and perform its obligations under the Lease.

In consideration of Landlord's agreement to execute the Lease and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor do hereby agree with Landlord as follows:

1. The Lease is hereby incorporated into and made a part of this Guaranty by this reference.
2. Guarantor hereby unconditionally guarantees, as a primary obligor and not as a surety, without deduction by reason of setoff, defense or counterclaim, the full and punctual payment of all sums of rent and other amounts payable under the Lease and the full and punctual performance of all terms, covenants and conditions in the Lease to be kept, performed and/or observed by Tenant. Guarantor's obligations under this Guaranty are continuing and unconditional.
3. Guarantor hereby agrees that, without the consent of or notice to Guarantor and without affecting any of the obligations of Guarantor hereunder: (a) the Lease may be extended and any other term, covenant or condition of the Lease may be amended, compromised, released or otherwise altered by Landlord and Tenant, and Guarantor does guarantee and promise to perform all the obligations of Tenant under the Lease as so extended, amended, compromised, released or altered; (b) any guarantor of or party to the Lease may be released, substituted or added; (c) any right or remedy under the Lease may be exercised, not exercised, impaired, modified, limited, destroyed, or suspended; (d) Landlord or any other person may deal in any manner with Tenant, any guarantor, any party to the Lease or any other person; (e) Landlord may permit Tenant to holdover the Premises beyond the Lease Term; and (f) all or any part of the Premises or of Tenant's rights or liabilities under the Lease may be sublet, assigned or assumed. Without in any way limiting the foregoing, Guarantor agrees not to unreasonably withhold its consent to any sublease, assignment of the Lease or other modification of the Lease which is agreed to by Landlord and Tenant.
4. Guarantor hereby waives and agrees not to assert or take advantage of: (a) any right to require Landlord to proceed against Tenant, or any other guarantor or person or to pursue any other

security or remedy before proceeding against Guarantor; (b) any defense based on the genuineness, validity, regularity or enforceability of the Lease; (c) any right or defense that may arise by reason of the incapacity, lack of authority, death or disability of Tenant or any other person; and (d) any right or defense arising by reason of the absence, impairment, modification, limitation, destruction or cessation (in bankruptcy, by an election of remedies, or otherwise) of the liability of Tenant, of the subrogation rights of Guarantor or of the rights of Guarantor to proceed against Tenant for reimbursement. Without limiting the generality of the foregoing, Guarantor hereby waives any and all benefits of the provisions of Sections 2809, 2810 and 2845 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

5. Guarantor hereby waives and agrees not to assert or take advantage of (a) any right or defense based on the absence of any or all presentments, demands (including demands for performance), notices (including notices of any adverse change in the financial status of Tenant, notices of any other facts which increase the risk to Guarantor, notices of non-performance and notices of acceptance of this Guaranty) and protests of each and every kind; (b) the defense of any statute of limitations in any action under or related to this Guaranty or the Lease; (c) any right or defense based on a lack of diligence or failure or delay by Landlord in enforcing its rights under this Guaranty or the Lease.

6. Guarantor hereby waives and agrees not to assert or take advantage of any right to (a) exoneration if Landlord's actions shall impair any security or collateral of Guarantor; (b) any security or collateral held by Landlord; (c) require Landlord to proceed against or exhaust any security or collateral before proceeding against Guarantor; (d) require Landlord to pursue any right or remedy for the benefit of Guarantor. Without limiting the generality of the foregoing, Guarantor hereby waives any and all benefits of the provisions of Sections 2819, 2849 and 2850 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

7. Guarantor shall not, without the prior written consent of Landlord, commence, or join with any other person in commencing, any bankruptcy, reorganization or insolvency proceeding against Tenant. Guarantor's obligations under this Guaranty shall in no way be affected by any bankruptcy, reorganization or insolvency of Tenant or any successor or assignee of Tenant or by any disaffirmance or abandonment of the Lease or any payment under this Guaranty by a trustee of Tenant in any bankruptcy proceeding including, without limitation, any impairment, limitation, or modification of the liability of Tenant or the estate of Tenant in bankruptcy, or of any remedy for the enforcement of Tenant's liability under the Lease resulting from the operation of any present or future provision of any federal or state bankruptcy or insolvency law or other statute or from the decision of any court. Guarantor shall file in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law all claims which Guarantor may have against Tenant relating to any indebtedness of Tenant to Guarantor and will assign to Landlord all rights of Guarantor's thereunder. Landlord shall have the sole right to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Landlord the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to Landlord all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled; provided, however, that Guarantor's obligations hereunder shall not be satisfied except to the

extent that Landlord receives cash by reason of any such payment or distribution. If Landlord receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty.

8. Until all the Tenant's obligations under the Lease are fully performed, Guarantor: (a) shall have no right of subrogation or reimbursement against the Tenant by reason of any payments or acts of performance by Guarantor under this Guaranty; (b) subordinates any liability or indebtedness of the Tenant now or hereafter held by Guarantor to the obligations of the Tenant under, arising out of or related to the Lease or Tenant's use of the Premises; and (c) acknowledges that the actions of Landlord may affect or eliminate any rights of subrogation or reimbursement of Guarantor as against Tenant without any liability or recourse against Landlord. Without limiting the generality of the foregoing, Guarantor hereby waives any and all benefits of the provisions of Section 2848 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

9. Prior to the execution of this Guaranty and at any time during the Term of the Lease upon ten (10) days prior written notice from Landlord, Guarantor agrees to provide Landlord with a current financial statement for Guarantors and financial statements for Guarantors for the two (2) years prior to the current financial statement year to the extent not previously delivered to Landlord. Guarantor's financial statements are to be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Guarantor, audited by an independent certified public accountant. Guarantor represents and warrants that all such financial statements shall be true and correct statements of Guarantor's financial condition.

10. The liability of Guarantor and all rights, powers and remedies of Landlord hereunder and under any other agreement now or at any time hereafter in force between Landlord and Guarantor relating to the Lease shall be cumulative and not alternative and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to Landlord by law.

11. This Guaranty applies to, inures to the benefit of and binds all parties hereto, their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns. This Guaranty may be assigned by Landlord voluntarily or by operation of law.

12. This Guaranty shall constitute the entire agreement between Guarantor and the Landlord with respect to the subject matter hereof. No provision of this Guaranty or right of Landlord hereunder may be waived nor may any guarantor be released from any obligation hereunder except by a writing duly executed by an authorized officer, director or trustee of Landlord. The waiver or failure to enforce any provision of this Guaranty shall not operate as a waiver of any other breach of such provision or any other provisions hereof. No course of dealing between Landlord and Tenant shall alter or affect the enforceability of this Guaranty or Guarantor's obligations hereunder.

13. Guarantor hereby agrees to indemnify, protect, defend and hold Landlord harmless from and against, all losses, costs and expenses including, without limitation, all interest, default interest, post petition bankruptcy interest and other post petition obligations, late charges, court costs and attorneys' fees, which may be suffered or incurred by Landlord in enforcing or compromising any

rights under this Guaranty or in enforcing or compromising the performance of Tenant's obligations under the Lease.

14. The term "Landlord" whenever hereinabove used refers to and means the Landlord in the foregoing Lease specifically named and also any assignee of said Landlord, whether by outright assignment or by assignment for security, and also any successor to the interest of said Landlord or of any assignee of such Lease or any part thereof, whether by assignment or otherwise. The term "Tenant" whenever hereinabove used refers to and means the Tenant in the foregoing Lease specifically named and also any assignee or subtenant of said Lease and also any successor to the interests of said Tenant, assignee or sublessee of such Lease or any part thereof, whether by assignment, sublease or otherwise including, without limitation, any trustee in bankruptcy and any bankruptcy estate of Tenant, Tenant's assignee or sublessee.

15. If any or all Guarantors shall become bankrupt or insolvent, or any application shall be made to have any or all Guarantors declared bankrupt or insolvent, or any or all Guarantors shall make an assignment for the benefit of creditors, or any or all Guarantors shall enter into a proceeding for the dissolution of marriage, or in the event of death of any or all Guarantors, notice of such occurrence or event shall be promptly furnished to Landlord by such Guarantor or such Guarantor's fiduciary. This Guaranty shall extend to and be binding upon each Guarantor's successors and assigns, including, but not limited to, trustees in bankruptcy and Guarantor's estate.

16. Any notice, request, demand, instruction or other communication to be given to any party hereunder shall be in writing and sent by registered or certified mail, return receipt requested in accordance with the notice provisions of the Lease. The Tenant shall be deemed Guarantor's agent for service of process and notice to Guarantor delivered to the Tenant at the address set forth in the Lease shall constitute proper notice to Guarantor for all purposes. Notices to Landlord shall be delivered to Landlord's address set forth in the Lease. Landlord, at its election, may provide an additional notice to Guarantor at the address provided under Guarantor's signature below.

17. If either party hereto participates in an action against the other party arising out of or in connection with this Guaranty, the prevailing party shall be entitled to have and recover from the other party reasonable attorneys' fees, collection costs and other costs incurred in and in preparation for the action. Guarantor hereby waives any right to trial by jury and further waives and agrees not to assert or take advantage of any defense based on any claim that any arbitration decision binding upon Landlord and Tenant is not binding upon Guarantors.

18. Guarantor agrees that all questions with respect to this Guaranty shall be governed by, and decided in accordance with, the laws of the State of California.

19. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

20. Time is strictly of the essence under this Guaranty and any amendment, modification or revision hereof.

21. If more than one person signs this Guaranty, each such person shall be deemed a guarantor

and the obligation of all such guarantors shall be joint and several. When the context and construction so requires, all words used in the singular herein shall be deemed to have been used in the plural. The word "person" as used herein shall include an individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

22. If Guarantor is a corporation, each individual executing this Guaranty on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Guaranty on behalf of said corporation, in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the by laws of said corporation, and that this Guaranty is binding upon said corporation in accordance with its terms. If Guarantor is a corporation, Landlord, at its option, may require Guarantor to concurrently, with the execution of this Guaranty, deliver to Landlord a certified copy of a resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Guaranty.

THE UNDERSIGNED HAS READ AND UNDERSTANDS THE TERMS AND CONDITIONS CONTAINED IN THIS GUARANTY INCLUDING, WITHOUT LIMITATION, ALL WAIVERS CONTAINED IN THIS GUARANTY.

Executed on this day of , 2021.

[If Guarantor is a married individual, Guarantor's spouse must sign this Guaranty]

Donald Cox
Address of Guarantor:

Mike Jimenez
Address of Guarantor:

Jacob Moreno
Address of Guarantor:

*A.If the person(s) signing this Lease on behalf of Tenant [is/are] [an] officers] of a corporation that is incorporated in California, then one of the following conditions must be satisfied: (i) This Lease must be signed by two officers, one being the Chairman of the Board, the Owner or a Vice Owner, and the other one being the Secretary, an Assistant Secretary, the Chief Financial Officer or an Assistant Treasurer; or (ii) if clause (i) above is not satisfied, or if this Lease is signed by one person acting in two capacities, then Tenant shall have delivered to Landlord a certified copy of a corporate resolution in form acceptable to Landlord authorizing the signatory(ies) to execute this Lease.

B. If the person(s) signing this Lease on behalf of Tenant [is/are] [an] officers] of a corporation that is incorporated in a state other than California, then Tenant shall have delivered to Landlord a certified copy of a corporate resolution in form acceptable to Landlord authorizing the signatory(ies) to execute this Lease.

EXHIBIT D

TENANT ESTOPPEL CERTIFICATE

The undersigned, as Tenant under that certain Lease (the "Lease"), made and entered into as of April 6, 2021, by and between City of Redondo Beach, a chartered city and municipal corporation, as "Landlord," and the undersigned, as "Tenant," for the Premises outlined on Exhibit A attached to this Certificate and incorporated in it by this reference, which Premises are commonly known as Tenant Space numbers 140 International Boardwalk, Redondo Beach, California, certifies as follows:

1. The undersigned has commenced occupancy of the Premises described in the Lease. The Commencement Date under the Lease is April 6, 2021. All space and improvements leased by Tenant have been completed in accordance with the provisions of the Lease, and Tenant has accepted and taken possession of the Premises. If any, all contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full.

2. The Lease is in full force and effect as of the date of this Certificate and has not been modified, supplemented, or amended in any way except as follows:

_____.

3. The Lease represents the entire agreement between the parties as to the Premises.

4. Minimum Monthly Rent became payable on April 6, 2021.

5. The Term began on April 6, 2021, and expires on April 5, 2026.

6. Except as indicated in paragraph 7 below, no rent has been paid in advance and no security deposit has been deposited with Landlord, except for the Security Deposit in the amount of \$787.50.00 deposited with Landlord in accordance with the Lease. There are no setoffs or credits against any rent payable under the Lease. No free periods or rental abatements, rebates, or concessions have been granted to Tenant, except as follows:

_____.

7. Minimum Monthly Rent in the sum of \$_____ per month has been paid through the month of _____, 20__. Monthly Percentage Rent in the sum of \$_____ per month has been paid through the month of _____, 20__. Tenant's Monthly Expense Share in the sum of \$_____ per month has been paid through the month of _____, 20__. Tenant's Association Share in the sum of \$_____ per month has been paid through the month of _____, 20__. Additional Rent in the sum of \$_____ has been paid through _____, 20__ for the following: _____.

8. As of the date of this Certificate, the undersigned has no defenses or offsets against any of Tenant's obligations under the Lease and there are no uncured defaults of Landlord or any events that (with or without the giving of notice, the lapse of time, or both) constitute a default of Landlord or Tenant under the Lease, except _____.

9. The undersigned has no rights of first refusal or options to (a) purchase all or any portion of the Premises or the International Boardwalk; or (b) renew or extend the Term, except as provided in the Lease.

10. The undersigned has not received nor is it aware of any notification from the Department of Building and Safety, the Health Department, or any other city, county, or state authority having jurisdiction that work is required to be done to the improvements constituting the Premises or the International Boardwalk or that the existing improvements in any way violate existing laws, ordinances, or regulations. Tenant has no actual or constructive knowledge of any processing, use, storage, disposal, release, or treatment of any hazardous or toxic material or substance on the Premises except as follows: _____.

11. The undersigned has no knowledge of any actions, suits, material claims, legal proceedings, or any other proceedings, including threatened or pending eminent domain proceedings, affecting the Premises, at law or in equity, before any court or governmental agency, domestic or foreign. There are no pending actions, voluntary or involuntary, under any bankruptcy or insolvency laws of the United States or any state against Tenant or any guarantor of Tenant's obligations under the Lease.

12. The undersigned has not assigned, sublet, encumbered, pledged, hypothecated, transferred, or conveyed (or suffered any of the preceding) any interest in the Lease or the Premises.

13. The undersigned represents and warrants that to the best of its knowledge all statements contained in this Certificate are true and correct.

14. The undersigned acknowledges that this Certificate may be delivered to any proposed mortgagee, trust deed beneficiary, lessor, lessee, purchaser, or successor-in-interest to Landlord, of all or any portion of the Premises or the Boardwalk. The undersigned acknowledges that it recognizes that if the same is done, the proposed mortgagee, trust deed beneficiary, lessor, lessee, purchaser, or successor-in-interest will be relying on the statements contained in this Certificate in making the lease, purchase, or loan (or in accepting an assignment of the Lease as collateral security), and that receipt by it of this Certificate is a condition of the making of such lease, purchase, or loan. Tenant will be estopped from denying that the statements made in this Certificate by Tenant are true.

15. The undersigned representative of Tenant hereby certifies that they are duly authorized to execute and deliver this Certificate on behalf of Tenant.

Executed at _____ on _____, 20__.

TENANT: MJD Landing LLC DBA Redondo Beach Sportfishing & Whale Watch

By: _____

Title: _____

EXHIBIT E

SIGN CRITERIA

These criteria have been established for the purpose of assuring an outstanding shopping experience and for the mutual benefit of all tenants. Conformance will be strictly enforced; and any installed nonconforming or unapproved signs must be brought into conformance at the expense of the tenant. All criteria contained herein shall conform to all resolutions, ordinances, general policies and rules of the city of Redondo Beach and the city of Redondo Beach Harbor Department (the City's ordinances, resolutions, etc. shall rule in the event of any conflict).

GENERAL REQUIREMENTS

1. Each Tenant shall submit or cause to be submitted to the Landlord for approval before fabrication at least four copies of detailed drawings indicating the location, size, layout, design and color of the proposed signs, including all lettering and/or graphics.
2. All permits for signs and their installation shall be obtained by the tenant or tenant representative prior to installation which have not been done by owner previously
3. Tenant shall be responsible for the fulfillment of all requirements and specifications.
4. All signs shall be constructed and installed at tenant's expense.
5. All signs shall be reviewed by the Landlord and his designated Project Architect for conformance with this criteria and overall design quality. Approval or disapproval of sign submittal based on esthetics of design shall remain the sole right of the Landlord.
6. Tenant sign contractors to be responsible to obtain all required city and county approvals and permits, including Regional Planning and Building & Safety Division.
7. All Tenants' sign Contractors to be State licensed and shall carry appropriate insurance.

GENERAL SPECIFICATIONS

1. No projections above or below the sign panel will be permitted. Sign must be within dimensioned limits as indicated on the attached drawings.
2. Sign cabinets shall be grey non-illuminated w/white pales face 2'6" x 6" smallest 2'6" x 20" largest. Sizes are determined by store frontage. Tenant is allowed 8" of sign width for every 12" of storefront Typical 15' storefront would have a sign 2'6" x 10'.
3. Letter style will be Century ultra italic (vivid). No florescent colors.
4. Tenant shall be responsible for the cost of installation and maintenance of all signs.

5.The width of the Tenant fascia sign shall not exceed 70% of storefront. The maximum height of the tenant fascia sign shall be 30". Sign shall center on store unless prior approvals are obtained from the Landlord/Developer

6.Tenants sign contractor shall repair any damages to the premises caused by his work.

CONSTRUCTION REQUIREMENTS

1.Signs fastening and clips are to be concealed and be of galvanized, stainless aluminum, brass or bronze metals.

2.No labels will be permitted on the exposed surface of signs, except those required by local ordinance which shall be placed in an Inconspicuous location.

3.Tenants shall have identification signs designed in a manner compatible with and complimentary to adjacent and facing storefront and the overall concept of the center.

4.Signs may be illuminated at the tenant's expense to run electrical for the signs. These signs would still meet criteria for size, lettering and color.

MISCELLANEOUS REQUIREMENTS

1.Each tenant shall be permitted to place upon each entrance of its demised premises not more than 200 square inches of decal application lettering not to exceed 6" inches in height indicating hours of business, emergency telephone numbers & etc.

2.Except as proved herein, no advertising placards, banners, pennants names, insignias, trademarks, or other descriptive material, shall be affixed or maintained upon the glass panes and supports of the show windows and doors, or upon the exterior walls of the buildings without the written previous approval of the Landlord.

3.Each tenant who has a non-customer door for receiving merchandise may apply his name on said door in 4" high block letters and in a location as directed by the Project Architect. Letters shall be placed in the middle of the said door. Where more than one tenant uses the same door, each name and address may be applied. Color of letters shall be black. Letter style shall be Century ultra italic, all capital letters. No other rear entry signs will be permitted.

4.All directory lettering will be provided by Landlord.

Landlord's Initials: _____

Tenant's Initials: _____

EXHIBIT F

PARKING FEE SCHEDULE

Per paragraph 18.4 of the lease and Landlords standard parking rates in effect at the time and adjustable from time-to-time.

RULES AND REGULATIONS

1. The sidewalks, halls, passages, exits, entrances, elevators, escalators and stairways of the Building shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress to and egress from their respective premises. The halls, passages, exits, entrances, elevators, escalators and stairways are not for the general public and Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no agent, employee, contractor, invitee or licensee of any tenant shall go upon the roof of the Building. Landlord shall have the right at any time, without the same constituting an actual or constructive eviction and without incurring any liability to any tenant therefor, to change the arrangement or location of entrances or passageways, doors or doorways, corridors, elevators, stairs, toilets and other common areas of the Building.
2. No sign, placard, picture, name, advertisement or notice visible from the exterior of any tenant's premises shall be inscribed, painted, affixed or otherwise displayed by any tenant on any part of the Building without the prior written consent of Landlord except that Tenant shall have the right, at its sole cost, to place its name on the door of the Premises. Landlord will adopt and furnish to tenants general guidelines relating to signs inside the Building. Tenants shall conform to such guidelines. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of any such tenant by a person approved by Landlord. Material visible from outside the Building will not be permitted.
3. The premises shall not be used for lodging. No cooking shall be done or permitted on the premises except that private use by any tenant of Underwriters' Laboratory approved equipment for brewing coffee, tea, hot chocolate and similar beverages, for preparation of meals by employees of any such tenant in a manner customary for an employee lounge or lunchroom, and for catering to serve food in connection with meetings or receptions will be permitted, provided that such use is in accordance with all applicable federal, state and municipal laws, codes, ordinances, rules and regulations.
4. No tenant shall employ any person or persons other than the janitor of Landlord for the purpose of cleaning its premises unless otherwise agreed to by Landlord in writing. Except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be permitted to enter the Building for the purpose of cleaning the same. No tenant shall cause any unnecessary labor by reason of such tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to any tenant for any loss of property

on the premises, however occurring, or for any damage done to the effects of any tenant by the janitor or any other employee or any other person. Tenant shall pay to Landlord the cost of removal of any of tenant's refuse and rubbish, to the extent that the same exceeds the refuse and rubbish usually attendant upon the use of tenant's premises as offices. Janitor service will not be furnished on nights when rooms are occupied after 9:00 P.M. unless, by agreement in writing, service is extended to a later hour for specifically designated rooms.

5. Landlord will furnish each tenant without charge with two (2) keys to each door lock provided in the premises by Landlord. Landlord may make a reasonable charge for any additional keys. No tenant shall have any such keys copied or any keys made. No tenant shall alter any lock or install a new or additional lock or any bolt on any door of its premises. Each tenant, upon the termination of its lease, shall deliver to Landlord all keys to doors in the Building.

6. Landlord shall designate appropriate entrances and a freight elevator for deliveries or other movement to or from the premises of equipment, materials, supplies, furniture or other property, and tenants shall not use any other entrances or elevators for such purposes. The freight elevator shall be available for use by all tenants in the Building subject to such reasonable scheduling as Landlord in its discretion shall deem appropriate. All persons employed and means or methods used to move equipment, materials, supplies, furniture or other property in or out of the Building must be approved by Landlord prior to any such movement. Landlord shall have the right to prescribe the maximum weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on a platform of such thickness as is necessary properly to distribute the weight. Landlord will not be responsible for loss of or damage to any such property from any cause, and all damage done to the Building by moving or maintaining such property shall be repaired at the expense of tenants.

7. No tenant shall use or keep in the premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material other than limited quantities thereof reasonably necessary for the operation or maintenance of office equipment. No tenant shall use any method of heating or air conditioning other than that supplied by Landlord. No tenant shall use or keep or permit to be used or kept any foul or noxious gas or substance in the premises, or permit or suffer the premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations, or interfere in any way with other tenants or those having business in the Building, nor shall any animals or birds be brought or kept in the premises or the Building. All materials stored in the Premises by Tenant shall be stored in compliance with all applicable laws and shall not exceed the maximum floor load for the Premises as reasonably determined by Landlord.

8. Landlord shall have the right, exercisable without notice and without liability to any tenant, to change the name or street address of the Building.

9. Except as expressly set forth in the Lease, Landlord establishes the hours of 8 A.M. to 6 P.M. Monday through Friday, and Saturday 9:00 A.M. to 1:00 P.M., except legal holidays, as reasonable and usual business hours. If during any other hours or any other days, tenant desires to have any services or utilities supplied to tenant, and if Landlord is able to provide the same, tenant shall pay

Landlord such charge as Landlord shall establish from time to time for providing such services or utilities during such hours. Any such charges which such tenant is obligated to pay shall be deemed to be additional rent under such tenant's lease.

10. The Building's air conditioning system achieves maximum cooling when the drapes and windows are closed. Landlord shall not be responsible for the room temperature if tenant does not keep all drapes and windows in the premises closed whenever the system is in operation. Tenant agrees to cooperate fully at all times with Landlord and to abide by all regulations and requirements which Landlord may prescribe for the proper functioning and protection of said air conditioning system. Tenant agrees not to connect any apparatus device, conduit or pipe to the Building chilled and hot water conditioning supply lines. Tenant further agrees that neither tenant nor its servants, employees, agents, visitors, licensees or contractors shall at any time enter mechanical installations or facilities of the Building or adjust, tamper with, touch or otherwise in any manner affect said installations or facilities.

11. Electric current is furnished as required by the Building standard office lighting and fractional horsepower office business machines in the amount of approximately four (4) watts per square foot. The tenant agrees, should its electrical installation or electrical consumption be in excess of the aforesaid quantity or extend beyond normal business hours, to reimburse Landlord monthly for the measured consumption under the terms, classifications and rates charged to similar consumers by said public utilities serving in the neighborhood in which the Building is located. If a separate meter is not installed at tenant's cost, such excess cost will be established by an estimate agreed upon by Landlord and tenant, and if the parties fail to agree, as established by an independent licensed engineer. Tenant agrees not to use any apparatus or device in, or upon, or about the premises which will in any way increase the amount of such services usually furnished or supplied to said premises, and tenant further agrees not to connect any apparatus or device or wires, conduits or pipes, or other means by which such services are supplied, for the purpose of using additional or unusual amounts of such services without written consent of Landlord. Should tenant use the same to excess, the refusal on the part of tenant to pay, upon demand of Landlord, the amount established by Landlord for such excess charge shall constitute a breach of the obligation to pay rent current under tenant's lease and shall entitle Landlord to the rights therein granted for such breach. At all times tenant's use of electric current shall never exceed the capacity of the feeders to the Building or the risers or wiring installation.

12. Water will be available in public areas for drinking and lavatory purposes only, but if tenant requests, uses or consumes water for any purpose in addition to ordinary drinking and lavatory purposes, of which fact tenant constitutes Landlord to be the sole judge, Landlord may install a water meter and thereby measure tenant's water consumption for all purposes. Tenant shall pay Landlord for the cost of the meter and the cost of the installation thereof and throughout the duration of tenant's occupancy, tenant shall keep said meter installation equipment in good working order and repair at tenant's own cost and expense, in default of which Landlord may cause such meter and equipment to be replaced or repaired and collect the cost thereof from tenant. Tenant agrees to pay for water consumed, as shown on said meter, as and when bills are rendered, and on default in making such payment, Landlord may pay such charges and collect the same from tenant. Any such costs or expenses incurred, or payments made by Landlord for any of the reasons or purposes hereinabove stated shall be deemed to be additional rent, payable by tenant, and

collectible by Landlord as such.

13. Landlord reserves the right to stop service of the elevator, plumbing, ventilating, air conditioning and electric systems, when necessary, by reason of accident or emergency or for repairs, alterations or improvements, in the judgment of Landlord desirable or necessary to be made, until said repairs, alterations or improvements shall have been completed, and shall further have no responsibility or liability for failure to support elevator facilities, plumbing, ventilating, air conditioning or electric service, when prevented from doing so by strike or accident or by any cause beyond Landlord's reasonable control or by laws, rules, orders, ordinances, directions, regulations or requirements of any federal, state, county or municipal authority or failure of gas, oil or other suitable fuel supplied or inability by exercise of reasonable diligence to obtain gas, oil or other suitable fuel. It is expressly understood and agreed that any covenants on Landlord's part to furnish any service pursuant to any of the terms, covenants, conditions, provisions or agreements of tenant's lease or to perform any act or thing for the benefit of tenant, shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of a strike or labor trouble or any other cause whatsoever beyond Landlord's control.

14. Landlord reserves the right to exclude from the Building between the hours of 6 P.M. and 8 A.M. Monday through Friday and at all hours on Saturdays, Sundays and legal holidays all persons who do not present identification acceptable to Landlord. Each tenant shall provide Landlord with a list of all persons authorized by such tenant to enter its premises and shall be liable to Landlord for all acts of such persons. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In the case of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in Landlord's opinion, Landlord reserves the right to prevent access to the Building during the continuance of the same by such action as Landlord may deem appropriate, including closing doors.

15. The directory of the Building will be provided for the display of the name and location of tenants and the principal officers and employees of tenants (not to exceed two (2) names per one thousand (1,000) rentable feet in the Premises) at the expense of such tenant. Periodic revisions and updating shall be provided by Landlord without charge.

16. No curtains, draperies, blinds, shutters, shades, screens or other coverings, hangings or decorations shall be attached to, hung or placed in, or used in connection with any window of the Building without the prior written consent of Landlord. In any event, with the prior written consent of Landlord, such items shall be installed on the office side of Landlord's standard window covering and shall in no way be visible from the exterior of the Building. Tenants shall keep window coverings closed when the effect of sunlight (or the lack thereof) would impose unnecessary loads on the Building's heating or air conditioning system.

17. No tenant shall obtain for use in the premises ice, drinking water, food, beverage, towel or other similar services, except at such reasonable hours and under such reasonable regulations as may be established by Landlord.

18. Each tenant shall ensure that the doors of its premises are closed and locked and that all water faucets, water apparatus and utilities are shut off before such tenant or such tenant's employees

leave the premises so as to prevent waste or damage, and for any default or carelessness in this regard, such tenant shall compensate for all injuries sustained by other tenants or occupants of the Building or Landlord. On multiple-tenancy floors, all tenants shall keep the doors to the Building corridors closed at all times except for ingress and egress.

19. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, no foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be paid by the tenant who, or whose agent, employee, contractor, invitee or licensee, caused it.

20. Except with the prior written consent of Landlord, no tenant shall sell at retail newspapers, magazines, periodicals, theater or travel tickets or any other goods or merchandise to the general public in or on the premises, nor shall any tenant carry on or permit or allow any employee or other person to carry on the business of stenography, typewriting, printing or photocopying or any similar business in or from the premises for the service or accommodation of occupants of any other portion of the Building, nor shall the premises of any tenant be used for manufacturing of any kind, or any business activity other than that specifically provided for in the tenant's lease.

21. No tenant shall install any radio or television antenna, loudspeaker, or other device on the roof or exterior walls of the Building. No television or radio or recorder shall be played in such a manner as to cause a nuisance to any other tenant.

22. There shall not be used in any space, or in the public halls of the Building, either by any tenant or others, any hand trucks except those equipped with rubber tires and side guards or such other material handling equipment as Landlord approves. No other vehicles of any kind shall be brought by any tenant into the Building or kept in or about its premises.

23. Each tenant shall store all its trash and garbage within its premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of office building trash and garbage in the vicinity of the Building, without being in violation of any law or ordinance governing such disposal. All garbage and refuse disposal shall be made only through entryways and elevators provided for such purposes and at such times as Landlord shall designate.

24. Canvassing, soliciting, distribution of handbills or any other written material and peddling in the Building are prohibited, and each tenant shall cooperate to prevent the same.

25. The requirements of tenants will be attended to only upon application in writing at the office of the Building. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

26. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

27. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the agreements, covenants, conditions and provisions of any lease of premises in the Building.

28. Landlord reserves the right to make such other rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Building and for the preservation of good order therein.

29. All construction projects and tenant improvement work must conform to the General Construction and Building Rules.

30. Tenant agrees that all employees will park on the lower levels of the parking structure and that the surface level parking spaces are to be reserved for customers and service providers.

31. Tenant agrees to limit the sale of Beer and Alcohol to:

No alcohol sales.

32. Tenant shall display signage indicating that a “no shirt, no shoes, no service” policy is in effect.

EXHIBIT G

LEASE RIDER
(not applicable)

EXHIBIT H
LEASE CONFIRMATION

TO: Tenant

DATED: April 6, 2021

Re: Lease dated April 16, 2021 by and between CITY OF REDONDO BEACH a chartered city and municipal corporation as Landlord, and MJD LANDING LLC DBA REDONDO BEACH SPORTFISHING & WHALE WATCH, a Limited Liability Company as Tenant (the "Lease") for those premises generally referred to as 140 International Boardwalk, Redondo Beach, CA 90277 (the "Premises").

Please acknowledge that the Commencement Date of the Lease is April 6, 2021 and that the Expiration Date of the Lease is April 5, 2026.

Very truly yours,

Agent for "Landlord"

Tenant hereby confirms the information set forth above, and further acknowledges that Landlord has fulfilled its obligations under the above-referenced Lease.

By:
Title:

EXHIBIT I

Recording requested by
and when recorded return to:

CITY OF REDONDO BEACH
415 Diamond Street
Redondo Beach, CA 90277
Attn: City Clerk

No Recording Fee
Exempt pursuant to Government Code § 6103

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into April 6, 2021, by and between the CITY OF REDONDO BEACH, a chartered municipal corporation, hereinafter referred to as the "Landlord" and MJD LANDING LLC DBA REDONDO BEACH SPORTFISHING & WHALE WATCH, a Limited Liability Company, hereinafter referred to as "Tenant."

RECITALS

A. Landlord and Tenant have entered in a Lease (hereinafter, "Lease") dated April 6, 2021, for certain premises which are located on real property which is legally described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). Copies of the Lease and Addendum are available for public inspection at Landlord's office at 415 Diamond Street, Redondo Beach, CA 90277.

B. The Lease, as amended, provides that a short form memorandum of the Lease shall be executed and recorded in the Official Records of Los Angeles County, California.

NOW, THEREFORE, the parties hereto certify as follows:

1. Landlord, pursuant to the Lease, has leased the Premises to the Tenant upon the terms and conditions provided for therein, generally for the purposes of ticket sales, fishing and boating reservations.
2. Unless earlier terminated, the term of the Lease shall expire on April 5, 2026.
3. This Memorandum is not a complete summary of the Lease, and shall not be used to interpret the provisions of the Lease.

IN WITNESS WHEREOF, Landlord and Tenant caused these presents to be subscribed, all as of the day and year first above written.

CITY OF REDONDO BEACH

William C. Brand
Mayor

ATTEST:

Eleanor Manzano
City Clerk

APPROVED AS TO FORM:

Michael W. Webb
City Attorney

MJD LANDING LLC DBA REDONDO BEACH SPORTFISHING & WHALE WATCH, a
Limited Liability Company

By:
Title:

State of California }
 } ss.
County of Los Angeles }

On _____, 20__, 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)

State of California }
 } ss.
County of Los Angeles }

On _____, 20__, 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)



Administrative Report

H.11., File # 21-2264

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL

From: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT
DIRECTOR

TITLE

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2104-029, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO ESPERANZA DEESE, AN INDIVIDUAL

APPROVE A LEASE WITH ESPERANZA DEESE FOR THE PREMISES AT 113 W. TORRANCE BLVD. FOR A MONTHLY AMOUNT OF \$1,003.50 FOR THE TERM APRIL 6, 2021 - APRIL 5, 2026

EXECUTIVE SUMMARY

In March 2012, the City purchased the Pier Plaza leasehold and began the process of direct leasing to various tenants. Pier Plaza is comprised of several buildings totaling approximately 75,000 square feet of office and retail uses. The proposed lease with Esperanza Deese is for the space at 113 W. Torrance Boulevard. The lease area totals approximately 446 square feet.

The proposed lease is for 60 months with the City retaining the option to terminate the lease with a twelve (12) month prior written notice. Monthly rental revenue to the City's Harbor Uplands Fund will be \$1,003.50 or approximately \$2.25 per square foot with a 3% increase on the first anniversary date and each subsequent year thereafter.

BACKGROUND

In March 2012, the City purchased the Pier Plaza leasehold and began the process of entering into direct leases with various tenants. The Pier Plaza leasehold is comprised of buildings 103 to 131 West Torrance Boulevard (on the top level of the Pier Parking Structure) and totals approximately 75,000 square feet of space. The property is prepared almost entirely for office uses; with the lone exception being a restaurant use of less than 4,000 square feet. The proposed lease with Esperanza Deese (the "Tenant") is for the space at 113 W. Torrance Boulevard (the "Premises"). The lease area totals approximately 446 square feet.

Esperanza Deese is a retired CPA and Redondo Beach resident. Ms. Deese will use the Premises as an artist studio and gallery as she continues her growth as an artist and creative entrepreneur. It's Ms. Deese intent to create a studio/gallery where paintings depict the simple joys of everyday life and natures beauty, especially Redondo Beach

The proposed lease carries a sixty (60) month term with a monthly rent of \$1,003.50 or approximately \$2.25 per square foot, which is consistent with other similar retail leases in the waterfront and broader market. The Lease contains a provision that escalates the rent at 3% per year for the remaining term of the lease. The City retains the right to terminate the lease with a twelve-month written notice. The lease is personally guaranteed by Ms. Deese.

COORDINATION

The Waterfront and Economic Development Department collaborated with the City Attorney's Office on this report. The City Attorney's Office has approved the document as to form.

FISCAL IMPACT

Lease revenue from the property will accrue to the City's Harbor Uplands Fund. The proposed lease will result in a monthly rent of \$1,003.50 with an annual total of \$12,042. Over the five-year term of the lease, revenue to the Uplands Fund will be approximately \$60,210.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Resolution No. CC-2104-029

Lease Between the City of Redondo Beach and Esperanza Deese

RESOLUTION NO. CC-2104-029

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO ESPERANZA DEESE

WHEREAS, Section 2-21.01, Chapter 21, Title 2, of the Redondo Beach Municipal Code provides that any lease of public land owned or controlled by the City of Redondo Beach, or by any department or subdivision of the City, shall be administratively approved by resolution; and

WHEREAS, the City Council shall approve the subject lease only upon the making of certain findings.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the City Council of the City of Redondo Beach approves the lease with Esperanza Deese ("Lease") for the property commonly located at 113 W. Torrance Blvd., Redondo Beach, CA 90277, consisting of approximately 446 rentable square feet, as further detailed in the Lease attached hereto as Exhibit "A" and incorporated herein as set forth in full.

SECTION 2. That the City Council of the City of Redondo Beach hereby finds:

1. The Lease will result in a net economic or other public benefit to the City of Redondo Beach or the general public; and
2. The granting of the Lease is consistent with and will further the fiscal, budgetary and applicable economic development, social, recreational, public safety or other applicable adopted policies of the City; and
3. The Lease, and all land uses and development authorized by the Lease, are consistent with all applicable provisions of the general plan, the Coastal Land Use Plan where applicable, and the applicable zoning ordinances of the City; and
4. The Lease and all land uses and development authorized by the Lease, are consistent with and will carry out the goals, standards and policies of any specific plan applicable to the Lease property; and
5. The Lease and its purposes are consistent with all other applicable provisions of law.

PASSED, APPROVED AND ADOPTED this 6th day of April, 2021.

William C. Brand, Mayor

APPROVED AS TO FORM:

ATTEST:

Michael W. Webb, City Attorney

Eleanor Manzano, CMC, City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF REDONDO BEACH)

I, Eleanor Manzano, City Clerk of the City of Redondo Beach, California, do hereby certify that Resolution No. CC-2104-029 was passed and adopted by the City Council of the City of Redondo Beach, California, at a regular meeting of said City Council held on the 6th day of April, 2021, and there after signed and approved by the Mayor and attested by the City Clerk, and that said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Eleanor Manzano, CMC
City Clerk

EXHIBIT “A”

OFFICE LEASE

BETWEEN

**CITY OF REDONDO BEACH,
A CHARTERED MUNICIPAL CORPORATION**

LANDLORD

AND

**ESPERANZA DEESE
AN INDIVIDUAL**

TENANT

DATED AS OF

APRIL 6, 2021

PIER PLAZA, REDONDO BEACH, CALIFORNIA 90277

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OFFICE LEASE

1. Parties

This Office Lease Agreement ("Lease") is made and entered into by and between the **City of Redondo Beach**, a Chartered Municipal Corporation ("Landlord" or "City"), and **Esperanza Deese, an individual** ("Tenant") as of **April 6, 2021**.

2. Summary of Basic Terms: As used in this Lease, the following terms shall have the meanings set forth below, subject to the qualifications, adjustments and exceptions set forth elsewhere in this Lease. In the event of a conflict between the terms of this Summary and the Lease, the terms of the Lease shall prevail.

(a) **Premises:** The space located at **113 W. Torrance Blvd.**, Redondo Beach, CA 90277 consisting of approximately **446** rentable square feet.

(b) **Building:** The office buildings located at 103-131 W. Torrance Blvd, Redondo Beach, CA 90277, including all plazas, lobbies, landscaped areas, office and commercial space.

(c) **Land:** The parcel(s) of land upon which the Building is located, including common areas. Land is herein sometimes referred to as the "Real Property".

(d) **Permitted Use:** Artist studio and gallery, and for no other use. This is contingent on Tenant procuring the proper licenses, permits and authorizations from the appropriate government agencies.

(e) **Lease Term:** **5 years.** Landlord will retain the sole option to terminate the lease upon 12 months' prior written notice.

(f) **Commencement Date:** **April 6, 2021.**

(g) **Expiration Date:** **April 5, 2026;** subject to Landlord's Right to Terminate upon written notice or relocation as described in subsection (h).

(h) **Right to Terminate:** Notwithstanding any other provision of this Lease, Landlord shall have the right to terminate this Lease, upon 12-month prior written notice of the early termination date to Tenant.

(i) **Monthly Rent:** **\$1,003.50** Approximately **\$2.25** per square foot Base Rent shall increase by three percent (3%) on the first anniversary of the Commencement Date and annually thereafter. 150% holdover rent.

(j) **Rentable Area of Premises:** Approximately **446** gross square feet.

- (k) **Parking**: Parking shall be at such rates and terms set by Landlord from time to time in accordance with Article 28 and Exhibit "D".
- (l) **Operating Expense Base Year**: 2021. See Section 8 of the Lease for definitions.
- (m) **Tenant's Share of Operating Expenses**: .65% per Article 8 of this Lease.
- (n) **Tenant Improvements**: As-Is.
- (o) **Security Deposit**: \$1,003.50
- (p) **Tenant's Guarantor**: Corporate subject to Landlord sole approval of Tenant financials.
- (q) **Landlord's Address for Notices**: 107 W. Torrance Blvd, Suite #200, Redondo Beach, CA 90277, Attn: Property Manager
- (r) **Tenant's Addresses for Notices**: 113 W. Torrance Blvd., Redondo Beach, CA 90277, Attn:
- (s) **Tenant's Affiliates**: All affiliates, directors, officers, shareholders, partners, agents, employees, invitees, customers, successors and assigns of Tenant.
- (t) **Landlord's Affiliates**: All officers, employees, elected and appointed officials, volunteers, invitees, successors, and assigns of the City.
- (u) **Liabilities**: All losses, damages, expenses, claims, demands, causes of action, lawsuits (whether at law, equity, or both), proceedings, injuries, liabilities, judgments, and costs (including, but not limited to, attorneys' fees and costs, and expert witness fees), and penalties, and liens of every nature (whether or not suit is commenced or judgment entered).
- (v) **Landlord's Broker**: BC Urban.
- (w) **Tenant's Broker**: N/A

3. **Demise and Term**. Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord, subject to all of the terms, covenants and conditions in this Lease. The Premises are leased for the Lease Term, which, subject to Article 4 below, shall commence on the Commencement Date and shall expire on the Expiration Date, unless sooner terminated pursuant to Landlord's Right to Terminate or otherwise under the provisions of this Lease.

4. **Possession**.

4.1 **Delivery of Possession**. The Premises shall be delivered to Tenant in its current "AS-IS" condition with exception to items in Exhibit "F", if applicable. If Landlord cannot deliver possession of the Premises to Tenant by the Commencement Date this Lease will not be void or

voidable, nor will Landlord be liable to Tenant for any loss or damage resulting from such delay. Notwithstanding anything to the contrary contained herein, Landlord will not be obligated to deliver possession of the Premises to Tenant until Landlord has received from Tenant all of the following: (i) a copy of this Lease fully executed by Tenant and the guaranty of Tenant's obligations under this Lease, if any, executed by the Guarantor(s); (ii) the Security Deposit, if any, and the first installment of Monthly Basic Rent; and (iii) copies of policies of insurance or certificates thereof as required under Article 15 of this Lease.

4.2 Delays Caused by Tenant. Notwithstanding anything to the contrary in Article 4.1, if Landlord's failure to deliver possession of the Premises results from Tenant and/or Tenant's Affiliates' acts or omissions (including delays caused by Tenant's failure to supply the items referred to in Article 4.1), then the Commencement Date shall be the date stated in Article 2(f) of this Lease notwithstanding the Tenant and/or Tenant's Affiliates' delay. In no event shall the Lease Term be extended by any such delay. Tenant shall owe the amount of the Monthly Rent and Additional Rent from the Commencement Date.

5. Condition of Premises.

5.1 Condition of Premises. Tenant hereby agrees and warrants that it has investigated and inspected the condition of the Premises, Building, and their suitability for Tenant's purposes, and Tenant does hereby waive and disclaim any objection to, cause of action based upon, or claim that its obligations hereunder should be reduced or limited because of the condition of the Premises, the Building, or the suitability of same for Tenant's purposes. Tenant acknowledges that neither Landlord nor Landlord's Affiliates has made any representations or warranty with respect to the Premises, the Building, their condition, or with respect to the suitability for Tenant's business. Tenant hereby agrees that the Premises shall be taken "AS-IS", "with all faults" and Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof, unless provided in Article 11 below. Tenant, at its sole expense, shall keep the Premises and every part thereof in good condition and repair and shall, upon the expiration or sooner termination of the Lease Term, surrender the Premises to Landlord in good condition.

6. Rent.

6.1 Monthly Rent. Tenant shall pay to Landlord as rent for the Premises the Monthly Rent as set forth in Article 2(i). The Monthly Rent shall be payable in advance on or before the first day of the first full calendar month of the Lease Term and on or before the first day of each successive calendar month thereafter during the Lease Term, except that the Monthly Rent for the first full calendar month of the Lease term and any prorated term shall be paid upon the execution of this Lease. The Monthly Rent for any period during the Lease Term which is for less than one (1) month shall be prorated based on a thirty (30)-day month. The Monthly Rent and all other rent hereunder shall be paid without prior notice or demand, without deduction or offset in lawful money of the United States of America which shall be legal tender at the time of payment, at the office of the Building or to another person or at another place as Landlord may from time to time designate in writing.

6.2 Additional Rent. The term “**Additional Rent**” means all other amounts payable by Tenant under this Lease (whether or not designated as Additional Rent), including without limitation Operating Expenses, taxes, insurance and repairs. The term “**Rent**” shall mean Monthly Rent and Additional Rent. Landlord shall be entitled to exercise the same rights and remedies upon default in the Additional Rent payments as Landlord is entitled to exercise with respect to defaults in Monthly Rent payments.

7. **Security Deposit.** If required, upon the execution of this Lease, Tenant shall deposit the Security Deposit with Landlord as set forth in Article 2(o) above. The Security Deposit shall be held by Landlord as security for the performance of all of Tenant's obligations during the Lease Term. Upon any default by Tenant under this Lease, Landlord may, but shall not be obligated to, use, apply or retain all or any part of the Security Deposit for the payment of any Rent in default, or any other Liabilities which Landlord may incur as a result of or in connection with Tenant's default. If any portion of the Security Deposit is so used or applied, Tenant shall, within five (5) days after written demand therefore, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its previous amount. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to receive interest on the Security Deposit. If Tenant complies with all of the provisions of this Lease and is not then in default hereunder, the unused portion of the Security Deposit shall be returned to Tenant within thirty (30) days after the expiration or sooner termination of the Lease Term and surrender of the Premises to Landlord in the condition required hereunder.

8. **Operating Expenses.**

8.1 Definitions. As used in this Lease, the following terms have the meanings set forth below:

(a) Comparison Year: Each calendar year after the Base Year, all or any portion of which falls within the Lease Term.

(b) Operating Expenses: All costs and expenses of operating, maintaining and repairing the common areas, Building and the Land, including, but not limited to: water and sewer charges; insurance premiums for all insurance policies deemed necessary by Landlord; deductible amounts under insurance policies; janitorial services; wages of Landlord's employees engaged in the operation, maintenance or repair of the Building or the Land, including all customary employee benefits, Worker's Compensation and payroll taxes; reasonable management fees or, if no managing agent is retained for the Building, a reasonable sum in lieu thereof which is not in excess of the prevailing rate for management services charged by professional management companies for the operation of similar buildings; legal, accounting and other consulting fees; the cost of air conditioning, heating, ventilation, plumbing, electricity, water, sewer and other services and utilities serving common areas; elevator maintenance; capital improvements and replacements to all or any portion of the Building and the Land made after completion of the Building, appropriately amortized over the useful life of such improvements; all costs and expenses incurred by Landlord and interest on any funds borrowed to pay the cost of any capital improvements as a result of or in order to comply with any Laws, including, but not limited to, Laws pertaining to energy, natural resources conservation, safety, environmental protection; supplies, materials,

equipment and tools; and maintenance and repair of all common areas. Operating Expenses do not include the depreciation on the existing Building and improvements, loan payments, executive salaries, real property and other taxes (see article 26 or real estate broker's commission).

8.2 Payment for Increases in Operating Expenses. The following shall be deemed increases in Operating Expenses.

(a) Increase from Base Year. If the Operating Expenses paid or incurred by Landlord in any Comparison Year increase over the Operating Expenses paid or incurred for the Base Year, Tenant shall pay, as Additional Rent, commencing on the Commencement Date of this Lease, Tenant's Share of the increase in the manner set forth in this Article.

(b) Property at Less Than 95% Capacity. If, during any period in a Comparison Year, less than ninety-five percent (95%) of the Building is rented the Operating Expenses for that Comparison Year shall be adjusted to what the Operating Expenses would have been if ninety-five percent (95%) of the Building had been rented throughout that Comparison Year.

(c) Prorated Operating Expenses. Tenant's Share of increases in Operating Expenses shall be prorated for any partial Comparison Year which falls within the Lease Term.

8.3 Manner of Payment. Landlord shall deliver to Tenant a statement showing Landlord's reasonable estimate of the Operating Expenses for each Comparison Year and the amount of Tenant's Share of any increase in Operating Expenses based on such estimate. Commencing as of the first day of each Comparison Year, Tenant shall pay to Landlord, at the times and in the manner provided herein for the payment of Monthly Rent, the monthly portion(s) of Tenant's Share of any increases as shown by Landlord's statement. If Landlord's statement is furnished after January 1st of a Comparison Year, then on or before the first day of the first calendar month following Tenant's receipt of Landlord's statement, in addition to the monthly installment of Tenant's Share of any increases due on that date, Tenant shall pay the amount of Tenant's Share of any increases for each calendar month or fraction thereof that has already elapsed in such Comparison Year.

8.4 Final Statement. After the end of each Comparison Year (including the Comparison Year in which the Lease Term terminates), Landlord shall deliver to Tenant a reasonably detailed final statement of the actual Operating Expenses for such Comparison Year. Within ten (10) days of delivery of each final statement, Tenant shall pay Landlord the amount due for Tenant's Share of any increases in the Operating Expenses. Tenant shall have Sixty (60) days after delivery of Landlord's final statement to object in writing to the accuracy of the statement. If Tenant does not object within such Sixty (60)-day period, Landlord's final statement shall be conclusive and binding on Tenant. Objections by Tenant shall not excuse or abate Tenant's obligation to make the payments required under this Article pending the resolution of Tenant's objection. Any credit due Tenant for overpayment of Tenant's Share of any increases in the Operating Expenses shall be credited against the installments of Monthly Rent next coming due. However, overpayments for the Comparison Year in which the Lease Term terminates shall be refunded to Tenant within Sixty (60) days after the expiration of the Lease Term.

9. Use of Premises.

9.1 Permitted Use. Tenant shall use the Premises only for the Permitted Use set forth in Article 2(d) (the "Permitted Use") and for no other use or purpose, unless first approved in writing by Landlord, which approval Landlord may withhold in its sole discretion.

9.2 Restrictions on Use. Tenant agrees that it shall not cause or permit any of the following in or about the Premises

(a) Increase the existing rate of, cause the cancellation of or otherwise adversely affect any casualty or other insurance for the Building or any part thereof or any of its contents;

(b) Impair the proper and economic maintenance, operation and repair of the Building or any portion thereof;

(c) Obstruct or interfere with the rights of other tenants or occupants of the Building or injure or annoy them;

(d) Cause any nuisance in or about the Premises or the Building;

(e) Commit or allow any waste to be committed to the Premises or the Building.

Tenant shall not use or allow any part of the Premises to be used for the storage, manufacturing or sale of food or beverages, or for the manufacture or auction or merchandise of goods or property of any kind, or as a school or classroom, or for any unlawful or objectionable purpose.

9.3 Prohibited Uses. Notwithstanding Articles 2(d) and 9, in no event shall the Premises be used for any exclusive use granted by Landlord to other tenants of the Premises prior to the date of this Lease, or any prohibited use in effect for the Premises prior to or subsequent to the date of this Lease.

10. Compliance with Laws.

10.1 Compliance with Laws. Tenant shall not use the Premises or permit anything to be done in or about the Premises, the Building or the Land which will in any way conflict with any law, statute, ordinance, code, rule, regulation, requirement, license, permit, certificate, judgment, decree, order or direction of any governmental or quasi-governmental authority, agency, department, board, panel or court now in force or which may hereafter be enacted or promulgated (singularly and collectively "**Laws**"). Tenant shall also comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency. Tenant shall, at its sole expense and cost, promptly comply with all Laws and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to or affecting the condition, use or occupancy of the Premises.

10.2 Tenant shall not be required to make structural changes to the Premises unless they arise or are required because of or in connection with Tenant's specific use of the Premises, or the type of business conducted by Tenant in the Premises, or Tenant's Alterations or Tenant's acts or omissions. Tenant shall obtain and maintain in effect during the Lease Term all licenses and permits required for the proper and lawful conduct of Tenant's business in the Premises, and shall at all times comply with such licenses and permits. The judgment of any court of competent jurisdiction or the admission of Tenant in any action or proceeding (whether Landlord is a party or not) that Tenant has violated any Laws shall be conclusive of that fact as between Landlord and Tenant.

10.3 Nondiscrimination. Tenant hereby certifies and agrees that, in all matters affecting this Lease, it will comply with all applicable federal, State, and local laws and regulations prohibiting discrimination of any kind, including but not limited to, the Federal Civil Rights Act of 1964, Unruh Civil Rights Act, Cartwright Act, State Fair Employment Practices Act, and Americans with Disabilities Act.

10.4 Employment Records. All employment records shall be open for inspection and reinspection by Landlord at any reasonable time during the term of this Lease for the purpose of verifying the practice of nondiscrimination by Tenant in the areas heretofore described.

10.5 Hazardous Materials.

(a) Tenant shall not cause or permit any Hazardous Material(s) (as defined in this Article) to be brought, kept or used in or about the Building by Tenant, Tenant's Affiliates, contractors provided Tenant may use and store normal quantities of products used for office purposes (such as toner, cleaning solvents or the like) as long as the same are used in compliance with applicable Laws. Tenant indemnifies Landlord and Landlord's Affiliates from and against any breach by Tenant of the obligations stated in the preceding sentence, and agrees to defend and hold Landlord and Landlord's Affiliates harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution in value of the Building, damages for the loss or restriction or use of rentable or usable space or of any amenity of the Building, damages arising from any adverse impact or marketing of space in the Building, and sums paid in settlement of claims, attorneys' fees, consultant fees, and expert fees) which arise or accrue during, or are attributable to, the term of this Lease as a result of such breach. This indemnification of Landlord and Landlord's Affiliates by Tenant 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(s) present in the soil or ground water on or under the Building. Without limiting the foregoing, if the presence of any Hazardous Material(s) on the Building caused or permitted by Tenant and/or Tenant's Affiliates results in any contamination of the Building, Tenant shall promptly take all actions at its sole expense as are necessary to return the Building to the condition existing prior to the introduction of any such Hazardous Material(s) and the contractors to be used by Tenant must be approved by the Landlord, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Building and so long as such

actions do not materially interfere with the use and enjoyment of the Building by the other tenants thereof; provided however, Landlord shall also have the right, by notice to Tenant, to directly undertake such mitigation efforts with regard to Hazardous Material(s) in or about the Building due to Tenant's breach of its obligations pursuant to this Section, and to charge Tenant, as Additional Rent, for the costs thereof.

(b) Landlord covenants and agrees that in the event any unlawful levels of Hazardous Material(s) exist or are introduced in, on or about the Building, due to other than the actions or inaction of Tenant or Tenant's Affiliates, assignees, sublessees, licensees, or contractors, and any such Hazardous Material(s) are reasonably potentially injurious to Tenant's health, safety or welfare, or if any such unlawful levels of Hazardous Material(s) substantially interfere with Tenant's use of the Premises, Landlord shall, if required by applicable Laws, diligently commence to remove, restore, remediate or otherwise abate such Hazardous Material(s) in compliance with all Laws pertaining to Hazardous Material(s).

(c) It shall not be unreasonable for Landlord to withhold its consent to any proposed transfer under Article 17 if (i) the proposed transferee's anticipated use of the Premises involves the generation, storage, use, treatment, or disposal of Hazardous Material(s); (ii) the proposed transferee has been required by any prior landlord, lender, or governmental authority to take remedial action in connection with Hazardous Material(s) contaminating a property if the contamination resulted from such transferee's actions or use of the Property in question; or (iii) the proposed transferee is subject to an enforcement order issued by any governmental authority in connection with the use, disposal, or storage of a Hazardous Material(s).

(d) As used herein, the term "**Hazardous Material(s)**" mean any hazardous or toxic substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term "**Hazardous Material(s)**" include, without limitation, any material or substance which is (i) defined as "**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), (ii) 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), (iii) 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), (iv) defined as "**Hazardous Substance**" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) asbestos, (vii) regulated by Section 26100 et seq. of the California Health and Safety Code, Division 20, Chapter 18 (Toxic Mold Protection Act of 2001), (viii) listed under Article 9 or defined as Hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (ix) designated as a "**Hazardous Substance**" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. § 1317), or (x) defined as a "Hazardous Waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. (42 U.S.C. § 6903), (xi) defined as a "**Hazardous Substance**" pursuant to Section 101 of the Comprehensive

Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq. (42 U.S.C. § 9601).

(e) As used herein, the term "**Laws**" mean any applicable federal, state or local laws, ordinances, or regulation relating to any Hazardous Material affecting the Building, including, without limitation, the laws, ordinances, and regulations referred to in Article 10.4 (d) above.

11. Alterations and Additions.

11.1 Landlord's Consent.

(a) Tenant shall not make or permit to be made any alterations, additions or improvements (singularly and collectively "**Alterations**") to the Building or the Premises or any part thereof without the prior written consent of Landlord in each instance.

(b) Landlord will not unreasonably withhold its consent to any Alterations provided and upon the condition that all of the following conditions shall be satisfied: (i) the Alterations do not affect the outside appearance of the Building; (ii) the Alterations are nonstructural and do not impair the strength of the Building or any part thereof; (iii) the Alterations are to the interior of the Premises and do not affect any part of the Building outside of the Premises; (iv) the Alterations do not affect the proper functioning of the heating, ventilating and air conditioning ("**HVAC**"), mechanical, electrical, sanitary or other utilities, systems and services of the Building, or increase the usage thereof by Tenant; (v) Landlord shall have approved the final plans and specifications for the Alterations and all contractors who will perform them; (vi) Tenant pays to Landlord (A) a fee in connection with the Alterations equal to five percent (5%) of the estimated cost of the work and the fee is sufficient to compensate Landlord for all overhead, general conditions, fees and other costs and expenses arising from Landlord's involvement with such work, and (B) the reasonable costs and expenses actually incurred by Landlord in reviewing Tenant's plans and specifications and inspecting the Alterations to determine whether they are being performed in accordance with the approved plans and specifications and in compliance with Laws, including, without limitation, the fees of any architect or engineer employed by Landlord for such purpose; (vii) before proceeding with any Alteration which will cost more than \$10,000 (exclusive of the costs of items constituting Tenant's Property, as defined in Article 11.2), Tenant obtains and delivers to Landlord, at Landlord's option, either: (C) a performance bond and a labor and materials payment bond for the benefit of Landlord, issued by a corporate surety licensed to do business in California, each in an amount equal to one hundred twenty five percent (125%) of the estimated cost of the Alterations and in form satisfactory to Landlord, or (D) such other security as shall be reasonably satisfactory to Landlord. Unless all of the foregoing conditions are satisfied, Landlord shall have the right to withhold its consent to the Alterations in Landlord's sole and absolute discretion.

(c) Not less than twenty (20) days nor more than thirty (30) days prior to commencement of any Alterations, Tenant shall notify Landlord of the work commencement date so that Landlord may post notices of non-responsibility about the Premises. All Alterations must comply with all Laws, the other terms of this Lease, and the final plans and specifications approved by Landlord, and Tenant shall fully and promptly comply with and observe the rules and regulations of Landlord then in force with respect to the making of Alterations. Landlord's review

and approval of Tenant's plans and specifications are solely for Landlord's benefit. Landlord shall have no duty toward Tenant, nor shall Landlord be deemed to have made any representation or warranty to Tenant, with respect to the safety, adequacy, correctness, efficiency or compliance with Laws of the design of the Alterations, the plans and specifications therefore, or any other matter regarding the Alterations.

11.2 Ownership and Surrender of Alterations. Upon their installation, all Alterations, including, but not limited to, wall covering, paneling and built-in cabinetry, but excluding movable furniture, trade fixtures and office equipment ("**Tenant's Property**"), shall become a part of the realty and belong to Landlord and shall be surrendered with the Premises. However, upon the expiration or sooner termination of the Lease Term, Tenant shall, upon written demand by Landlord, at Tenant's expense, immediately remove any Alterations made by Tenant which are designated by Landlord to be removed and repair any damage to the Premises caused by such removal.

11.3 Liens. Tenant shall pay when due all claims for labor, materials and services furnished by or at the request of Tenant or Tenant's Affiliates. Tenant shall keep the Premises, the Building and the Land free from all liens, security interests and encumbrances (including, without limitation, all mechanic's liens and stop notices) created as a result of or arising in connection with the Alterations or any other labor, services or materials provided for or at the request of Tenant or Tenant's Affiliates, or any other act or omission of Tenant or Tenant's Affiliates, or persons claiming through or under them. (Such liens, security interests and encumbrances singularly and collectively are herein called "**Liens.**") Tenant shall not use materials in connection with the Alterations that are subject to any Liens. Tenant shall indemnify Landlord and Landlord's Affiliates for, and hold Landlord and Landlord's Affiliates harmless from and against: (a) all Liens; (b) the removal of all Liens and any actions or proceedings related thereto; and (c) all Liabilities incurred by Landlord or Landlord's Affiliates in connection with the foregoing. If Tenant fails to keep the Premises, the Building and the Land free from Liens, then, in addition to any other rights and remedies available to Landlord, Landlord may immediately take any action necessary to discharge such Liens, including, but not limited to, payment to the claimant on whose behalf the Lien was filed, without any duty to investigate the validity thereof, and all sums, costs and expenses, including reasonable attorneys' fees and costs, incurred by Landlord in connection with such lien shall be deemed Additional Rent under this Lease and shall immediately be due and payable by Tenant. Tenant shall indemnify Landlord and Landlord's Affiliates for, and hold Landlord and Landlord's Affiliates harmless from and against, all Liabilities so incurred by Landlord, without regard to any defense or offset that Tenant may have had against the claimant. Neither Landlord's curative action nor the reimbursement of Landlord by Tenant shall cure Tenant's default in failing to keep the Premises, the Building and the Land free from Liens.

11.4 Additional Requirements. Alterations shall comply with all Laws. Tenant, at its sole expense, shall obtain and provide to Landlord all necessary permits and certificates for the commencement and performance of Alterations and for final approval thereof upon completion, and shall cause the Alterations to be performed in compliance therewith and with all applicable insurance requirements, and in a good, first-class and workmanlike manner. Landlord shall have all rights to review and approve or disapprove all required submittals in accordance with the Laws, and nothing set forth in this Lease shall be construed as the Landlord's approval of any or all of

the applications or plans for the Alterations. Tenant, at its sole expense, shall diligently cause the cancellation or discharge of all notices of violation arising from or otherwise connected with Alterations, or any other work, labor, services or materials done for or supplied to Tenant or Tenant's Affiliates, or by any person claiming through or under Tenant or Tenant's Affiliates. Alterations shall be performed so as not to interfere with any other tenant in the Building, cause labor disharmony therein, or delay or impose any additional expense on Landlord in the construction, maintenance, repair or operation of the Building. Throughout the performance of the Alterations, Tenant, at its expense, shall carry, or cause to be carried the Workers' Compensation insurance described in Article 15. Tenant shall furnish Landlord with satisfactory evidence that such insurance is in effect at or before the commencement of the Alterations and, upon request, at reasonable intervals thereafter until completion of the Alterations.

11.5 Compliance with Applicable Prevailing Wage Requirements.

Landlord intends to contribute an amount not to exceed \$2,500 toward the standard paint and building standard carpet installation TI project. Landlord and Tenant acknowledge that this particular TI project is a public work to which prevailing wages apply. Landlord acknowledges that this particular TI work is a "public work," and the following requirements apply to this TI work:

To the maximum extent permitted by law, Tenant shall defend (at Tenant's expense with counsel reasonably acceptable to the Landlord), indemnify and hold harmless the Landlord and its officers, employees, elected or appointed officials, volunteers, contractors and agents from and against any and all loss, demand, liability, damage, claim, cost, expense and/or "increased costs" (including reasonable attorneys' fees, court and litigation costs, and fees of expert witnesses) which, in connection with the construction of the Alterations, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Tenant or any of his subcontractors of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages); (2) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (3) failure by Tenant or any of his subcontractors to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the construction of the Alterations, including, without limitation, any and all public works (as defined by applicable law), Tenant shall bear all risks of his and his subcontractors' payment or non-payment of prevailing wages under California law and the implementation of Labor Code Section 1781, as the same may be amended from time to time, and any other similar law. "Increased costs," as used in this Section, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Lease.

12. Repairs.

12.1 Condition of Premises. As provided in Article 5, the Premises shall be delivered to Tenant in an "AS IS" and "ALL FAULTS" condition and Landlord shall have no obligation

whatsoever to alter, remodel, improve, repair, decorate, or paint the Premises or any part thereof either prior to or during the Lease Term except to the extent expressly provided in Section 12.3 below. By accepting possession of the Premises, Tenant shall be deemed to have acknowledged that the Premises are suitable for its purposes and in good condition and repair. Subject to Section 12.2, Tenant, at its expense, shall keep the Premises and every part thereof in good condition and repair and shall, upon the expiration or sooner termination of the Lease Term, surrender the Premises to Landlord and in good condition and repair. Tenant acknowledges and agrees that it has inspected, or prior to the Commencement Date will inspect, the Premises and that Tenant is not relying on any representations or warranties made by Landlord or Landlord's Affiliates regarding the Premises, the Building, or the Land except as may be expressly set forth herein.

12.2 Landlord's Obligation to Repair. Subject to Article 16, Landlord shall repair and maintain the common areas and the structural portions of the Building, including, but not limited to, the structural portions of the roof, the foundations, exterior load-bearing walls, and the basic HVAC, mechanical, electrical and plumbing systems installed by Landlord in the Building. However, if the repair or maintenance is caused in whole or in part by the act, neglect, fault or omission of Tenant or Tenant's Affiliates, or by Tenant's Alterations, Tenant immediately shall pay for such repair or maintenance as Additional Rent within fifteen (15) days of Tenant's receipt of invoice. Tenant shall indemnify Landlord for and hold Landlord and Landlord's Affiliates harmless from and against all other Liabilities incurred by Landlord and Landlord's Affiliates in connection therewith. Landlord shall have a reasonable time after written notice from Tenant to perform necessary repairs or maintenance. Tenant waives all rights granted under Law to make repairs at Landlord's expense.

13. Services and Utilities.

13.1 Landlord's Services. Subject to the rules and regulations of the Building, Landlord shall furnish the required water, plumbing, electrical and HVAC required in Landlord's judgment for the comfortable use and occupancy of the Premises, and janitorial services, as hereinafter provided. Landlord shall also maintain the common stairs, entries and rest rooms in the Building lighted. If Landlord shall determine, in the exercise of Landlord's sole but good faith discretion, that the Tenant's use of the utilities is in excess of that normally used by a tenant occupying similar space, then Tenant shall pay Landlord upon demand, as Additional Rent hereunder, the cost of such excess utility usage in addition to any other Rent or charge due from Tenant under this Lease.

13.2 Utility Charges.

(a) Tenant shall be solely responsible for obtaining and shall promptly pay directly to the utility supplier all fees, deposits and charges including use and/or connection fees, hookup fees, standby fees and/or penalties for discontinued or interrupted service, and the like, for electricity, gas and water used in or upon or furnished to the Premises, irrespective of whether any of the foregoing are initially paid or advanced by Landlord, or otherwise. If electricity, gas or water service is billed to Landlord and is not specifically metered to the Premises, the amount thereof shall be equitably prorated by Landlord and Tenant shall pay to Landlord within ten (10) days after Landlord's demand, as Additional Rent hereunder, an amount equal to that proportion of the total charges therefore which the number of square feet of gross floor area in the Premises

bears to the total number of square feet of gross floor area covered by such combined charges. Additionally, if the Premises are not separately metered, Landlord shall have the right to install separate meters. Since the Premises are not separately metered, Tenant shall pay the above described utilities as part of the base year component of the modified gross rent.

(b) In no event shall Landlord be liable for damages or otherwise for any interruption, reduction, disruption, curtailment or failure in the supply, quality or character of electricity, centrally conditioned cold air or any other utility or other service, or if either the quantity, quality or character thereof supplied to or by Landlord is changed or is no longer available or suitable for Tenant's requirements, nor shall any such interruption, reduction, disruption, curtailment, failure or change in quantity, quality or character constitute or be deemed to constitute constructive eviction of Tenant, or excuse or relieve Tenant from its obligations pursuant to this Lease.

13.3 Janitorial Services. The janitorial services to be provided by Landlord to Tenant shall be provided five (5) days a week, Monday through Friday (except for nationally and locally recognized holidays). Janitorial services shall be those customarily furnished for similar buildings in the general vicinity of the Building.

13.4 Hours of Operation. HVAC for the Premises shall be provided five (5) days a week, Monday through Friday, from 7:00 a.m. to 6:00 p.m. and Saturdays from 9:00 a.m. to 1:00 p.m. (excluding nationally and locally recognized holidays). Tenant shall not be entitled to any abatement of Rent or have any right to terminate this Lease in the event Landlord is unable to provide the services set forth herein.

13.5 Extra Hours. If during any hours or any days other than those specified in Article 13.4, Tenant desires to have any services or utilities supplied to the Premises which are not separately metered, and provided Landlord receives reasonable advance notice thereof, and if Landlord is able to provide the same, Tenant shall pay Landlord such charge as Landlord shall establish from time to time for providing such services and utilities, at a cost currently estimated at \$35.00 per hour, which are not separately metered to the Premises. Any such charges which Tenant is obligated to pay shall be deemed to be Additional Rent hereunder.

14. Entry by Landlord. Landlord shall have the right to enter the Premises during regular business hours in order to: inspect the Premises; post notices of non-responsibility; show the Premises to prospective purchasers, lenders or tenants; perform its obligations and exercise its rights hereunder; and make repairs, improvements, alterations or additions to the Premises or the Building or any portion thereof as Landlord deems necessary or desirable and to do all things necessary in connection therewith, including, but not limited to, erecting scaffolding and other necessary structures. Landlord shall retain (or be given by Tenant) keys to unlock all of the doors to or within the Premises, excluding doors to Tenant's vaults and files. Landlord shall have the right to use any and all means necessary to obtain entry to the Premises in an emergency. Landlord's entry to the Premises shall not, under any circumstances, be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Tenant from the Premises or any portion thereof.

15. Tenant's Insurance.

15.1 Property Insurance. At all times during the Lease Term, Tenant, at its expense, shall maintain in effect policies of casualty insurance covering: (a) all alterations made by Tenant and all leasehold improvements; and (b) all of Tenant's Property and other Personal Property from time to time in, on or about the Premises, in an amount not less than their full replacement cost (without deduction for depreciation) from time to time during the term of this Lease. Such policies shall provide for protection against any perils normally included within the classification of "All Risks", and shall cover demolition and changes in Laws. Such insurance shall contain an endorsement naming the Landlord and Landlord's Mortgagee as loss payee and an endorsement waiving the insurer's right to subrogate against the Landlord or Landlord's Mortgagee.

15.2 Commercial General Liability Insurance. At all times during the Lease Term, Tenant, at its sole expense, shall maintain Commercial General Liability Insurance with respect to the ownership, maintenance, use, operation and condition of the Premises and the business conducted therein. Such insurance shall at all times have limits of not less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate. At Landlord's request, these limits shall be increased from time to time during the Lease Term to such higher limits as Landlord or its insurance consultant believe are necessary to protect Landlord. Such insurance shall be primary and not contribute with any self-insurance or insurance maintained by the Landlord or Landlord's Mortgagee, and shall contain an endorsement naming Landlord and Landlord's Mortgagee, their elected and appointed officials and employees as additional insureds.

15.3 Workers' Compensation Insurance. At all times during the Lease Term, Tenant shall maintain Workers' Compensation insurance as required by California law and Employer's Liability insurance with limits not less than \$1 million (\$1,000,000) each accident. Such insurance shall contain an endorsement waiving the insurer's right to subrogate against the Landlord, the Landlord's Mortgagee or their elected or appointed officials and employees.

15.4 Policy Requirements. All insurance required to be carried by Tenant hereunder shall be issued by insurers with a current A.M. Best's rating of no less than A-VII and qualified to do business in the State of California, approved by Landlord and, if required, by Landlord's Mortgagee. Copies of all certificates and required endorsements shall be delivered to Landlord at least ten (10) days prior to Tenant's occupancy of the Premises. Each policy shall provide that it may not be canceled except after thirty (30) days' prior written notice to Landlord and Landlord's Mortgagee. Tenant shall furnish Landlord with renewal certificates or binders of each policy evidencing compliance with those requirements at least thirty (30) days prior to expiration. Tenant shall have the right to provide insurance coverage pursuant to blanket policies obtained by Tenant if the blanket policies expressly afford coverage as required by this Lease.

15.5 Tenant's Failure to Deliver Policies. Upon Landlord's request, Tenant shall deliver certified copies of all required insurance policies to the Landlord. If Tenant fails to deliver required certificates of insurance, required endorsements or requested copies of the insurance policies within the time required pursuant to Article 15.4, Landlord may, but shall not be obligated to, obtain the required insurance, and the cost thereof, shall be payable by Tenant to Landlord on demand. Nothing in this Article shall be deemed to be a waiver of any rights or remedies available

to Landlord under this Lease or at law or in equity if Tenant fails to obtain and deliver the required insurance policies and evidence of payment.

16. Damage or Destruction; Eminent Domain.

16.1 Landlord's Restoration. If the Building or the Premises are partially damaged or totally destroyed by fire or other casualty, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance carried under Article 15 of this Lease. Upon Landlord's receipt of notice of the damage or destruction and substantially all of the insurance proceeds receivable, Landlord shall repair the damage and restore or rebuild the Building or the Premises (except for Tenant's Property and leasehold improvements which are above the standard of the Building). However, Landlord shall not be required to spend amounts in excess of the insurance proceeds actually received for such repair, restoration or rebuilding. Subject to Article 22, Landlord shall attempt to make any required repairs or restoration promptly and so as not to interfere unreasonably with Tenant's use and occupancy of the Premises, but Landlord shall not be obligated to perform such work on an overtime or premium-pay basis.

16.2 Rent Abatement. Subject to Article 16.3, if, in Landlord's reasonable judgment, all or part of the Premises are rendered completely or partially untenantable on account of fire or other casualty, the Monthly Rent shall be abated (to the extent of Landlord's rental loss insurance carried hereunder) in the proportion that the rentable area of the untenantable portion of the Premises bears to the total Area of the Premises. Such abatement shall commence on the date of the damage or destruction and shall continue until the Premises have been substantially repaired and Tenant has reasonable access to the Premises. However, if Tenant reoccupies the damaged portion of the Premises prior to the date that the Premises are substantially repaired, the Monthly Rent allocable to the reoccupied portion shall be payable by Tenant from the date of such occupancy in the proportion that the rentable area of the reoccupied portion of the Premises bears to the total Area of the Premises.

16.3 Exception to Abatement. Notwithstanding Article 16.2, if the damage is due to the fault or neglect of, including, without limitation, Tenant, Tenant's Affiliates, contractors, and guests, or Landlord is unable to collect all of the insurance proceeds (including, without limitation, rent insurance proceeds) for damage or destruction of the Premises or the Building, there shall be no abatement of Monthly Rent to Landlord (or any Landlord's Mortgagee). Provided Tenant is able to reoccupy the damaged portion of the Premises under applicable Laws and reoccupies the damaged portion of the Premises prior to the date that the Premises are substantially repaired, the Monthly Rent allocable to the reoccupied portion shall be payable by Tenant from the date of such occupancy. Landlord's collection of Monthly Rent shall not preclude Landlord from seeking damages from Tenant or exercising any other rights and remedies it under this Lease or at law or in equity.

16.4 Election to Terminate. Landlord or Tenant may terminate this Lease upon written notice to the other party if: (a) the Building or the Premises are substantially or totally destroyed or, in Landlord's sole judgment, rendered untenantable by fire or other casualty or any other cause; or (b) the Building is damaged or rendered untenantable (whether or not the Premises are damaged

or destroyed or rendered untenable) so that its repair or restoration requires the expenditure (as estimated by a contractor or architect designated by Landlord) of more than twenty percent (20%) of the full insurable value of the Building immediately prior to the casualty; or (c) less than two (2) years remains in the Lease Term at the time of the damage or destruction or events which render the Building or the Premises untenable and the time necessary to repair or restore the Building or the Premises would exceed ninety (90) days (as estimated by a contractor or architect designated by Landlord); or (d) Landlord would be required under Article 16.2 to abate or reduce the Monthly Rent for a period in excess of four (4) months if repairs or restoration were undertaken. If Landlord or Tenant elects to terminate this Lease, its notice of termination shall be given within sixty (60) days after the date of the damage, destruction or events causing untenability. Such notice shall include a termination date giving Tenant ninety (90) days to vacate the Premises.

16.5 Eminent Domain. Landlord may terminate this Lease upon written notice to Tenant if twenty-five percent (25%) or more of either the Premises, the Building or the Land is condemned, taken or appropriated by any public or quasi-public authority (collectively "Taking or Appropriation") under the power of eminent domain, police power or otherwise (or in the event of a sale in lieu thereof). Whether or not this Lease is so terminated, Landlord shall be entitled to any and all income, Rent, award, or interest thereon which may be paid or made in connection with the Taking or Appropriation, and Tenant shall have no claim against Landlord for the value of any unexpired term of this Lease. If Landlord elects to terminate this Lease, its notice of termination shall be given within sixty (60) days after the Taking or Appropriation. If such notice is not given or if Landlord notifies Tenant of Landlord's election not to terminate, this Lease shall continue in full force and effect, except that the Monthly Rent shall be reduced in the proportion that the Premises which is taken bears to the total Area of the Premises. Nothing contained in this Article shall prevent Tenant from bringing a separate action or proceeding for compensation for any of Tenant's Property taken and Tenant's moving expenses. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of the California Code of Civil Procedure.

16.6 Business Interruption. Landlord shall not incur any Liabilities of any type to Tenant, Tenant's Affiliates, contractors, or guests arising from or in connection with any damage or destruction of the Premises, the Building or the Land, or any Taking or Appropriation thereof, or any repairs or restoration in connection therewith, nor shall Tenant have any right to terminate this Lease as a result thereof. However, in such event, Monthly Rent shall be abated if and to the extent that abatement is allowed pursuant to this Article.

16.7 Waiver. To the extent permitted under law, Tenant waives the application of any Laws now or hereafter in effect which are contrary to the provisions of this Article in connection with any damage, destruction, Taking or Appropriation (or grant deed or other instrument in lieu) of all or any portion of the Premises, the Building, or the Land.

17. Assignment and Subletting

17.1 Landlord's Consent Required. Tenant shall not voluntarily, involuntarily or by operation of any Laws sell, convey, mortgage, assign, sublet or otherwise transfer or encumber (collectively "Transfer") all or any part of Tenant's interest in this Lease or the Premises without Landlord's prior written consent in each instance, which consent shall not be unreasonably

withheld, conditioned or delayed except as otherwise provided in this Article, and any attempt to do so without this consent shall be null and void. If Tenant desires to Transfer its interest in this Lease to all or any part of the Premises, Tenant shall notify Landlord in writing. This notice shall state and/or be accompanied by: (a) the proposed effective date of the Transfer, which shall not be less than 45 days after the date of delivery of the notice, (b) a description of the portion of the Premises to be transferred; (c) a statement setting forth the name and business of the proposed Transferee; (d) a copy of the proposed Transfer agreement (and any collateral agreements) setting forth all of the terms and the financial details of the Transfer (including, without limitation, the term, the Rent and any security deposit, "key money", calculation of "Transfer Premium" as defined in Article 17.5, and amounts payable for Tenant's Property and the common use of any personnel or equipment); (e) current financial statements of the proposed Transferee certified by an independent certified public accountant and other information requested by Landlord relating to the proposed Transferee; and (f) any other information concerning the proposed Transfer which Landlord may reasonably request. Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void, and of no effect, and constitute a default by Tenant under this Lease.

17.2 Consent by Landlord. Tenant agrees that the withholding of Landlord's consent shall be deemed reasonable if any of the following conditions are not satisfied:

(a) The proposed Transferee shall use the Premises only for the Permitted Use, and the business of the proposed Transferee is consistent with the other uses and the standards of the Building, in Landlord's reasonable judgment.

(b) On the date consent is requested, the proposed Transferee is reputable and has a net worth not less than the net worth of Tenant on the execution of this Lease, has a credit rating reasonably acceptable to Landlord, and otherwise has sufficient financial capabilities to perform all of its obligations under this Lease or the proposed sublease, in Landlord's reasonable judgment.

(c) Neither the proposed Transferee nor any person or entity that directly or indirectly controls, is controlled by, or is under common control with the proposed Transferee is an occupant of any part of the Building or has negotiated for space in the Building within a six (6) month period prior to the delivery of Tenant's written notice.

(d) The proposed Transfer would not cause Landlord to be in violation of another lease or agreement to which Landlord is a party, or would not give an occupant of the Building a right to cancel its lease.

(e) The terms of the proposed Transfer will not allow the Transferee to exercise a right of renewal, right of expansion, right of first offer, or other similar right held by Tenant, or occupy space leased by Tenant pursuant to any such right.

(f) Tenant is not in default and has not committed acts or omissions which with the running of time or the giving of notice or both would constitute a default under this Lease.

(g) Tenant has complied with the terms of this Article.

The conditions described above are not exclusive and shall not limit or prevent Landlord from considering additional factors in determining if it should reasonably withhold its consent.

17.3 Corporate and Partnership Transactions. If Tenant is a corporation, dissolution of the corporation or a transfer (by one or more transactions) of a majority of the voting stock of Tenant shall be deemed to be Transfer of this Lease subject to the provisions of this Article. However, these provisions shall not apply to transactions with a corporation into or with which Tenant is merged or consolidated or to which substantially all of Tenant's stock or assets are transferred or which controls, is controlled by, or is under common control with, Tenant, if a principal purpose of the merger or transfer is not the assignment of this Lease and Tenant's successor has a net worth not less than the net worth of Tenant on the execution of this Lease. Tenant shall cause reasonably satisfactory proof of such net worth to be delivered at least thirty (30) days prior to the effective date of the transaction. If Tenant is a partnership, a dissolution of the partnership (including a "technical" dissolution) or a transfer of the partnership interests to one or more partners which reduces the net worth of the partners shall be deemed an assignment of this Lease subject to the provisions of this Article, regardless of whether the transfer is made by one or more transactions.

17.4 No Release of Tenant. Notwithstanding the granting of Landlord's consent, no Transfer of this Lease or the Premises shall release or alter Tenant's primary liability to pay Rent and perform all of its other obligations hereunder. The acceptance of Rent by Landlord from any person other than Tenant shall not be a waiver by Landlord of any provision hereof. Consent to one Transfer shall not be deemed to be consent to any subsequent Transfer. If any Transferee of Tenant defaults in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without proceeding against or exhausting its remedies against the Transferee. After any Transfer, Landlord may consent to subsequent Transfers, or amendments to this Lease, without notifying Tenant or any other person, without obtaining consent thereto, and without relieving Tenant of liability under this Lease.

17.5 Transfer Premium. If Landlord consents to any Transfer, Tenant shall pay the following to Landlord as Additional Rent:

(a) Tenant shall pay to Landlord 50% of any "Transfer Premium" as defined in this Article. Transfer Premium shall mean all Rent or other consideration payable by such Transferee in excess of the Monthly Rent and Additional Rent payable by Tenant under this Lease and/or collateral agreements on a per rentable square foot basis if less than all of the Premises is transferred. Transfer Premium shall also include, but not be limited to, key money, and bonus money paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee, or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer. The Monthly Rent used to calculate the Transfer Premium for a sublease shall be the Rent hereunder allocable to the subleased space for any period and shall be equal to the (Total Rent accruing during such period, multiplied by rentable area of the subleased space) / Total Area of the Premises.

(b) This Transfer Premium shall be paid by Tenant to Landlord as and when received by Tenant or, at Landlord's option, on written notice to the Transferee, Landlord may collect all or any portion of this Transfer Premium directly from the Transferee. Landlord's acceptance or collection of this Additional Rent will not be deemed to be consent to any Transfer or a cure of any default under this Article or the rest of the Lease.

17.6 Additional Terms. Within ten (10) days of written demand, Tenant shall pay the reasonable attorney's fees and other costs and expenses of Landlord in connection with any request for Landlord's consent to any Transfer.

(a) A sublease will be null and void unless it complies with the rest of this Lease and provides that: (i) it is subject and subordinate to this Lease and that if there is any conflict or inconsistency between the sublease and this Lease, this Lease will prevail; (ii) Landlord may enforce all the provisions of the sublease, including the collection of Rent; (iii) it may not be modified without Landlord's prior written consent and that any modification without this consent shall be null and void; (iv) if this Lease is terminated or Landlord re-enters or repossesses the Premises, Landlord may, at its option, take over all of Tenant's right, title and interest as sublessor and, at Landlord's option, the subtenant shall attorn to Landlord, but Landlord shall not be (x) liable for any previous act or omission of Tenant under the sublease, (y) subject to any existing defense or offset against Tenant, or (z) bound by any previous modification of the sublease made without Landlord's prior written consent or by any prepayment of more than one month's Rent; and (v) it is ineffective until Landlord gives its written consent thereto.

(b) An assignment will be null and void unless it complies with the terms of this Lease and provides that: (i) the assignee assumes all of Tenant's obligations under this Lease and agrees to be bound by all of the terms of this Lease; and (ii) it is ineffective until Landlord gives its written consent thereto.

(c) The sublease or assignment otherwise must exactly match the proposed sublease or assignment initially submitted by Tenant. A sublease or assignment will not be effective until a fully executed counterpart is delivered to Landlord and Landlord delivers its written consent thereto.

(d) This Article is binding on and shall apply to any purchaser, mortgagee, pledgee, assignee, subtenant or other transferee or encumbrancer, at every level.

(e) Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee of Tenant claims that Landlord has unreasonably withheld or delayed its consent under this Article or otherwise has breached or acted unreasonably under this Article, their sole remedy shall be a declaratory judgment and an injunction for the relief sought without any monetary damages, and Tenant waives all other remedies on its own behalf and, to the extent permitted under all Laws, on behalf of Tenant's proposed Transferee.

18. Quiet Enjoyment. So long as Tenant pays all Rent and performs all of its other obligations as required hereunder, Tenant shall during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof,

and the terms of any Superior Leases and Mortgages (as defined in Article 19.1), and all other agreements or matters of record or to which this Lease is subordinate without interference by any persons lawfully claiming by or through Landlord. The foregoing covenants are in lieu of any other covenant express or implied.

19. Mortgagee Protection.

19.1 Subordination. Unless provided otherwise herein, this Lease is subject and subordinate to all present and future ground leases, lease-leaseback financing, underlying leases, mortgages, deeds of trust, or other encumbrances, renewals, modifications, consolidations, replacements, extensions thereof, or advances made thereunder, affecting all or any portion of the Premises, the Building, or the Land ("Superior Leases and Mortgages"). However, in confirmation of such subordination, Tenant shall execute, acknowledge and deliver any instrument that Landlord or the lessor, mortgagee or beneficiary under any of the Superior Leases and Mortgages may request, within ten (10) days after request. (Each of these lessors, mortgagees or beneficiaries is called a "**Landlord's Mortgagee.**") However, if Landlord, Landlord's Mortgagee or any other successor to Landlord elects in writing, this Lease shall be deemed superior to the Superior Leases and Mortgages specified, regardless of the date of recording, and Tenant will execute an agreement confirming this election on request. If Landlord's Mortgagee or its successor or any successor to Landlord succeeds to Landlord's interests under this Lease, whether voluntarily or involuntarily, Tenant shall attorn to such person and recognize such person as Landlord under this Lease. To the extent permitted under law, Tenant waives the provisions of any current or future statute, rule, or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

19.2 Mortgagee's Liability. The obligations and liabilities of each of Landlord or Landlord's Mortgagees, or their successors, under this Lease shall exist only if and for so long as each of these respective parties owns fee title to the Land and the Building or is the lessee under a ground lease therefore. No Monthly Rent or Additional Rent shall be paid more than thirty (30) days prior to the due date thereof and payments made in violation of this provision shall (except to the extent that such payments are actually received by a Landlord's Mortgagee) be a nullity as against Landlord's Mortgagees or their successors and Tenant shall be liable for the amount of such payments to Landlord's Mortgagees or their successors.

19.3 Mortgagee's Right to Cure. No act or omission by Landlord which would entitle Tenant under the terms of this Lease or any Laws to be relieved of Tenant's obligations hereunder, or to terminate this Lease, shall result in a release or termination of such obligations or this Lease unless: (a) Tenant first shall have given written notice of Landlord's act or omission to Landlord and all Landlord's Mortgagees whose names and addresses shall have been furnished to Tenant; and (b) Landlord's Mortgagees, after receipt of such notice, fail to correct or cure the act or omission within a reasonable time thereafter (but in no event less than sixty (60) days). However, nothing contained in this Section shall impose any obligation on Landlord's Mortgagees to correct or cure any act or omission.

20. Estoppel Certificates. Tenant shall from time to time, within ten (10) days after request by Landlord, execute and deliver to Landlord or any other person designated by Landlord an Estoppel certificate, in form satisfactory to Landlord, which certifies: (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, describes them); (b) the expiration date of the Lease Term and that there are no agreements with Landlord to extend or renew the Lease Term or to permit any holding over (or if there are any such agreements, describes them and specifies the periods of extension or renewal); (c) the date through which the Monthly Rent and Additional Rent have been paid; (d) that Landlord is not in default in the performance of any of its obligations under this Lease (or, if there are any such defaults, describes them); (e) that Tenant is not entitled to any credits, offsets, defenses or deductions against payment of the Rent hereunder (or, if they exist, describes them); and (f) such other information concerning this Lease or Tenant as Landlord or any other person designated by Landlord reasonably shall request. An Estoppel certificate issued by Tenant pursuant to this Article shall be a representation and warranty by Tenant which may be relied on by Landlord and by others with whom Landlord may be dealing, regardless of independent investigation. If Tenant fails to execute and deliver an Estoppel certificate as required hereunder, Landlord's representations concerning the factual matters covered by such Estoppel certificate, as described above, shall be conclusively presumed to be correct and binding on Tenant.

21. Default. The occurrence of any one or more of the following events shall be a default and breach under this Lease by Tenant:

- (a) The vacation or abandonment of all or any portion of the Premises by Tenant for ten (10) consecutive days.
- (b) The failure to accept tender of possession of the Premises or any significant portion thereof.
- (c) The failure by Tenant to make any payment of Rent or any other payment required to be made by Tenant hereunder for a period of Ten (10) days after such payment is due.
- (d) The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than those described in subparagraphs (b), (d), (e), (f), (g), (h) and (i) of this Article, where such failure shall continue for a period of fifteen (15) days after written notice thereof by Landlord to Tenant. However, if the nature of these defaults is such that more than fifteen (15) days are reasonably required to cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within the fifteen (15) day period and thereafter diligently completes the cure within sixty (60) days.
- (e) The making by Tenant or any guarantor of this Lease of any general assignment or general arrangement for the benefit of creditors; or the filing by or against Tenant or any guarantor of this Lease of a petition or order for relief under any Laws relating to bankruptcy or insolvency (unless, in the case of a petition filed against Tenant or any guarantor of this Lease, the petition is dismissed within sixty (60) days); or the appointment of a trustee, custodian or receiver to take possession of substantially all of Tenant's assets or the assets of any guarantor of this Lease or of Tenant's interest in this Lease where possession is not restored to Tenant within thirty (30) days; or the attachment,

execution or judicial seizure of substantially all of Tenant's assets or of Tenant's interest in this Lease, unless discharged within thirty (30) days.

(f) The service by Landlord of a three-day notice under California Code of Civil Procedure Section 1161 on three or more occasions if the previous service of the three-day notices did not result in the termination of this Lease.

(g) A sale, conveyance, mortgage, pledge, assignment, sublease or other transfer or encumbrance, or any attempt to do so, in violation of Article 17.

(h) Tenant's failure to deliver the Estoppel certificate within the time required under Article 20, or any written instrument required under Article 19 within the time required.

(i) A default under or the repudiation of any guaranty of Tenant's obligations under this Lease.

(j) Tenant's failure to maintain the insurance policies required hereunder.

(k) The death of Tenant or, if Tenant is comprised of more than one (1) individual, the death of any of the individuals comprising Tenant.

(l) Tenant's failure to observe or perform according to the provisions of Articles 9, 10.4, and 11 within five (5) business days after notice from Landlord.

Except for the defaults specified in subparagraphs (c) and (d), all other defaults are not curable by Tenant.

22. Remedies for Default.

22.1 **General.** In the event of any default or breach by Tenant, Landlord may at any time thereafter, with or without notice or demand:

(a) Terminate Tenant's right to possession of the Premises by any lawful means, including but not limited to terminating this Lease, barring the Tenant from reentering the Premises, and removing all persons and property therefrom, which property may be stored by Landlord at a warehouse or elsewhere at risk, expense, and for the account of Tenant. If Landlord elects to terminate this Lease, Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all Liabilities incurred by Landlord or Landlord's Affiliates by reason of Tenant's default, including but not limited to: (i) the worth at the time of the award of the unpaid Monthly Rent and Additional Rent which had been earned or was payable at the time of termination; (ii) the worth at the time of the award of the amount by which the unpaid Monthly Rent and Additional Rent which would have been earned or payable after termination until the time of the award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; (iii) the worth at the time of the award of the amount by which the unpaid Monthly Rent and Additional Rent which would have been paid for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; and (iv) any other amount necessary to compensate Landlord for all Liabilities proximately caused by Tenant's failure to perform its obligations under the Lease or which in the ordinary course of things would be likely to result therefrom, including,

but not limited to, any costs or expenses incurred by Landlord in maintaining or preserving the Premises, the Building and the Land after such default, the cost of recovering possession of the Premises, advertising expenses incurred, expenses of reletting, including necessary renovation or alteration of the Premises or any portion thereof, whether for the same or different use, and any special concessions made to obtain the new tenant, Landlord's attorneys' fees and costs incurred in connection therewith, and any real estate commissions paid or payable. As used in subparts (i) and (ii) above, the "worth at the time of the award" is computed by allowing interest on unpaid amounts at the rate of eighteen percent (18%) per annum, or such lesser amount as may then be the maximum lawful rate. As used in subparagraph (iii) above, the "worth at the time of the award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%). If Tenant abandons the Premises, Landlord shall have the option of (x) taking possession of the Premises and recovering from Tenant the amount specified in this subparagraph, or (y) proceeding under the provisions of subparagraph (b) below.

(b) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease and at law or in equity, including the right to recover the Rent and other sums and charges as they become due hereunder.

(c) Nothing in this Article 22 shall be deemed to affect Landlord's right to indemnification for liability or liabilities arising prior to the termination of this Lease for personal injuries or property damage under the indemnification clause or clauses contained in this Lease.

(d) All rights, powers and remedies of Landlord hereunder and under any other agreement now or hereafter in force between Landlord and Tenant shall be in addition to all rights, powers and remedies given to Landlord by law, and the exercise of one or more rights or remedies shall not impair Landlord's right to exercise any other right or remedy.

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

22.3 Performance by Landlord. If Tenant defaults under this Lease, Landlord, without waiving or curing the default, may, but shall not be obligated to, perform Tenant's obligations for the account and at the expense of Tenant. Notwithstanding Article 21(c), in the case of an emergency, Landlord need not give any notice prior to performing Tenant's obligations.

22.4 Post-Judgment Interest. The amount of any judgment obtained by Landlord against Tenant in any legal proceeding arising out of Tenant's default under this Lease shall bear interest until paid at the maximum rate allowed by law, or, if no maximum rate prevails, at the rate of twelve percent (12%) per annum. Notwithstanding anything to the contrary contained in any Laws, with respect to any damages that are certain or ascertainable by calculation, interest shall accrue from the day that the right to the damages vests in Landlord, and in the case of any unliquidated claim, interest shall accrue from the day the claim arose.

22.5 Tenant's Waiver. To the extent permitted under law, in the event of any default, breach or violation of Tenant's rights under this Lease by Landlord, Tenant's remedies shall be an action for actual damages. Tenant hereby waives the benefit of any law granting it the right to perform Landlord's obligation.

23. Holding Over. Tenant shall not hold over in the Premises after the expiration or sooner termination of the Lease Term without the express prior written consent of Landlord. Tenant shall indemnify Landlord and Landlord's Affiliates for, and hold Landlord and Landlord's Affiliates harmless from and against, any and all Liabilities arising out of or in connection with any delay by Tenant in surrendering and vacating the Premises, including, without limitation, any claims made by any succeeding tenant based on any delay and any Liabilities arising out of or in connection with these claims. If possession of the Premises is not surrendered to Landlord on the expiration or sooner termination of the Lease Term, in addition to any other rights and remedies of Landlord hereunder or at law or in equity, Tenant shall pay to Landlord for each month or portion thereof during which Tenant holds over in the Premises a sum equal to one hundred fifty percent (150%) of the then-current Monthly Rent in addition to all other Rent payable under this Lease. If any tenancy is created by Tenant's holding over in the Premises, the tenancy shall be on all of the terms and conditions of this Lease, except that Rent shall be increased as set forth herein and the tenancy shall be a month-to-month tenancy. Nothing in this Article 23 shall be deemed to permit Tenant to retain possession of the Premises after the expiration or sooner termination of the Lease Term.

24. Indemnification and Exculpation.

24.1 Indemnification. In addition to any other indemnities required of Tenant hereunder, Tenant shall indemnify Landlord and Landlord's Affiliates for, and hold Landlord and Landlord's Affiliates harmless from, any and all Liabilities arising from or in connection with Tenant's (including Tenant's Affiliate or any person claiming under or through them), performance and obligations hereunder, or its failure to comply with any current or prospective law, except for such loss or damage caused by the sole negligence or willful misconduct of Landlord, including but not limited to, (a) the use and occupancy of the Premises by Tenant or Tenant's Affiliates; (b) the conduct of Tenant's business; (c) any breach or default by Tenant under this Lease; (d) claims by any assignee, subtenant, broker or other person if Landlord declines to consent to any assignment, sublease or other transfer or encumbrance or terminates this Lease pursuant to Article 17; and (e) any other acts or omissions of Tenant or Tenant's Affiliates or persons claiming through or under them. This indemnification obligation shall survive this Agreement and shall not be limited by any term of any insurance policy required under this Agreement.

24.2 Damage to Persons or Property. Tenant assumes the risk of all Liabilities it may incur, including, but not limited to, damage or injury to persons, property and the conduct of Tenant's business (and any loss of revenue therefrom), the loss of use or occupancy of the Premises, and the items enumerated below in this Section, and waives all claims against Landlord and Landlord's Affiliates in connection therewith. Landlord and Landlord's Affiliates shall not be liable for any Liabilities incurred by Tenant or Tenant's Affiliates (including, but not limited to, the Liabilities described above in this Section) arising from or in connection with: (a) acts or

omissions of any tenant of the Building or any other persons (including, but not limited to, any parking garage operators or their employees); (b) explosion, fire, steam, electricity, water, gas or rain, pollution or contamination; (c) the breakage, leakage, obstruction or other defects of plumbing, HVAC, electrical, sanitary, safety, elevator or other utilities and systems of the Building or the failure to furnish any of the foregoing; (d) any work, maintenance, repair, rebuilding or improvement performed by or at the request of Landlord or Landlord's Affiliates for the Premises, the Building or the Land; (e) any entry by Landlord or Landlord's Affiliates on the Premises; (f) any defects in the Premises, the Building, the Land or any portions thereof; (g) any interference with light or other incorporeal hereditaments; and (h) any other acts, omissions or causes. Nothing in this Section exempts Landlord for liability caused solely by its gross negligence or willful misconduct, but Landlord shall not be liable under any circumstances for consequential or punitive damages (including, but not limited to, damage or injury to persons, property and the conduct of Tenant's business [and any loss of revenue therefrom]). Tenant immediately shall notify Landlord of any defects in the Premises or the Building or any portion thereof and of any damage or injury thereto or to persons or property in or about the Premises or the Building.

24.3 Satisfaction of Remedies. Landlord and Landlord's Affiliates shall not be personally liable for the performance of Landlord's obligations under this Lease. If Tenant or Tenant's Affiliates acquire any rights or remedies against Landlord or Landlord's Affiliates (including, but not limited to, the right to satisfy a judgment), these rights and remedies shall be satisfied solely from Landlord's estate and interest in the Land and the Building (or the proceeds therefrom) and not from any other property or assets of Landlord or Landlord's Affiliates. This Section shall be enforceable by Landlord and Landlord's Affiliates.

25. Rules and Regulations. Tenant shall faithfully observe and comply with the rules and regulations that Landlord shall from time to time promulgate. Landlord reserves the right from time to time in its sole discretion to make all reasonable additions and modifications to the rules and regulations. Any additions and modifications to the rules and regulations shall be binding on Tenant when delivered to Tenant. Landlord shall not incur any Liabilities to Tenant or Tenant's Affiliates arising from or in connection with the nonperformance of any rules and regulations by any other tenants or occupants of the Building. Landlord's current rules and regulations are attached hereto as Exhibit "C."

26. Taxes.

26.1 Tenant shall be solely responsible for payment of any and all "Real Property Taxes" levied or assessed against the Premises or Tenant's interest under this Lease, including without limitation Tenant's Share of any taxes levied against the common areas, Land or Building. "Real Property Taxes" include, but are not limited to: any fees, including license fee, license tax, business license fee, commercial rental tax, levy, charge, assessment, penalty or tax imposed by any taxing authority against the Premises, Land or the Building; any property taxes and assessments levied on Tenant's possessory interest in the Premises, Land or Building; any tax on Landlord's right to receive, or the receipt of, rent or income from the Premises, Land or Building; any tax or charge for fire protection, streets, sidewalks, road maintenance, refuse or other services provided to the Premises, Land or the Building; any tax imposed on this transaction or based on a reassessment of the Premises, Land or the Building due to a change in ownership or transfer of all or part of

Landlord's interest in this Lease, the Premises, Land or the Building; and any charge or fee replacing any tax previously included within this definition. Real Property Taxes do not include Landlord's federal or state net income, franchise, inheritance, gift, or estate taxes.

26.2 In accordance with California Revenue and Taxation Code Section 107.6(a), Landlord hereby informs Tenant that by entering into this Lease a possessory interest in Tenant subject to property taxes may be created, and if so, Tenant or other party in whom the possessory interest is vested may be subject to the payment of property taxes levied on such interest. Tenant shall be solely responsible for payment of any possessory interest tax levied or assessed against the Premises, improvements on the Premises, this Lease, or Tenant's Share of the Land or Building. If at any time Tenant is not separately assessed for its possessory interest and/or improvements on the Premises, Tenant shall, as Additional Rent pay to Landlord that portion of any assessment levied against or upon the Premises, the improvements on the Premises, the Building or Landlord's interest therein that represents the value of the Tenant's leasehold interest and value of the improvements of the Premises that would have been assessed and levied upon the Premises had it been assessed as such possessory interest in the Premises.

26.3 The amount of any tax or excise payable by or assessed against Tenant or the Premises, including without limitation, Real Property Taxes shall be paid by Tenant before it becomes delinquent. Tenant shall pay, or cause to be paid, before delinquency, any and all other taxes levied or assessed against Tenant's Property, Tenant's possessory interest in the Premises, Land and Building, and any leasehold improvements in the Premises which were made for Tenant or at its request. If any or all of Tenant's Property or any of these leasehold improvements are assessed and taxed with the Building, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes.

27. **Brokers.** Landlord and Tenant represent and warrant to each other that they have had no dealings with any broker, finder, or similar person who is or might be entitled to a commission or other fee in connection with introducing Tenant to the Building or in connection with this Lease, except for Landlord's Broker and Tenant's Broker as may be named in Article 2. Landlord shall pay the commission due to Landlord's Broker and Tenant's Broker pursuant to a separate agreement between Landlord and such Brokers. Landlord and Tenant shall indemnify each other for, and hold the other harmless from and against, any and all claims that the indemnified party may have as a result of a breach of the foregoing representation.

28. **Parking.** Tenant acknowledges that no parking is provided to Tenant pursuant to this Lease. Tenant may, on a space available basis, purchase parking spaces from the City per the terms of this lease agreement. Parking rates shall be determined by Landlord at its sole discretion. Landlord at all times shall have the right to designate the particular parking area and spaces, if any, to be used by any or all of such Tenant's employees, suppliers, customers, visitors, or the like, and any such designation may be changed from time to time. Attached hereto as Exhibit "D" is a copy of the City's Parking Fee Schedule, which schedule shall be subject to change from time to time by City and/or its parking facility operator.

29. Authority to Enter into Lease. If Tenant is a corporation, each individual executing this Lease on behalf of the corporation represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of the corporation, in accordance with a duly adopted resolution of the board of directors of said corporation or in accordance with the by-laws of said corporation, and that this Lease is binding on the corporation in accordance with its terms. If Tenant is a partnership, each individual executing this Lease on behalf of the partnership represents and warrants that he is duly authorized to execute and deliver this lease on behalf of the partnership, in accordance with the partnership agreement and any statements of partnership or certificates of limited partnership of the partnership, and that this Lease is binding on the partnership in accordance with its terms. Tenant shall, within thirty (30) days of the execution of this Lease, deliver to Landlord: (a) if Tenant is a corporation, a certified copy of a resolution of the board of directors of the corporation; or (b) if Tenant is a partnership, a copy of the Statement of Partnership or Certificate of Limited Partnership of Tenant; and (c) other evidence reasonably satisfactory to Landlord authorizing or ratifying the execution of this Lease.

30. Relocation. Notwithstanding any contrary provision of this Lease, if due to excessive noise, Landlord requires the Tenant to relocate within the property or for other reasons related to Landlord's occupancy plans for the Building, then at any time during the Lease Term Landlord shall have the right, upon providing Tenant prior written notice (the "Relocation Notice"), to provide and furnish Tenant with space elsewhere in the Building or another building in the Redondo Beach Pier Plaza project comparable to the Premises and to move and place Tenant in such new space, at Landlord's sole cost and expense. Such space shall be approximately the same size as the existing Premises and shall be improved by Landlord prior to Tenant's relocation with leasehold improvements comparable to those in the existing Premises. However, if the new space does not meet with Tenant's approval, Tenant may cancel this Lease upon written notice to Landlord, which notice must be received by Landlord within ten (10) days after delivery to Tenant of the Relocation Notice, and this Lease shall terminate sixty (60) days thereafter (as if such date were the date originally provided herein for the expiration of the Lease Term) and neither party shall have any further rights or obligations hereunder. Tenant's failure to timely deliver notice to Landlord of Tenant's election to cancel this Lease shall be deemed an acceptance by Tenant of the new space set forth in the Relocation Notice, and Tenant shall vacate the Premises in accordance with said notice and/or the terms of any subsequent notice from Landlord to Tenant. Landlord shall reimburse Tenant, within thirty (30) days after Landlord's receipt of invoices and paid receipts, for the reasonable moving, telephone installation and stationery reprinting costs actually paid for by Tenant in connection with such relocation. If Landlord moves Tenant to such new space, then this Lease and each and all of the terms, covenants and conditions hereof shall remain in full force and effect and be deemed applicable to such new space except that revised Exhibit "A" showing the location of the new space shall become a part of this Lease and Landlord and Tenant shall promptly thereafter execute an amendment to this Lease containing such revised Exhibit "A" and with the Basic Terms of this Lease, as contained in Article 2, amended, if necessary, to include and state all correct data as to the new space. Notwithstanding the foregoing provisions of this Article to the contrary, if the new space contains more floor area than the original Premises, Tenant shall not be obligated to pay any more Monthly Rent or Operating Expenses than otherwise applicable to the original Premises. Landlord and Tenant agree to cooperate fully in order to minimize the inconvenience of Tenant resulting from such relocation.

Tenant understands and agrees that Tenant is not eligible to be a “displaced person” under the California Relocation Act, which provides that a “displaced person” shall not include any person whose right of possession at the time of moving arose after the date of the public entity’s acquisition of the real property. Tenant understands that Tenant is a “post-acquisition tenant” pursuant to the Relocation Assistance and Real Property Acquisition Guidelines of the California Department of Housing and Community Development, 25 Cal. Code Regs. §6000, et seq. Tenant understands that pursuant to Section 6034(b) of the California Code of Regulations, Tenant shall not be entitled to any relocation benefits or assistance if Tenant is temporarily or permanently displaced from the Premises, other than the payment which is required in the following paragraph, whether the displacement is a result of the expiration of the Term, Landlord’s termination of the Lease pursuant to this Section, Landlord’s pursuit of an unlawful detainer proceeding against Tenant, or for any other reason. Tenant hereby knowingly and voluntarily waives any rights Tenant may have to claim or receive any relocation assistance or benefits under state or federal law, and agrees not to file any claim or take any other action to receive such assistance or benefits.

It is strictly understood, and Tenant hereby agrees, that the Landlord reserves the unilateral right at any time, in Landlord’s sole and absolute discretion, to relocate Tenant or terminate this Lease immediately if it is the opinion of the City that the parking structure is unsafe for the Tenant or the public; or upon Ninety calendar days written notice if the City intends to replace or improve the parking structure to an extent that relocation of Tenant is necessary.

31. General Provisions

31.1 Joint Obligation. If Tenant consists of more than one person or entity, the obligations of such persons or entities as Tenant shall be joint and several.

31.2 Marginal Headings. The titles to the Articles and Sections of this Lease are not a part of this Lease and shall have no effect on the construction or interpretation.

31.3 Time. Time is of the essence for the performance of each and every provision of this Lease.

31.4 Successors and Assigns. Subject to the restrictions contained in Article 17 above, this Lease binds the heirs, executors, administrators, successors and assigns of the parties hereto.

31.5 Recordation. The parties agree to record this Lease or a short form memorandum hereof pursuant to California Government Code Section 37393.

31.6 Late Charges. Tenant acknowledges that late payment of Rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. These costs include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord by the terms of any Superior Leases and Mortgages. Accordingly, if any installment of Monthly Rent or payment of Additional Rent due from Tenant is not received by Landlord or Landlord's designee within ten (10) days after the amount is due, Tenant shall pay to Landlord a late charge equal to six percent (6%) of the overdue amount. Acceptance of late charges by Landlord shall not constitute a waiver of Tenant's default

with respect to the overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder or at law or in equity.

31.7 Prior Agreements; Amendment, Waiver. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. All waivers hereunder must be in writing and specify the breach, act, omission, term, covenant or condition waived, and acceptance of Rent or other acts or omissions by Landlord shall not be deemed to be a waiver. The waiver by Landlord of any breach, act, omission, term, covenant or condition of this Lease shall not be deemed to be a waiver of any other or subsequent breach, act, omission, term, covenant or condition.

31.8 Inability to Perform. Landlord shall not be in default hereunder nor shall Landlord be liable to Tenant or Tenant's Affiliates for any Liabilities if Landlord is unable to fulfill any of its obligations, or is delayed in doing so, if the inability or delay is caused by reason of accidents, breakage, strike, labor troubles, acts of God, or any other cause, whether similar or dissimilar, which is beyond the reasonable control of Landlord.

31.9 Legal Proceedings. In any action or proceeding involving or relating in any way to this Lease, the court or other person or entity having jurisdiction in such action or proceeding shall award to the party in whose favor judgment is entered the reasonable attorneys' fees and costs incurred. The party in whose favor judgment is entered may, at its election submit proof of fees and costs as an element of damages before entry of judgment or after entry of judgment in a post-judgment cost bill. Tenant also shall indemnify Landlord for, and hold Landlord harmless from and against, all Liabilities incurred by Landlord if Landlord becomes or is made a party to any proceeding or action: (a) instituted by Tenant (except to the extent resulting from Landlord's breach or material default hereunder), or by any third party against Tenant, or by or against any person holding any interest under or using the Premises by license of or agreement with Tenant; (b) otherwise arising out of or resulting from any act or omission of Tenant or such other person; or (c) necessary to protect Landlord's interest under this Lease in a bankruptcy proceeding, or other proceeding under Title 11 of the United States Code, as amended. In any circumstance where Tenant is obligated to indemnify or hold harmless Landlord or Landlord's Affiliates under this Lease, Tenant also shall defend Landlord and Landlord's Affiliates with counsel acceptable to Landlord or, at Landlord's election, Landlord or Landlord's Affiliates may employ their own counsel and Tenant shall pay when due all attorneys' fees and costs therefore.

31.10 Conveyance of Premises. As used herein the term "**Landlord**" means only the current owner or owners of the fee title to the Building or the lessee under a ground lease of the Land. Upon each conveyance (whether voluntary or involuntary) of the Building, the conveying party shall be relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease or arising out of any act, occurrence or omission occurring after the date of such conveyance. Landlord may sell, assign, convey, encumber or otherwise transfer all or any portion of its interests in this Lease, the Premises, the Building or the Land.

31.11 Name. Tenant shall not use the name of the Building or of the development in which the Building is situated, if any, for any purpose other than as an address of the business to be conducted by Tenant in the Premises.

31.12 Severability. Any provision of this Lease which shall be held invalid, void or illegal shall in no way affect, impair or invalidate any of the other provisions hereof and such other provisions shall remain in full force and effect.

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

31.14 Choice of Law. This Lease shall be governed by the laws of the State of California applicable to transactions to be performed wholly therein.

31.15 Signs. Tenant shall not place any sign on the Premises or the Building or which is visible from anywhere outside of the Premises, without Landlord's prior written consent. Landlord shall, at Landlord's cost, install one exterior sign identifying Tenant's business in the Premises above the door of the Premises (which sign shall be subject to the Rules and Regulations for the Building and Landlord's sign criteria). In addition, Tenant shall have the right to use up to two (2) lines in the Building directory to identify Tenant's business. Upon the expiration or earlier termination of this Lease, Tenant shall, at Tenant's sole cost and expense, remove all of Tenant's signage and repair any damage to the Building caused by such removal.

31.16 Landlord's Consent. Whenever Landlord's consent or approval is required hereunder, Landlord shall not unreasonably delay the granting or withholding of its consent or approval. Except where it is expressly provided that Landlord will not unreasonably withhold its consent or approval, Landlord may withhold its consent or approval arbitrarily and in its sole and absolute discretion.

31.17 Presumptions. This Lease shall be construed without regard to any presumption or other rule requiring construction against the party drafting the document. It shall be construed neither for nor against Landlord or Tenant, but shall be given reasonable interpretation in accordance with the plain meaning of its terms and the intent of the parties.

31.18 Exhibits. All exhibits and any riders annexed to this Lease including, without limitation, Exhibits "A", "B", "C", "D", "E", "F", and "G," as applicable, are incorporated herein by this reference.

31.19 Submission of Lease. The submission of this Lease to Tenant or its broker, agent or attorney for review or signature does not constitute an offer to Tenant to lease the Premises or grant an option to lease the Premises. This document shall not be binding unless and until it is executed and delivered by both Landlord and Tenant.

31.20 Meaning of Terms. Whenever required by the context of this Lease, the singular shall include the plural and the plural shall include the singular, and the masculine, feminine and

neuter genders shall each include the others, and the word "person" shall include corporations, partnerships or other entities.

31.21 Notices. All notices, demands or communications required or permitted under this Lease (the "**Notices**") shall be in writing and shall be personally delivered, sent by overnight courier, or sent by certified mail, return receipt requested, postage prepaid. Notices to Tenant shall be delivered to the address set forth in Article 2. Notices to Landlord shall be delivered to the address set forth in Article 2, or such other address as Landlord may specify in writing to Tenant. Notices shall be effective upon receipt.

31.22 Lease Guaranty. This Lease is subject to and conditioned upon Tenant's delivery to Landlord, concurrently with Tenant's execution and delivery of this Lease, of a Lease Guaranty in the form of and upon the terms contained in Exhibit "E" attached hereto and incorporated herein by this reference, which shall be fully executed by the Guarantor(s) specified in Article 2 and Exhibit "E".

32. ADA and CASp Disclosure Information.

32.1 CASp Disclosure. It is acknowledged that California law requires building owners to disclose to prospective tenants any inspection reports obtained from a certified access specialist ("CASp") regarding compliance of the subject property with the applicable construction-related accessibility standards under state law prior to the execution of a lease agreement (see California Civil Code Section 1938, "CASp Disclosure Requirements"). The Premises [*check applicable disclosure*]

_____ have not undergone an inspection by a CASp.

_____ have undergone an inspection by a CASp and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

_____ have undergone an inspection by a CASp and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

32.2 Inspection Information. If an inspection was performed by a CASp and a report provided, Tenant hereby acknowledges receipt of the documents required to be delivered by Landlord in order to comply with the CASp Disclosure Requirements applicable to the Premises (the "CASp Information"). Tenant acknowledges and agrees that the CASp Information is provided for the sole purpose of complying with the CASp Disclosure Requirements and shall not be deemed or construed as a representation or warranty under this Lease and may not be relied upon as a representation of current or future compliance with the applicable construction-related accessibility standards under state law. Tenant further covenants and agrees to keep the CASp Information strictly confidential and shall not disclose anything contained therein to any other parties, except (i) as necessary for Tenant to complete repairs and corrections of any violations of construction-related accessibility standards, and (ii) with the express written consent of Landlord

32.3 No Inspection and Statutory Notice. If no CASp inspection was done, or no disability access inspection certificate issued as described in Civil Code Section 55.53(e), or

modifications/alterations have been performed since the date of the CASp Information, then Landlord hereby advises Tenant that the existing Premises have not undergone a CASp inspection, and except to the extent expressly set forth in this Lease, Landlord shall have no liability or responsibility to make any repairs or modifications to the Premises in order to comply with accessibility standards. The following disclosure is hereby made pursuant to applicable California law:

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

Tenant agrees that any CASp inspection shall be conducted in compliance with reasonable rules in effect at the Building with regard to such inspections and shall be subject to Landlord's prior written consent.

32.4 ADA Compliance. Landlord makes no warranty or representation as to whether or not the Premises comply with the Americans with Disabilities Act (ADA) or any similar legislation because compliance with the ADA is dependent upon Tenant's specific use of the Premises. In the event that Tenant's use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Tenant agrees to make any such necessary modifications and/or additions at Tenant's sole expense subject to all approval and other requirements for improvements, including without limitation, Alterations, as set forth in this Lease.

33. Acknowledgement, Release and Waiver

TENANT HEREBY ACKNOWLEDGES that the subject Premises located at 121 W. Torrance Blvd., Suite 201 Redondo Beach, California 90277 is subject to pending lawsuits (“Pending Lawsuits”) filed against the City that may invalidate or modify this Lease without advance notice. If the lease is invalidated or modified as the result of the Pending Lawsuits, Tenant shall not be entitled to seek damages, equitable relief, or any other type of relief from the City. Notwithstanding the above, Tenant agrees to enter into this Lease.

TENANT HEREBY RELEASES, WAIVES, DISCHARGES AND CONVENANTS NOT TO SUE the City of Redondo Beach, its officials, employees and agents with regard to any and all liability or potential liability to Tenant, its owners, directors, officers, employees, agents, assigns, heirs, and next of kin for any loss or damage, and any claims or demands of any kind resulting from the Pending Lawsuits or any impact or potential impact the lawsuits may have on Tenant or this Lease.

TENANT FURTHER EXPRESSLY AGREES THAT THE FOREGOING ACKNOWLEDGEMENT, RELEASE and WAIVER is intended to be as broad and inclusive as is permitted by the law of the State of California and that if any portion thereof is held invalid, it is agreed that the remaining terms shall, notwithstanding, continue in full legal force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Lease in Redondo Beach, California, as of this 6th day of April, 2021.

LANDLORD

TENANT

CITY OF REDONDO BEACH

ESPERANZA DEESE

William C. Brand
Mayor

By: _____
Name: _____
Title: _____

ATTEST:

APPROVED:

Eleanor Manzano
City Clerk

Diane Strickfaden, Risk Manager

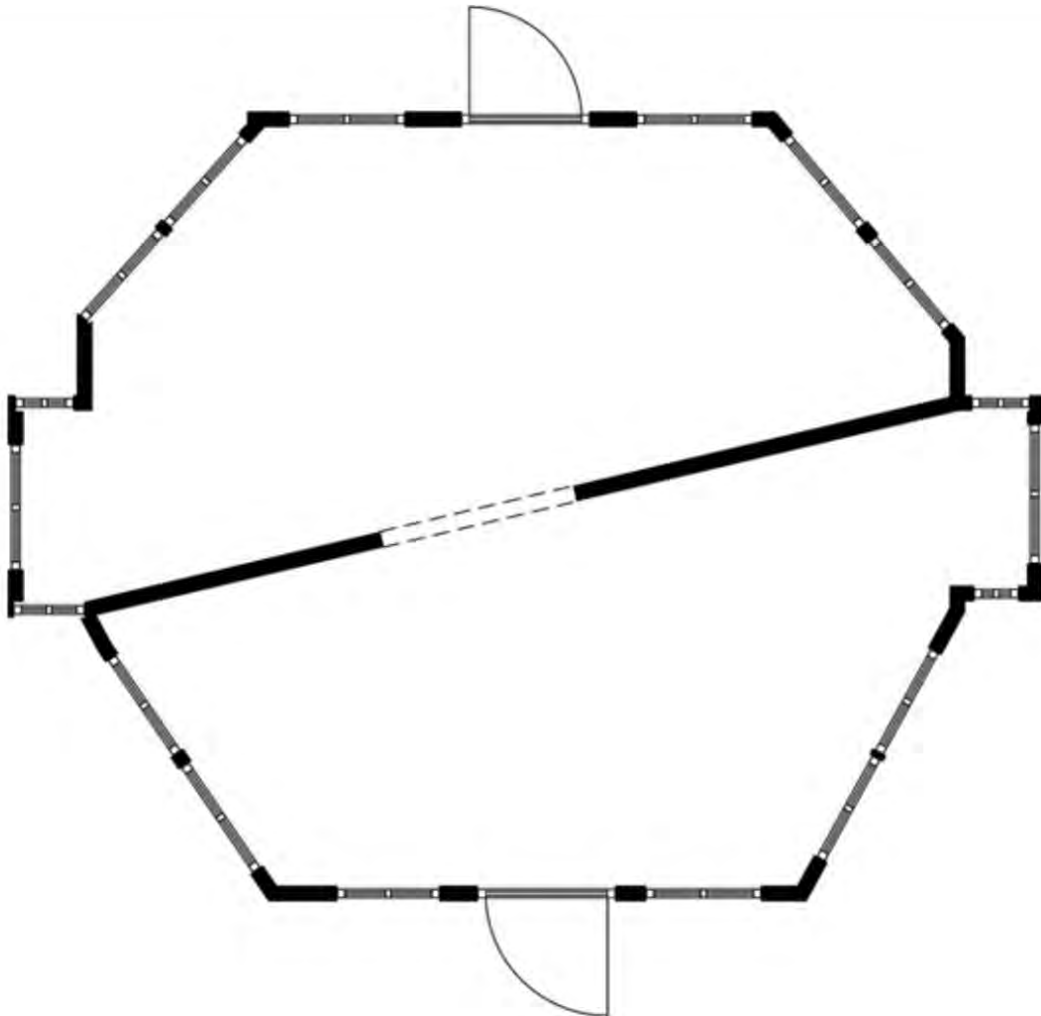
APPROVED AS TO FORM:

Michael W. Webb
City Attorney

EXHIBIT "A"
LEGAL DESCRIPTION/PREMISES FLOOR PLAN

Floor Plan

113 W. Torrance Blvd.
Redondo Beach, CA 90277



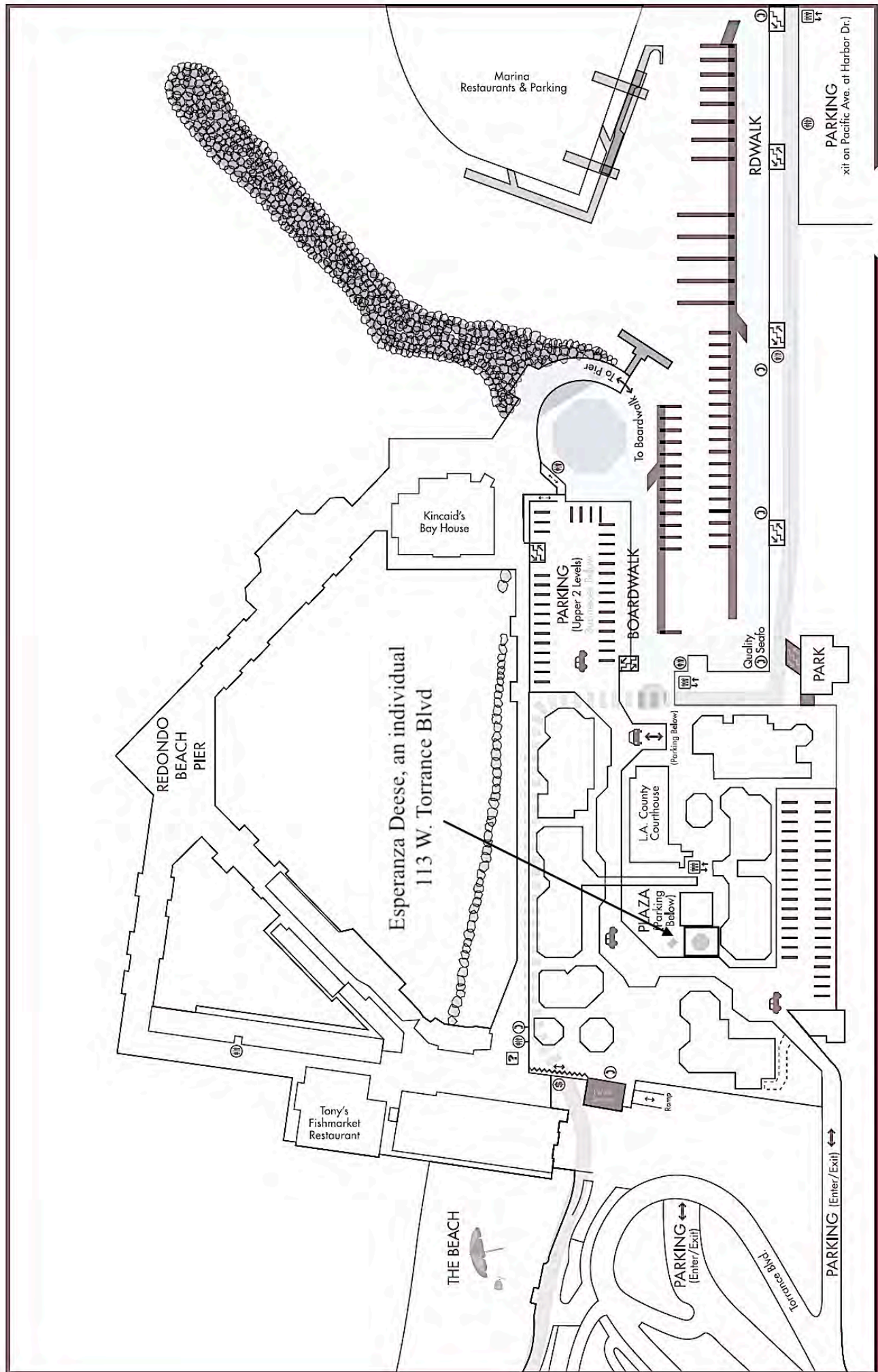


EXHIBIT "B"

LEASE CONFIRMATION

TO: **Tenant**

DATED: April 6, 2021

Re: Office Lease (the "Lease") dated **April 6, 2021** by and between **CITY OF REDONDO BEACH**, a Chartered Municipal Corporation as Landlord, and **ESPERANZA DEESE, an individual** ("Tenant") as Tenant, for those premises generally referred to as **113 W. Torrance Blvd., Redondo Beach, California 90277** consisting of approximately **446** rentable square feet.

Please acknowledge that the Commencement Date of the Lease is April 6, 2021 and that the Expiration Date of the Lease is April 5, 2026, subject to Landlord's early termination right.

Very truly yours,

Agent for "Landlord"

Tenant hereby confirms the information set forth above, and further acknowledges that Landlord has fulfilled its obligations under the above-referenced Lease.

By:
Name:
Title:

EXHIBIT "C"

RULES AND REGULATIONS

1. The sidewalks, halls, passages, exits, entrances, elevators, escalators and stairways of the Building shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress to and egress from their respective premises. The halls, passages, exits, entrances, elevators, escalators and stairways are not for the general public and Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no agent, employee, contractor, invitee or licensee of any tenant shall go upon the roof of the Building. Landlord shall have the right at any time, without the same constituting an actual or constructive eviction and without incurring any liability to any tenant therefore, to change the arrangement or location of entrances or passageways, doors or doorways, corridors, elevators, stairs, toilets and other common areas of the Building.
2. No sign, placard, picture, name, advertisement or notice visible from the exterior of any tenant's premises shall be inscribed, painted, affixed or otherwise displayed by any tenant on any part of the Building without the prior written consent of Landlord except that Tenant shall have the right, at its sole cost, to place its name on the door of the Premises. Landlord will adopt and furnish to tenant's general guidelines relating to signs inside the Building. Tenants shall conform to such guidelines. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of any such tenant by a person approved by Landlord. Material visible from outside the Building will not be permitted.
3. The premises shall not be used for lodging. No cooking shall be done or permitted on the premises except that private use by any tenant of Underwriters' Laboratory approved equipment for brewing coffee, tea, hot chocolate and similar beverages, for preparation of meals by employees of any such tenant in a manner customary for an employee lounge or lunchroom, and for catering to serve food in connection with meetings or receptions will be permitted, provided that such use is in accordance with all applicable federal, state and municipal laws, codes, ordinances, rules and regulations.
4. No tenant shall employ any person or persons other than the janitor of Landlord for the purpose of cleaning its premises unless otherwise agreed to by Landlord in writing. Except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be permitted to enter the Building for the purpose of cleaning the same. No tenant shall cause any unnecessary labor by reason of such tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to any tenant for any loss of property on the premises, however occurring, or for any damage done to the effects of any tenant by the janitor or any other employee or any other person. Tenant shall pay to Landlord the cost of removal of any of tenant's refuse and rubbish, to the extent that the same exceeds the refuse and rubbish usually attendant upon the use of tenant's premises as offices. Janitor service will not be furnished

on nights when rooms are occupied after 9:00 P.M. unless, by agreement in writing, service is extended to a later hour for specifically designated rooms.

5. Landlord will furnish each tenant without charge with two (2) keys to each door lock provided in the premises by Landlord. Landlord may make a reasonable charge for any additional keys. No tenant shall have any such keys copied or any keys made. No tenant shall alter any lock or install a new or additional lock or any bolt on any door of its premises. Each tenant, upon the termination of its lease, shall deliver to Landlord all keys to doors in the Building.

6. Landlord shall designate appropriate entrances and a freight elevator for deliveries or other movement to or from the premises of equipment, materials, supplies, furniture or other property, and tenants shall not use any other entrances or elevators for such purposes. The freight elevator shall be available for use by all tenants in the Building subject to such reasonable scheduling as Landlord in its discretion shall deem appropriate. All persons employed and means or methods used to move equipment, materials, supplies, furniture or other property in or out of the Building must be approved by Landlord prior to any such movement. Landlord shall have the right to prescribe the maximum weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on a platform of such thickness as is necessary properly to distribute the weight. Landlord will not be responsible for loss of or damage to any such property from any cause, and all damage done to the Building by moving or maintaining such property shall be repaired at the expense of tenants.

7. No tenant shall use or keep in the premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material other than limited quantities thereof reasonably necessary for the operation or maintenance of office equipment. No tenant shall use any method of heating or air conditioning other than that supplied by Landlord. No tenant shall use or keep or permit to be used or kept any foul or noxious gas or substance in the premises, or permit or suffer the premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations, or interfere in any way with other tenants or those having business in the Building, nor shall any animals or birds be brought or kept in the premises or the Building. All materials stored in the Premises by Tenant shall be stored in compliance with all applicable laws and shall not exceed the maximum floor load for the Premises as reasonably determined by Landlord.

8. Landlord shall have the right, exercisable without notice and without liability to any tenant, to change the name or street address of the Building.

9. Except as expressly set forth in the Lease, Landlord establishes the hours of 8 A.M. to 6 P.M. Monday through Friday, and Saturday 9:00 A.M. to 1:00 P.M., except legal holidays, as reasonable and usual business hours. If during any other hours or any other days, tenant desires to have any services or utilities supplied to tenant, and if Landlord is able to provide the same, tenant shall pay Landlord such charge as Landlord shall establish from time to time for providing such services or utilities during such hours. Any such charges which such tenant is obligated to pay shall be deemed to be Additional Rent under such tenant's lease.

10. The Building's air conditioning system achieves maximum cooling when the drapes and windows are closed. Landlord shall not be responsible for the room temperature if tenant does not keep all drapes and windows in the premises closed whenever the system is in operation. Tenant agrees to cooperate fully at all times with Landlord and to abide by all regulations and requirements which Landlord may prescribe for the proper functioning and protection of said air conditioning system. Tenant agrees not to connect any apparatus device, conduit or pipe to the Building chilled and hot water conditioning supply lines. Tenant further agrees that neither tenant nor its servants, employees, agents, visitors, licensees or contractors shall at any time enter mechanical installations or facilities of the Building or adjust, tamper with, touch or otherwise in any manner affect said installations or facilities.

11. Electric current is furnished as required by the Building standard office lighting and fractional horsepower office business machines in the amount of approximately four (4) watts per square foot. The tenant agrees, should its electrical installation or electrical consumption be in excess of the aforesaid quantity or extend beyond normal business hours, to reimburse Landlord monthly for the measured consumption under the terms, classifications and rates charged to similar consumers by said public utilities serving in the neighborhood in which the Building is located. If a separate meter is not installed at tenant's cost, such excess cost will be established by an estimate agreed upon by Landlord and tenant, and if the parties fail to agree, as established by an independent licensed engineer. Tenant agrees not to use any apparatus or device in, or upon, or about the premises which will in any way increase the amount of such services usually furnished or supplied to said premises, and tenant further agrees not to connect any apparatus or device or wires, conduits or pipes, or other means by which such services are supplied, for the purpose of using additional or unusual amounts of such services without written consent of Landlord. Should tenant use the same to excess, the refusal on the part of tenant to pay, upon demand of Landlord, the amount established by Landlord for such excess charge shall constitute a breach of the obligation to pay Rent current under tenant's lease and shall entitle Landlord to the rights therein granted for such breach. At all times tenant's use of electric current shall never exceed the capacity of the feeders to the Building or the risers or wiring installation.

12. Water will be available in public areas for drinking and lavatory purposes only, but if tenant requests, uses or consumes water for any purpose in addition to ordinary drinking and lavatory purposes, of which fact tenant constitutes Landlord to be the sole judge, Landlord may install a water meter and thereby measure tenant's water consumption for all purposes. Tenant shall pay Landlord for the cost of the meter and the cost of the installation thereof and throughout the duration of tenant's occupancy, tenant shall keep said meter installation equipment in good working order and repair at tenant's own cost and expense, in default of which Landlord may cause such meter and equipment to be replaced or repaired and collect the cost thereof from tenant. Tenant agrees to pay for water consumed, as shown on said meter, as and when bills are rendered, and on default in making such payment, Landlord may pay such charges and collect the same from tenant. Any such costs or expenses incurred, or payments made by Landlord for any of the reasons or purposes hereinabove stated shall be deemed to be Additional Rent, payable by tenant, and collectible by Landlord as such.

13. Landlord reserves the right to stop service of the elevator, plumbing, ventilating, air conditioning and electric systems, when necessary, by reason of accident or emergency or for

repairs, alterations or improvements, in the judgment of Landlord desirable or necessary to be made, until said repairs, alterations or improvements shall have been completed, and shall further have no responsibility or liability for failure to support elevator facilities, plumbing, ventilating, air conditioning or electric service, when prevented from doing so by strike or accident or by any cause beyond Landlord's reasonable control or by laws, rules, orders, ordinances, directions, regulations or requirements of any federal, state, county or municipal authority or failure of gas, oil or other suitable fuel supplied or inability by exercise of reasonable diligence to obtain gas, oil or other suitable fuel. It is expressly understood and agreed that any covenants on Landlord's part to furnish any service pursuant to any of the terms, covenants, conditions, provisions or agreements of tenant's lease or to perform any act or thing for the benefit of tenant, shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of a strike or labor trouble or any other cause whatsoever beyond Landlord's control.

14. Landlord reserves the right to exclude from the Building between the hours of 6 P.M. and 8 A.M. Monday through Friday and at all hours on Saturdays, Sundays and legal holidays all persons who do not present identification acceptable to Landlord. Each tenant shall provide Landlord with a list of all persons authorized by such tenant to enter its premises and shall be liable to Landlord for all acts of such persons. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In the case of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in Landlord's opinion, Landlord reserves the right to prevent access to the Building during the continuance of the same by such action as Landlord may deem appropriate, including closing doors.

15. The directory of the Building will be provided for the display of the name and location of tenants and the principal officers and employees of tenants (not to exceed two (2) names per one thousand (1,000) rentable feet in the Premises) at the expense of such tenant. Periodic revisions and updating shall be provided by Landlord without charge.

16. No curtains, draperies, blinds, shutters, shades, screens or other coverings, hangings or decorations shall be attached to, hung or placed in, or used in connection with any window of the Building without the prior written consent of Landlord. In any event, with the prior written consent of Landlord, such items shall be installed on the office side of Landlord's standard window covering and shall in no way be visible from the exterior of the Building. Tenants shall keep window coverings closed when the effect of sunlight (or the lack thereof) would impose unnecessary loads on the Building's heating or air conditioning system.

17. No tenant shall obtain for use in the premises ice, drinking water, food, beverage, towel or other similar services, except at such reasonable hours and under such reasonable regulations as may be established by Landlord.

18. Each tenant shall ensure that the doors of its premises are closed and locked and that all water faucets, water apparatus and utilities are shut off before such tenant or such tenant's employees leave the premises so as to prevent waste or damage, and for any default or carelessness in this regard, such tenant shall compensate for all injuries sustained by other tenants or occupants

of the Building or Landlord. On multiple-tenancy floors, all tenants shall keep the doors to the Building corridors closed at all times except for ingress and egress.

19. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, no foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be paid by the tenant who, or whose agent, employee, contractor, invitee or licensee, caused it.

20. Except with the prior written consent of Landlord, no tenant shall sell at retail newspapers, magazines, periodicals, theater or travel tickets or any other goods or merchandise to the general public in or on the premises, nor shall any tenant carry on or permit or allow any employee or other person to carry on the business of stenography, typewriting, printing or photocopying or any similar business in or from the premises for the service or accommodation of occupants of any other portion of the Building, nor shall the premises of any tenant be used for manufacturing of any kind, or any business activity other than that specifically provided for in the tenant's lease.

21. No tenant shall install any radio or television antenna, loudspeaker, or other device on the roof or exterior walls of the Building. No television or radio or recorder shall be played in such a manner as to cause a nuisance to any other tenant.

22. There shall not be used in any space, or in the public halls of the Building, either by any tenant or others, any hand trucks except those equipped with rubber tires and side guards or such other material handling equipment as Landlord approves. No other vehicles of any kind shall be brought by any tenant into the Building or kept in or about its premises.

23. Each tenant shall store all its trash and garbage within its premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of office building trash and garbage in the vicinity of the Building, without being in violation of any law or ordinance governing such disposal. All garbage and refuse disposal shall be made only through entryways and elevators provided for such purposes and at such times as Landlord shall designate.

24. Canvassing, soliciting, distribution of handbills or any other written material and peddling in the Building are prohibited, and each tenant shall cooperate to prevent the same.

25. The requirements of tenants will be attended to only upon application in writing at the office of the Building. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

26. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

27. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the agreements, covenants, conditions and provisions of any lease of premises in the Building.

28. Landlord reserves the right to make such other rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Building and for the preservation of good order therein.

29. All construction projects and tenant improvement work must conform to the General Construction and Building Rules.

30. Tenant agrees that all employees will park on the lower levels of the parking structure and that the surface level parking spaces are to be reserved for customers and service providers.

EXHIBIT “D”

PARKING FEE SCHEDULE

Public parking rates are set by Landlord and are subject to change from time to time.
The current parking rates are as follows:

DAILY RATE

Summer (May 1 – September 30):

\$2.00 each hour

\$1.00 for the first hour weekdays 8am to 6pm

Winter (October 1 – April 30):

\$1.50 each hour

\$1.00 for the first hour weekdays 8am to 6pm

HOLIDAYS AND SPECIAL EVENTS

July 4th: Flat fee of \$30 payable upon entry

PARKING FOR THE DISABLED

Free with approved placards or license plates.

PIER/BOARDWALK EMPLOYEE MONTHLY AND YEARLY PASSES

Passes are to be purchased by business owners/managers to satisfy employment verification; parking spaces are occupied on a first-come, first-served basis; passes do not guarantee a parking space.

Annual Employee Passes (January 1 – December 31):

- a. Full-Access Annual Pass – 7 days/week in Pier Parking Structure or Plaza Parking Structure: \$280.00. (Purchases after January 31 will be prorated at the rate of \$35/month times the number of months remaining in the year.)
- b. Limited Access Annual Pass - 7 days/week in the Plaza Parking Structure, also allowed in Pier Parking Structure on non-holiday weekdays: \$120.00 (Purchases after January 31 will be prorated at the rate of \$10/month times the number of months remaining in the year.)

Summer Season Employee Passes (May 1 – September 30):

- a. Full-Access Summer Pass - 7 days/week in Pier Parking Structure or Plaza Parking Structure: \$120.00 (Purchases after May 31 will be prorated at the rate of \$35/month times the number of months remaining in the summer.)
- b. Limited Access Summer Pass - 7 days/week in the Plaza Parking Structure, also allowed in Pier Parking Structure on non-holiday weekdays: \$50.00 (Purchases after May 31 will be prorated at the rate of \$10/month times the number of months remaining in the summer season.)

EXHIBIT "E"

LEASE GUARANTY

THIS LEASE GUARANTY ("Guaranty") is made by _____ (referred to as "Guarantor"), in favor of the CITY OF REDONDO BEACH, a Chartered Municipal Corporation ("Landlord"), in connection with that certain lease dated as of April 6, 2021 (the "Lease") pursuant to which Landlord is to lease to **ESPERANZA DEESE** ("Tenant") those premises generally referred to as **113 W. Torrance Blvd.**, Redondo Beach, CA 90277 (the "Premises").

A. Landlord requires this Guaranty as a condition to its execution of the Lease and the performance of the obligations to be performed under the Lease by Landlord.

B. Guarantor has agreed to provide this Guaranty to induce Landlord to enter into the Lease with Tenant and perform its obligations under the Lease.

In consideration of Landlord's agreement to execute the Lease and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor does hereby agree with Landlord as follows:

1. The Lease is hereby incorporated into and made a part of this Guaranty by this reference.
2. Guarantor hereby unconditionally guarantees, as a primary obligor and not as a surety, without deduction by reason of setoff, defense or counterclaim, the full and punctual payment of all sums of rent and other amounts payable under the Lease and the full and punctual performance of all terms, covenants and conditions in the Lease to be kept, performed and/or observed by Tenant. Guarantor's obligations under this Guaranty are continuing and unconditional.
3. Guarantor hereby agrees that, without the consent of or notice to Guarantor and without affecting any of the obligations of Guarantor hereunder: (a) the Lease may be extended and any other term, covenant or condition of the Lease may be amended, compromised, released or otherwise altered by Landlord and Tenant, and Guarantor does guarantee and promise to perform all the obligations of Tenant under the Lease as so extended, amended, compromised, released or altered; (b) any guarantor of or party to the Lease may be released, substituted or added; (c) any right or remedy under the Lease may be exercised, not exercised, impaired, modified, limited, destroyed, or suspended; (d) Landlord or any other person may deal in any manner with Tenant, any guarantor, any party to the Lease or any other person; (e) Landlord may permit Tenant to holdover the Premises beyond the Lease Term; and (f) all or any part of the Premises or of Tenant's rights or liabilities under the Lease may be sublet, assigned or assumed. Without in any way limiting the foregoing, Guarantor agrees not to unreasonably withhold its consent to any sublease, assignment of the Lease or other modification of the Lease which is agreed to by Landlord and Tenant.
4. Guarantor hereby waives and agrees not to assert or take advantage of: (a) any right to require Landlord to proceed against Tenant, or any other guarantor or person or to pursue any other security or remedy before proceeding against Guarantor; (b) any defense based on the genuineness, validity, regularity or enforceability of the Lease; (c) any right or defense that may

arise by reason of the incapacity, lack of authority, death or disability of Tenant or any other person; and (d) any right or defense arising by reason of the absence, impairment, modification, limitation, destruction or cessation (in bankruptcy, by an election of remedies, or otherwise) of the liability of Tenant, of the subrogation rights of Guarantor or of the right of Guarantor to proceed against Tenant for reimbursement. Without limiting the generality of the foregoing, Guarantor hereby waives any and all benefits of the provisions of Sections 2809, 2810 and 2845 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

5. Guarantor hereby waives and agrees not to assert or take advantage of (a) any right or defense based on the absence of any or all presentments, demands (including demands for performance), notices (including notices of any adverse change in the financial status of Tenant, notices of any other facts which increase the risk to Guarantor, notices of non-performance and notices of acceptance of this Guaranty) and protests of each and every kind; (b) the defense of any statute of limitations in any action under or related to this Guaranty or the Lease; (c) any right or defense based on a lack of diligence or failure or delay by Landlord in enforcing its rights under this Guaranty or the Lease.

6. Guarantor hereby waives and agrees not to assert or take advantage of any right to (a) exoneration if Landlord's actions shall impair any security or collateral of Guarantor; (b) any security or collateral held by Landlord; (c) require Landlord to proceed against or exhaust any security or collateral before proceeding against Guarantor; (d) require Landlord to pursue any right or remedy for the benefit of Guarantor. Without limiting the generality of the foregoing, Guarantor hereby waives any and all benefits of the provisions of Sections 2819, 2849 and 2850 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

7. Guarantor shall not, without the prior written consent of Landlord, commence, or join with any other person in commencing, any bankruptcy, reorganization or insolvency proceeding against Tenant. Guarantor's obligations under this Guaranty shall in no way be affected by any bankruptcy, reorganization or insolvency of Tenant or any successor or assignee of Tenant or by any disaffirmance or abandonment of the Lease or any payment under this Guaranty by a trustee of Tenant in any bankruptcy proceeding including, without limitation, any impairment, limitation, or modification of the liability of Tenant or the estate of Tenant in bankruptcy, or of any remedy for the enforcement of Tenant's liability under the Lease resulting from the operation of any present or future provision of any federal or state bankruptcy or insolvency law or other statute or from the decision of any court. Guarantor shall file in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law all claims which Guarantor may have against Tenant relating to any indebtedness of Tenant to Guarantor and will assign to Landlord all rights of Guarantor thereunder. Landlord shall have the sole right to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Landlord the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to Landlord all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled; provided, however, that Guarantor's obligations hereunder shall not be satisfied except to the extent that Landlord receives cash by reason of any

such payment or distribution. If Landlord receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty.

8. Until all the Tenant's obligations under the Lease are fully performed, Guarantor: (a) shall have no right of subrogation or reimbursement against the Tenant by reason of any payments or acts of performance by Guarantor under this Guaranty; (b) subordinates any liability or indebtedness of the Tenant now or hereafter held by Guarantor to the obligations of the Tenant under, arising out of or related to the Lease or Tenant's use of the Premises; and (c) acknowledges that the actions of Landlord may affect or eliminate any rights of subrogation or reimbursement of Guarantor as against Tenant without any liability or recourse against Landlord. Without limiting the generality of the foregoing, Guarantor hereby waives any and all benefits of the provisions of Section 2848 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

9. Prior to the execution of this Guaranty and at any time during the Term of the Lease upon ten (10) days prior written notice from Landlord, Guarantor agrees to provide Landlord with a current financial statement for Guarantor and financial statements for Guarantor for the two (2) years prior to the current financial statement year to the extent not previously delivered to Landlord. Guarantor's financial statements are to be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Guarantor, audited by an independent certified public accountant. Guarantor represents and warrants that all such financial statements shall be true and correct statements of Guarantor's financial condition.

10. The liability of Guarantor and all rights, powers and remedies of Landlord hereunder and under any other agreement now or at any time hereafter in force between Landlord and Guarantor relating to the Lease shall be cumulative and not alternative and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to Landlord by law.

11. This Guaranty applies to, inures to the benefit of and binds all parties hereto, their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns. This Guaranty may be assigned by Landlord voluntarily or by operation of law.

12. This Guaranty shall constitute the entire agreement between Guarantor and the Landlord with respect to the subject matter hereof. No provision of this Guaranty or right of Landlord hereunder may be waived nor may any guarantor be released from any obligation hereunder except by a writing duly executed by an authorized officer, director or trustee of Landlord. The waiver or failure to enforce any provision of this Guaranty shall not operate as a waiver of any other breach of such provision or any other provisions hereof. No course of dealing between Landlord and Tenant shall alter or affect the enforceability of this Guaranty or Guarantor's obligations hereunder.

13. Guarantor hereby agrees to indemnify, protect, defend and hold Landlord and Landlord's Affiliates harmless from and against, all losses, costs and expenses including, without limitation, all interest, default interest, post-petition bankruptcy interest and other post-petition obligations, late charges, court costs and attorneys' fees, which may be suffered or incurred by Landlord in enforcing or compromising any rights under this Guaranty or in enforcing or compromising the performance of Tenant's obligations under the Lease.

14. The term "Landlord" whenever hereinabove used refers to and means the Landlord in the foregoing Lease specifically named and also any assignee of said Landlord, whether by outright assignment or by assignment for security, and also any successor to the interest of said Landlord or of any assignee of such Lease or any part thereof, whether by assignment or otherwise. The term "Tenant" whenever hereinabove used refers to and means the Tenant in the foregoing Lease specifically named and also any Transferee of said Lease and also any successor to the interests of said Tenant, assignee or sublessee of such Lease or any part thereof, whether by assignment, sublease or otherwise including, without limitation, any trustee in bankruptcy and any bankruptcy estate of Tenant, Tenant's assignee or sublessee.

15. If any or all Guarantors shall become bankrupt or insolvent, or any application shall be made to have any or all Guarantors declared bankrupt or insolvent, or any or all Guarantors shall make an assignment for the benefit of creditors, or any or all Guarantors shall enter into a proceeding for the dissolution of marriage, or in the event of death of any or all Guarantors, notice of such occurrence or event shall be promptly furnished to Landlord by such Guarantor or such Guarantor's fiduciary. This Guarantee shall extend to and be binding upon each Guarantor's successors and assigns, including, but not limited to, trustees in bankruptcy and Guarantor's estate.

16. Any notice, request, demand, instruction or other communication to be given to any party hereunder shall be in writing and sent by registered or certified mail, return receipt requested in accordance with the notice provisions of the Lease. The Tenant shall be deemed Guarantor's agent for service of process and notice to Guarantor delivered to the Tenant at the address set forth in the Lease shall constitute proper notice to Guarantor for all purposes. Notices to Landlord shall be delivered to Landlord's address set forth in the Lease. Landlord, at its election, may provide an additional notice to Guarantor at the address provided under Guarantor's signature below.

17. If either party hereto participates in an action against the other party arising out of or in connection with this Guaranty, the prevailing party shall be entitled to have and recover from the other party reasonable attorneys' fees, collection costs and other costs incurred in and in preparation for the action. Guarantor hereby waives any right to trial by jury and further waives and agrees not to assert or take advantage of any defense based on any claim that any arbitration decision binding upon Landlord and Tenant is not binding upon Guarantor.

18. Guarantor agrees that all questions with respect to this Guaranty shall be governed by, and decided in accordance with, the laws of the State of California.

19. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

20. Time is strictly of the essence under this Guaranty and any amendment, modification or revision hereof.

21. If more than one person signs this Guaranty, each such person shall be deemed a guarantor and the obligation of all such guarantors shall be joint and several. When the context and construction so requires, all words used in the singular herein shall be deemed to have been used in the plural. The word "person" as used herein shall include an individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

22. If Guarantor is a corporation, each individual executing this Guaranty on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Guaranty on behalf of said corporation, in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the bylaws of said corporation, and that this Guaranty is binding upon said corporation in accordance with its terms. If Guarantor is a corporation, Landlord, at its option, may require Guarantor to concurrently, with the execution of this Guaranty, deliver to Landlord a certified copy of a resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Guaranty.

THE UNDERSIGNED HAS READ AND UNDERSTANDS THE TERMS AND CONDITIONS CONTAINED IN THIS GUARANTY INCLUDING, WITHOUT LIMITATION, ALL WAIVERS CONTAINED IN THIS GUARANTY.

Executed on this ____ day of _____, 2021.

[If Guarantor is a married individual, Guarantor's spouse must sign this Guaranty]

Spouse (if applicable)

Address of Guarantor: _____

Attn: _____

*A. If the person(s) signing this Lease on behalf of Tenant [is/are] [an] officers] of a corporation that is incorporated in California, then one of the following conditions must be satisfied: (i) This Lease must be signed by two officers, one being the Chairman of the Board, the Owner or a Vice Owner, and the other one being the Secretary, an Assistant Secretary, the Chief Financial Officer or an Assistant Treasurer; or (ii) if clause (i) above is not satisfied, or if this Lease is signed by one person acting in two capacities, then Tenant shall have delivered to Landlord a certified copy of a corporate resolution in form acceptable to Landlord authorizing the signatory(ies) to execute this Lease.

B. If the person(s) signing this Lease on behalf of Tenant [is/are] [an] officers] of a corporation that is incorporated in a state other than California, then Tenant shall have delivered to Landlord a certified copy of a corporate resolution in form acceptable to Landlord authorizing the signatory(ies) to execute this Lease.

EXHIBIT “F”

INITIAL LEASEHOLD IMPROVEMENTS

Tenant takes AS-IS.

EXHIBIT “G”

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

CITY OF REDONDO BEACH
415 Diamond Street
Redondo Beach, CA 90277
Attention: City Clerk

No Recording Fee
Exempt pursuant to Government Code § 6103

MEMORANDUM OF LEASE

This Memorandum of Lease (“Memorandum”) is made and entered into as of April 6, 2021, by and between the CITY OF REDONDO BEACH, a Chartered Municipal Corporation, hereinafter referred to as “Landlord” and ESPERANZA DEESE, an individual, hereinafter referred to as “Tenant.”

A. Landlord and Tenant have entered in a Lease (hereinafter, “Lease”) dated as of April 6, 2021, for certain premises which are located on real property which is commonly described in **Exhibit A** of the Lease and incorporated herein by reference (the “Premises”). Copies of the Lease and Addendum are available for public inspection at Landlord’s office at 415 Diamond Street, Redondo Beach, CA 90277.

B. The Lease provides that a short form Memorandum shall be executed and recorded in the official Records of Los Angeles County, California.

NOW, THEREFORE, the parties hereto certify as follows:

1. Purpose of Memorandum of Lease. This Memorandum is prepared for recordation purposes only and it in no way modifies the terms, conditions, provisions and covenants of the Lease. In the event of any inconsistency between the terms, conditions, provisions and covenants of this Memorandum and the Lease, the terms, conditions, provisions, and covenants of the Lease shall prevail.

2. Term. This Lease commences **April 6, 2021 and expires April 5, 2026**, subject to Landlord’s termination rights.

3. Counterparts. This Memorandum may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Landlord and Tenant hereto have executed this Memorandum of Lease in Redondo Beach, California, as of this 6TH day of April, 2021.

LANDLORD

CITY OF REDONDO BEACH

William C. Brand
Mayor

TENANT

ESPERANZA DEESE

By: _____
Name: _____
Title: _____

ATTEST:

Eleanor Manzano
City Clerk

APPROVED AS TO FORM:

Michael W. Webb
City Attorney



Administrative Report

H.12., File # 21-2265

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL

**From: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT
DIRECTOR**

TITLE

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2104-030, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO FIRSTSTEPS FOR KIDS, INC A CALIFORNIA CORPORATION

APPROVE A LEASE WITH FIRSTSTEPS FOR KIDS, INC. FOR THE PREMISES AT 109 W. TORRANCE BLVD., SUITES 101 AND 102 AND 105 W. TORRANCE BLVD., SUITE 200 FOR A MONTHLY AMOUNT OF \$10,542 FOR THE TERM APRIL 6, 2021 - JUNE 5, 2026

EXECUTIVE SUMMARY

In March 2012, the City purchased the Pier Plaza leasehold and began the process of direct leasing to various tenants. Pier Plaza is comprised of several buildings totaling approximately 75,000 square feet of office and retail uses. The proposed lease with FirstSteps for Kids, Inc is for the space at 109 W. Torrance Boulevard, Suites 101 and 102 and for the space at 105 W. Torrance Blvd, Suite 200. The combined area totals approximately 5,271 square feet.

The proposed lease is for 62 months with the City retaining the option to terminate the lease with a twelve (12) month prior written notice. Monthly rental revenue to the City's Harbor Uplands Fund will be \$10,542 or approximately \$2.00 per square foot with a 2% annual increase on the first and second anniversary and a 3% increase each subsequent year of the lease.

BACKGROUND

In March 2012, the City purchased the Pier Plaza leasehold and began the process of entering into direct leases with various tenants. The Pier Plaza leasehold is comprised of buildings 103 to 131 West Torrance Boulevard (on the top level of the Pier Parking Structure) and totals approximately 75,000 square feet of space. The property is prepared almost entirely for office uses; with the lone exception being a restaurant use of less than 4,000 square feet. The proposed lease with FirstSteps for Kids, Inc (the "Tenant") is for the space at 109 W. Torrance Boulevard, Suites 101 and 102 and for the space at 105 W. Torrance Blvd, Suite 200 (the "Premises"). The combined area totals approximately 5,271 square feet.

FirstSteps for Kids started in 2005 to serve young children with autism and related learning disabilities. They currently have five locations throughout California, including their home office in

Hermosa Beach. The space will largely consist of clinical and therapy rooms and office for the children enrolled in the program.

The proposed lease carries a sixty-two (62) month term with a monthly rent of \$10,542, or approximately \$2.00 per square foot, which is consistent with other similar retail leases in the waterfront and broader market. The Lease contains a provision that escalates the rent at 2% per year for the first two years and then escalates at 3% per year for the remaining term of the lease. The first two months of the lease are at no cost to the Tenant to allow for improvements to the Premises.

As the landlord, the City will make standard tenant improvements to the space comprised of painting and new carpeting for a not to exceed total of \$15,813.00 or \$3 per square foot. The tenant intends to spend a minimum of \$184,485 or approximately \$35 per square foot on additional improvements to the leasehold. The City retains the right to terminate the lease with a twelve-month written notice. If the City elects to exercise the terminate right, the City agrees to reimburse the Tenant via rent credits for the unamortized value of the Tenant improvements - up to a cap of \$184,485.

COORDINATION

The Waterfront and Economic Development Department collaborated with the City Attorney's Office on this report. The City Attorney's Office has approved the document as to form.

FISCAL IMPACT

Lease revenue from the property will accrue to the City's Harbor Uplands Fund. The proposed lease will result in a monthly rent of \$10,542 with an annual total of \$126,504. Over the five-year term of the lease, revenue to the Uplands Fund will be \$632,520.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Resolution No. CC-2104-030

Lease Between the City of Redondo Beach and FirstSteps for Kids, Inc.

RESOLUTION NO. CC-2104-030

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO FIRSTSTEPS FOR KIDS, INC.

WHEREAS, Section 2-21.01, Chapter 21, Title 2, of the Redondo Beach Municipal Code provides that any lease of public land owned or controlled by the City of Redondo Beach, or by any department or subdivision of the City, shall be administratively approved by resolution; and

WHEREAS, the City Council shall approve the subject lease only upon the making of certain findings.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the City Council of the City of Redondo Beach approves the lease with FirstSteps for Kids, Inc., a California Corporation ("Lease") for the property commonly located at 109 W. Torrance Blvd., Suites #101 and #102, Redondo Beach, CA 90277, consisting of approximately 1,440 rentable square feet for #101 and 853 rentable square feet for #102 and 105 W. Torrance Blvd., Suite #200, Redondo Beach, CA 90277 consisting of approximately 2,978 rentable square feet for a total of 5,271 rentable square feet, as further detailed in the Lease attached hereto as Exhibit "A" and incorporated herein as set forth in full.

SECTION 2. That the City Council of the City of Redondo Beach hereby finds:

1. The Lease will result in a net economic or other public benefit to the City of Redondo Beach or the general public; and
2. The granting of the Lease is consistent with and will further the fiscal, budgetary and applicable economic development, social, recreational, public safety or other applicable adopted policies of the City; and
3. The Lease, and all land uses and development authorized by the Lease, are consistent with all applicable provisions of the general plan, the Coastal Land Use Plan where applicable, and the applicable zoning ordinances of the City; and
4. The Lease and all land uses and development authorized by the Lease, are consistent with and will carry out the goals, standards and policies of any specific plan applicable to the Lease property; and
5. The Lease and its purposes are consistent with all other applicable provisions of law.

PASSED, APPROVED AND ADOPTED this 6th day of April, 2021.

William C. Brand, Mayor

APPROVED AS TO FORM:

ATTEST:

Michael W. Webb, City Attorney

Eleanor Manzano, CMC, City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF REDONDO BEACH)

I, Eleanor Manzano, City Clerk of the City of Redondo Beach, California, do hereby certify that Resolution No. CC-2104-030 was passed and adopted by the City Council of the City of Redondo Beach, California, at a regular meeting of said City Council held on the 6th day of April, 2021, and there after signed and approved by the Mayor and attested by the City Clerk, and that said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Eleanor Manzano, CMC
City Clerk

EXHIBIT “A”

OFFICE LEASE

BETWEEN

**CITY OF REDONDO BEACH,
A CHARTERED MUNICIPAL CORPORATION**

LANDLORD

AND

**FIRSTSTEPS FOR KIDS, INC.
A CALIFORNIA CORPORATION**

TENANT

DATED AS OF

APRIL 6, 2021

PIER PLAZA, REDONDO BEACH, CALIFORNIA 90277

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 Exhibit “C” - Rules and Regulations
 Exhibit “D” - Parking Fee Schedule
 Exhibit “E” – Guaranty
 Exhibit “F” - Initial Leasehold Improvements
 Exhibit “G” - Memorandum of Lease

OFFICE LEASE

1. Parties

This Office Lease Agreement ("Lease") is made and entered into by and between the **City of Redondo Beach**, a Chartered Municipal Corporation ("Landlord" or "City"), and **FirstStep for Kids, Inc., a California Corporation** ("Tenant") as of **April 6, 2021**.

2. Summary of Basic Terms: As used in this Lease, the following terms shall have the meanings set forth below, subject to the qualifications, adjustments and exceptions set forth elsewhere in this Lease. In the event of a conflict between the terms of this Summary and the Lease, the terms of the Lease shall prevail.

(a) **Premises:** The space located at **109 W. Torrance Blvd., Suite 101**, Redondo Beach, CA 90277 consisting of approximately **1,440** rentable square feet and space located at **109 W. Torrance Blvd., Suite 102**, Redondo Beach, CA 90277 consisting of approximately **853** rentable square feet and space located at **105 W. Torrance Blvd., Suite 200** Redondo Beach, CA 90277 consisting of approximately **2,978** rentable square feet for a **total of 5,271** rentable square feet.

(b) **Building:** The office buildings located at 103-131 W. Torrance Blvd, Redondo Beach, CA 90277, including all plazas, lobbies, landscaped areas, office and commercial space.

(c) **Land:** The parcel(s) of land upon which the Building is located, including common areas. Land is herein sometimes referred to as the "Real Property".

(d) **Permitted Use:** Company clinical and therapy rooms and offices for children diagnosed with learning disabilities, Autism, PDD, Asperger's syndrome and related disorders and for no other use.

(e) **Lease Term:** **5 years and 2 months (62 months)**. Landlord will retain the sole option to terminate the lease upon 12 months' prior written notice.

(f) **Commencement Date:** **April 6, 2021**.

(g) **Expiration Date:** **June 5, 2026**; subject to Landlord's Right to Terminate upon written notice or relocation as described in subsection (h).

(h) **Right to Terminate:** Notwithstanding any other provision of this Lease, Landlord shall have the right to terminate this Lease, upon 12 month prior written notice of the early termination date to Tenant.

(i) **Monthly Rent:** **\$10,542.00** (Approximately **\$2.00** per square foot Base Rent shall increase by two percent (2%) on the first and second anniversary of the Commencement Date

and three percent (3%) on the third anniversary of the Commencement Date and annually thereafter not accounting for increases). Two (2) months of free rent. 150% holdover rent.

- (j) **Rentable Area of Premises:** Approximately **5,271** gross square feet.
- (k) **Parking:** Parking shall be at such rates and terms set by Landlord from time to time in accordance with Article 28 and Exhibit "D".
- (l) **Operating Expense Base Year:** 2022. See Section 8 of the Lease for definitions.
- (m) **Tenant's Share of Operating Expenses:** 7.8% per Article 8 of this Lease.
- (n) **Tenant Improvements:** A minimum of \$35.00 per square foot (\$184,485.00) will be spent by Tenant inside the leased premises. If Tenant spends less than \$35.00 per square foot then the corresponding amount in will be reduced by the same amount.

If Landlord exercises its 12-month termination clause, Landlord agrees to reimburse tenant via rent credits for the unamortized tenant improvements up to a cap of \$35.00 per square foot or a total of \$184,485.00. For Example: if Landlord exercises its option to terminate and the remaining tenant occupancy time left on the 5-year 2 month lease is 12 months then the calculation would be $\$184,485 / 5 \text{ years} = \$36,897$ to be reimbursed to tenant (approximately three 3 months rent).

Landlord shall provide improvements at the rate of \$3.00 per square foot. Not to exceed \$15,813.00.
- (o) **Security Deposit:** \$10,542.00
- (p) **Tenant's Guarantor:** Corporate subject to Landlord sole approval of Tenant financials.
- (q) **Landlord's Address for Notices:** 107 W. Torrance Blvd, Suite #200, Redondo Beach, CA 90277, Attn: Property Manager
- (r) **Tenant's Addresses for Notices:** 105 W. Torrance Blvd., Suite 200 Redondo Beach, CA 90277, Attn:
- (s) **Tenant's Affiliates:** All affiliates, directors, officers, shareholders, partners, agents, employees, invitees, customers, successors and assigns of Tenant.
- (t) **Landlord's Affiliates:** All officers, employees, elected and appointed officials, volunteers, invitees, successors, and assigns of the City.
- (u) **Liabilities:** All losses, damages, expenses, claims, demands, causes of action, lawsuits (whether at law, equity, or both), proceedings, injuries, liabilities, judgments, and costs (including, but not limited to, attorneys' fees and costs, and expert witness fees), and penalties, and liens of every nature (whether or not suit is commenced or judgment entered).

(v) **Landlord's Broker:** BC Urban.

(w) **Tenant's Broker:** N/A

3. Demise and Term. Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord, subject to all of the terms, covenants and conditions in this Lease. The Premises are leased for the Lease Term, which, subject to Article 4 below, shall commence on the Commencement Date and shall expire on the Expiration Date, unless sooner terminated pursuant to Landlord's Right to Terminate or otherwise under the provisions of this Lease.

4. Possession.

4.1 **Delivery of Possession.** The Premises shall be delivered to Tenant in its current "AS-IS" condition with exception to items in Exhibit "F", if applicable. If Landlord cannot deliver possession of the Premises to Tenant by the Commencement Date this Lease will not be void or voidable, nor will Landlord be liable to Tenant for any loss or damage resulting from such delay. Notwithstanding anything to the contrary contained herein, Landlord will not be obligated to deliver possession of the Premises to Tenant until Landlord has received from Tenant all of the following: (i) a copy of this Lease fully executed by Tenant and the guaranty of Tenant's obligations under this Lease, if any, executed by the Guarantor(s); (ii) the Security Deposit, if any, and the first installment of Monthly Basic Rent; and (iii) copies of policies of insurance or certificates thereof as required under Article 15 of this Lease.

4.2 **Delays Caused by Tenant.** Notwithstanding anything to the contrary in Article 4.1, if Landlord's failure to deliver possession of the Premises results from Tenant and/or Tenant's Affiliates' acts or omissions (including delays caused by Tenant's failure to supply the items referred to in Article 4.1), then the Commencement Date shall be the date stated in Article 2(f) of this Lease notwithstanding the Tenant and/or Tenant's Affiliates' delay. In no event shall the Lease Term be extended by any such delay. Tenant shall owe the amount of the Monthly Rent and Additional Rent from the Commencement Date.

5. Condition of Premises.

5.1 **Condition of Premises.** Tenant hereby agrees and warrants that it has investigated and inspected the condition of the Premises, Building, and their suitability for Tenant's purposes, and Tenant does hereby waive and disclaim any objection to, cause of action based upon, or claim that its obligations hereunder should be reduced or limited because of the condition of the Premises, the Building, or the suitability of same for Tenant's purposes. Tenant acknowledges that neither Landlord nor Landlord's Affiliates has made any representations or warranty with respect to the Premises, the Building, their condition, or with respect to the suitability for Tenant's business. Tenant hereby agrees that the Premises shall be taken "AS-IS", "with all faults" and Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof, unless provided in Article 11 below. Tenant, at its sole expense, shall keep the Premises and every part thereof in good condition and repair and shall, upon the expiration or sooner termination of the Lease Term, surrender the Premises to Landlord in good condition.

6. **Rent.**

6.1 **Monthly Rent.** Tenant shall pay to Landlord as rent for the Premises the Monthly Rent as set forth in Article 2(i). The Monthly Rent shall be payable in advance on or before the first day of the first full calendar month of the Lease Term and on or before the first day of each successive calendar month thereafter during the Lease Term, except that the Monthly Rent for the first full calendar month of the Lease term and any prorated term shall be paid upon the execution of this Lease. The Monthly Rent for any period during the Lease Term which is for less than one (1) month shall be prorated based on a thirty (30)-day month. The Monthly Rent and all other rent hereunder shall be paid without prior notice or demand, without deduction or offset in lawful money of the United States of America which shall be legal tender at the time of payment, at the office of the Building or to another person or at another place as Landlord may from time to time designate in writing.

6.2 **Additional Rent.** The term “**Additional Rent**” means all other amounts payable by Tenant under this Lease (whether or not designated as Additional Rent), including without limitation Operating Expenses, taxes, insurance and repairs. The term “**Rent**” shall mean Monthly Rent and Additional Rent. Landlord shall be entitled to exercise the same rights and remedies upon default in the Additional Rent payments as Landlord is entitled to exercise with respect to defaults in Monthly Rent payments.

7. **Security Deposit.** If required, upon the execution of this Lease, Tenant shall deposit the Security Deposit with Landlord as set forth in Article 2(o) above. The Security Deposit shall be held by Landlord as security for the performance of all of Tenant's obligations during the Lease Term. Upon any default by Tenant under this Lease, Landlord may, but shall not be obligated to, use, apply or retain all or any part of the Security Deposit for the payment of any Rent in default, or any other Liabilities which Landlord may incur as a result of or in connection with Tenant's default. If any portion of the Security Deposit is so used or applied, Tenant shall, within five (5) days after written demand therefore, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its previous amount. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to receive interest on the Security Deposit. If Tenant complies with all of the provisions of this Lease and is not then in default hereunder, the unused portion of the Security Deposit shall be returned to Tenant within thirty (30) days after the expiration or sooner termination of the Lease Term and surrender of the Premises to Landlord in the condition required hereunder.

8. **Operating Expenses.**

8.1 **Definitions.** As used in this Lease, the following terms have the meanings set forth below:

(a) **Comparison Year:** Each calendar year after the Base Year, all or any portion of which falls within the Lease Term.

(b) **Operating Expenses:** All costs and expenses of operating, maintaining and repairing the common areas, Building and the Land, including, but not limited to: water and sewer

charges; insurance premiums for all insurance policies deemed necessary by Landlord; deductible amounts under insurance policies; janitorial services; wages of Landlord's employees engaged in the operation, maintenance or repair of the Building or the Land, including all customary employee benefits, Worker's Compensation and payroll taxes; reasonable management fees or, if no managing agent is retained for the Building, a reasonable sum in lieu thereof which is not in excess of the prevailing rate for management services charged by professional management companies for the operation of similar buildings; legal, accounting and other consulting fees; the cost of air conditioning, heating, ventilation, plumbing, electricity, water, sewer and other services and utilities serving common areas; elevator maintenance; capital improvements and replacements to all or any portion of the Building and the Land made after completion of the Building, appropriately amortized over the useful life of such improvements; all costs and expenses incurred by Landlord and interest on any funds borrowed to pay the cost of any capital improvements as a result of or in order to comply with any Laws, including, but not limited to, Laws pertaining to energy, natural resources conservation, safety, environmental protection; supplies, materials, equipment and tools; and maintenance and repair of all common areas. Operating Expenses do not include the depreciation on the existing Building and improvements, loan payments, executive salaries, real property and other taxes (see article 26 or real estate broker's commission).

8.2 Payment for Increases in Operating Expenses. The following shall be deemed increases in Operating Expenses.

(a) Increase from Base Year. If the Operating Expenses paid or incurred by Landlord in any Comparison Year increase over the Operating Expenses paid or incurred for the Base Year, Tenant shall pay, as Additional Rent, commencing on the Commencement Date of this Lease, Tenant's Share of the increase in the manner set forth in this Article.

(b) Property at Less Than 95% Capacity. If, during any period in a Comparison Year, less than ninety-five percent (95%) of the Building is rented the Operating Expenses for that Comparison Year shall be adjusted to what the Operating Expenses would have been if ninety-five percent (95%) of the Building had been rented throughout that Comparison Year.

(c) Prorated Operating Expenses. Tenant's Share of increases in Operating Expenses shall be prorated for any partial Comparison Year which falls within the Lease Term.

8.3 Manner of Payment. Landlord shall deliver to Tenant a statement showing Landlord's reasonable estimate of the Operating Expenses for each Comparison Year and the amount of Tenant's Share of any increase in Operating Expenses based on such estimate. Commencing as of the first day of each Comparison Year, Tenant shall pay to Landlord, at the times and in the manner provided herein for the payment of Monthly Rent, the monthly portion(s) of Tenant's Share of any increases as shown by Landlord's statement. If Landlord's statement is furnished after January 1st of a Comparison Year, then on or before the first day of the first calendar month following Tenant's receipt of Landlord's statement, in addition to the monthly installment of Tenant's Share of any increases due on that date, Tenant shall pay the amount of Tenant's Share of any increases for each calendar month or fraction thereof that has already elapsed in such Comparison Year.

8.4 Final Statement. After the end of each Comparison Year (including the Comparison Year in which the Lease Term terminates), Landlord shall deliver to Tenant a reasonably detailed final statement of the actual Operating Expenses for such Comparison Year. Within ten (10) days of delivery of each final statement, Tenant shall pay Landlord the amount due for Tenant's Share of any increases in the Operating Expenses. Tenant shall have Sixty (60) days after delivery of Landlord's final statement to object in writing to the accuracy of the statement. If Tenant does not object within such Sixty (60)-day period, Landlord's final statement shall be conclusive and binding on Tenant. Objections by Tenant shall not excuse or abate Tenant's obligation to make the payments required under this Article pending the resolution of Tenant's objection. Any credit due Tenant for overpayment of Tenant's Share of any increases in the Operating Expenses shall be credited against the installments of Monthly Rent next coming due. However, overpayments for the Comparison Year in which the Lease Term terminates shall be refunded to Tenant within Sixty (60) days after the expiration of the Lease Term.

9. Use of Premises.

9.1 Permitted Use. Tenant shall use the Premises only for the Permitted Use set forth in Article 2(d) (the "Permitted Use") and for no other use or purpose, unless first approved in writing by Landlord, which approval Landlord may withhold in its sole discretion.

9.2 Restrictions on Use. Tenant agrees that it shall not cause or permit any of the following in or about the Premises

(a) Increase the existing rate of, cause the cancellation of or otherwise adversely affect any casualty or other insurance for the Building or any part thereof or any of its contents;

(b) Impair the proper and economic maintenance, operation and repair of the Building or any portion thereof;

(c) Obstruct or interfere with the rights of other tenants or occupants of the Building or injure or annoy them;

(d) Cause any nuisance in or about the Premises or the Building;

(e) Commit or allow any waste to be committed to the Premises or the Building.

Tenant shall not use or allow any part of the Premises to be used for the storage, manufacturing or sale of food or beverages, or for the manufacture or auction or merchandise of goods or property of any kind, or as a school or classroom, or for any unlawful or objectionable purpose.

9.3 Prohibited Uses. Notwithstanding Articles 2(d) and 9, in no event shall the Premises be used for any exclusive use granted by Landlord to other tenants of the Premises prior to the date

of this Lease, or any prohibited use in effect for the Premises prior to or subsequent to the date of this Lease.

10. Compliance with Laws.

10.1 Compliance with Laws. Tenant shall not use the Premises or permit anything to be done in or about the Premises, the Building or the Land which will in any way conflict with any law, statute, ordinance, code, rule, regulation, requirement, license, permit, certificate, judgment, decree, order or direction of any governmental or quasi-governmental authority, agency, department, board, panel or court now in force or which may hereafter be enacted or promulgated (singularly and collectively "**Laws**"). Tenant shall also comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency. Tenant shall, at its sole expense and cost, promptly comply with all Laws and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to or affecting the condition, use or occupancy of the Premises.

10.2 Tenant shall not be required to make structural changes to the Premises unless they arise or are required because of or in connection with Tenant's specific use of the Premises, or the type of business conducted by Tenant in the Premises, or Tenant's Alterations or Tenant's acts or omissions. Tenant shall obtain and maintain in effect during the Lease Term all licenses and permits required for the proper and lawful conduct of Tenant's business in the Premises, and shall at all times comply with such licenses and permits. The judgment of any court of competent jurisdiction or the admission of Tenant in any action or proceeding (whether Landlord is a party or not) that Tenant has violated any Laws shall be conclusive of that fact as between Landlord and Tenant.

10.3 Nondiscrimination. Tenant hereby certifies and agrees that, in all matters affecting this Lease, it will comply with all applicable federal, State, and local laws and regulations prohibiting discrimination of any kind, including but not limited to, the Federal Civil Rights Act of 1964, Unruh Civil Rights Act, Cartwright Act, State Fair Employment Practices Act, and Americans with Disabilities Act.

10.4 Employment Records. All employment records shall be open for inspection and reinspection by Landlord at any reasonable time during the term of this Lease for the purpose of verifying the practice of nondiscrimination by Tenant in the areas heretofore described.

10.5 Hazardous Materials.

(a) Tenant shall not cause or permit any Hazardous Material(s) (as defined in this Article) to be brought, kept or used in or about the Building by Tenant, Tenant's Affiliates, contractors provided Tenant may use and store normal quantities of products used for office purposes (such as toner, cleaning solvents or the like) as long as the same are used in compliance with applicable Laws. Tenant indemnifies Landlord and Landlord's Affiliates from and against any breach by Tenant of the obligations stated in the preceding sentence, and agrees to defend and hold Landlord and Landlord's Affiliates harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution in

value of the Building, damages for the loss or restriction or use of rentable or usable space or of any amenity of the Building, damages arising from any adverse impact or marketing of space in the Building, and sums paid in settlement of claims, attorneys' fees, consultant fees, and expert fees) which arise or accrue during, or are attributable to, the term of this Lease as a result of such breach. This indemnification of Landlord and Landlord's Affiliates by Tenant 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(s) present in the soil or ground water on or under the Building. Without limiting the foregoing, if the presence of any Hazardous Material(s) on the Building caused or permitted by Tenant and/or Tenant's Affiliates results in any contamination of the Building, Tenant shall promptly take all actions at its sole expense as are necessary to return the Building to the condition existing prior to the introduction of any such Hazardous Material(s) and the contractors to be used by Tenant must be approved by the Landlord, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Building and so long as such actions do not materially interfere with the use and enjoyment of the Building by the other tenants thereof; provided however, Landlord shall also have the right, by notice to Tenant, to directly undertake such mitigation efforts with regard to Hazardous Material(s) in or about the Building due to Tenant's breach of its obligations pursuant to this Section, and to charge Tenant, as Additional Rent, for the costs thereof.

(b) Landlord covenants and agrees that in the event any unlawful levels of Hazardous Material(s) exist or are introduced in, on or about the Building, due to other than the actions or inaction of Tenant or Tenant's Affiliates, assignees, sublessees, licensees, or contractors, and any such Hazardous Material(s) are reasonably potentially injurious to Tenant's health, safety or welfare, or if any such unlawful levels of Hazardous Material(s) substantially interfere with Tenant's use of the Premises, Landlord shall, if required by applicable Laws, diligently commence to remove, restore, remediate or otherwise abate such Hazardous Material(s) in compliance with all Laws pertaining to Hazardous Material(s).

(c) It shall not be unreasonable for Landlord to withhold its consent to any proposed transfer under Article 17 if (i) the proposed transferee's anticipated use of the Premises involves the generation, storage, use, treatment, or disposal of Hazardous Material(s); (ii) the proposed transferee has been required by any prior landlord, lender, or governmental authority to take remedial action in connection with Hazardous Material(s) contaminating a property if the contamination resulted from such transferee's actions or use of the Property in question; or (iii) the proposed transferee is subject to an enforcement order issued by any governmental authority in connection with the use, disposal, or storage of a Hazardous Material(s).

(d) As used herein, the term "**Hazardous Material(s)**" mean any hazardous or toxic substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term "**Hazardous Material(s)**" include, without limitation, any material or substance which is (i) defined as "**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), (ii) 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), (iii) 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), (iv) defined as "**Hazardous Substance**" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) asbestos, (vii) regulated by Section 26100 et seq. of the California Health and Safety Code, Division 20, Chapter 18 (Toxic Mold Protection Act of 2001), (viii) listed under Article 9 or defined as Hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (ix) designated as a "**Hazardous Substance**" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. § 1317), or (x) defined as a "Hazardous Waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. (42 U.S.C. § 6903), (xi) defined as a "**Hazardous Substance**" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq. (42 U.S.C. § 9601).

(e) As used herein, the term "**Laws**" mean any applicable federal, state or local laws, ordinances, or regulation relating to any Hazardous Material affecting the Building, including, without limitation, the laws, ordinances, and regulations referred to in Article 10.4 (d) above.

11. Alterations and Additions.

11.1 Landlord's Consent.

(a) Tenant shall not make or permit to be made any alterations, additions or improvements (singularly and collectively "**Alterations**") to the Building or the Premises or any part thereof without the prior written consent of Landlord in each instance.

(b) Landlord will not unreasonably withhold its consent to any Alterations provided and upon the condition that all of the following conditions shall be satisfied: (i) the Alterations do not affect the outside appearance of the Building; (ii) the Alterations are nonstructural and do not impair the strength of the Building or any part thereof; (iii) the Alterations are to the interior of the Premises and do not affect any part of the Building outside of the Premises; (iv) the Alterations do not affect the proper functioning of the heating, ventilating and air conditioning ("**HVAC**"), mechanical, electrical, sanitary or other utilities, systems and services of the Building, or increase the usage thereof by Tenant; (v) Landlord shall have approved the final plans and specifications for the Alterations and all contractors who will perform them; (vi) Tenant pays to Landlord (A) a fee in connection with the Alterations equal to five percent (5%) of the estimated cost of the work and the fee is sufficient to compensate Landlord for all overhead, general conditions, fees and other costs and expenses arising from Landlord's involvement with such work, and (B) the reasonable costs and expenses actually incurred by Landlord in reviewing Tenant's plans and specifications and inspecting the Alterations to determine whether they are being performed in accordance with the approved plans and specifications and in compliance with Laws, including, without limitation, the fees of any architect or engineer employed by Landlord for such purpose; (vii) before proceeding with any Alteration which will cost more than \$10,000 (exclusive of the costs of items

constituting Tenant's Property, as defined in Article 11.2), Tenant obtains and delivers to Landlord, at Landlord's option, either: (C) a performance bond and a labor and materials payment bond for the benefit of Landlord, issued by a corporate surety licensed to do business in California, each in an amount equal to one hundred twenty five percent (125%) of the estimated cost of the Alterations and in form satisfactory to Landlord, or (D) such other security as shall be reasonably satisfactory to Landlord. Unless all of the foregoing conditions are satisfied, Landlord shall have the right to withhold its consent to the Alterations in Landlord's sole and absolute discretion.

(c) Not less than twenty (20) days nor more than thirty (30) days prior to commencement of any Alterations, Tenant shall notify Landlord of the work commencement date so that Landlord may post notices of non responsibility about the Premises. All Alterations must comply with all Laws, the other terms of this Lease, and the final plans and specifications approved by Landlord, and Tenant shall fully and promptly comply with and observe the rules and regulations of Landlord then in force with respect to the making of Alterations. Landlord's review and approval of Tenant's plans and specifications are solely for Landlord's benefit. Landlord shall have no duty toward Tenant, nor shall Landlord be deemed to have made any representation or warranty to Tenant, with respect to the safety, adequacy, correctness, efficiency or compliance with Laws of the design of the Alterations, the plans and specifications therefore, or any other matter regarding the Alterations.

11.2 Ownership and Surrender of Alterations. Upon their installation, all Alterations, including, but not limited to, wall covering, paneling and built-in cabinetry, but excluding movable furniture, trade fixtures and office equipment ("**Tenant's Property**"), shall become a part of the realty and belong to Landlord and shall be surrendered with the Premises. However, upon the expiration or sooner termination of the Lease Term, Tenant shall, upon written demand by Landlord, at Tenant's expense, immediately remove any Alterations made by Tenant which are designated by Landlord to be removed and repair any damage to the Premises caused by such removal.

11.3 Liens. Tenant shall pay when due all claims for labor, materials and services furnished by or at the request of Tenant or Tenant's Affiliates. Tenant shall keep the Premises, the Building and the Land free from all liens, security interests and encumbrances (including, without limitation, all mechanic's liens and stop notices) created as a result of or arising in connection with the Alterations or any other labor, services or materials provided for or at the request of Tenant or Tenant's Affiliates, or any other act or omission of Tenant or Tenant's Affiliates, or persons claiming through or under them. (Such liens, security interests and encumbrances singularly and collectively are herein called "**Liens.**") Tenant shall not use materials in connection with the Alterations that are subject to any Liens. Tenant shall indemnify Landlord and Landlord's Affiliates for, and hold Landlord and Landlord's Affiliates harmless from and against: (a) all Liens; (b) the removal of all Liens and any actions or proceedings related thereto; and (c) all Liabilities incurred by Landlord or Landlord's Affiliates in connection with the foregoing. If Tenant fails to keep the Premises, the Building and the Land free from Liens, then, in addition to any other rights and remedies available to Landlord, Landlord may immediately take any action necessary to discharge such Liens, including, but not limited to, payment to the claimant on whose behalf the Lien was filed, without any duty to investigate the validity thereof, and all sums, costs and expenses, including reasonable attorneys' fees and costs, incurred by Landlord in connection with

such lien shall be deemed Additional Rent under this Lease and shall immediately be due and payable by Tenant. Tenant shall indemnify Landlord and Landlord's Affiliates for, and hold Landlord and Landlord's Affiliates harmless from and against, all Liabilities so incurred by Landlord, without regard to any defense or offset that Tenant may have had against the claimant. Neither Landlord's curative action nor the reimbursement of Landlord by Tenant shall cure Tenant's default in failing to keep the Premises, the Building and the Land free from Liens.

11.4 Additional Requirements. Alterations shall comply with all Laws. Tenant, at its sole expense, shall obtain and provide to Landlord all necessary permits and certificates for the commencement and performance of Alterations and for final approval thereof upon completion, and shall cause the Alterations to be performed in compliance therewith and with all applicable insurance requirements, and in a good, first-class and workmanlike manner. Landlord shall have all rights to review and approve or disapprove all required submittals in accordance with the Laws, and nothing set forth in this Lease shall be construed as the Landlord's approval of any or all of the applications or plans for the Alterations. Tenant, at its sole expense, shall diligently cause the cancellation or discharge of all notices of violation arising from or otherwise connected with Alterations, or any other work, labor, services or materials done for or supplied to Tenant or Tenant's Affiliates, or by any person claiming through or under Tenant or Tenant's Affiliates. Alterations shall be performed so as not to interfere with any other tenant in the Building, cause labor disharmony therein, or delay or impose any additional expense on Landlord in the construction, maintenance, repair or operation of the Building. Throughout the performance of the Alterations, Tenant, at its expense, shall carry, or cause to be carried the Workers' Compensation insurance described in Article 15. Tenant shall furnish Landlord with satisfactory evidence that such insurance is in effect at or before the commencement of the Alterations and, upon request, at reasonable intervals thereafter until completion of the Alterations.

11.5 Compliance with Applicable Prevailing Wage Requirements.

Landlord intends to contribute an amount not to exceed \$2,500 toward the standard paint and building standard carpet installation TI project. Landlord and Tenant acknowledge that this particular TI project is a public work to which prevailing wages apply. Landlord acknowledges that this particular TI work is a "public work," and the following requirements apply to this TI work:

To the maximum extent permitted by law, Tenant shall defend (at Tenant's expense with counsel reasonably acceptable to the Landlord), indemnify and hold harmless the Landlord and its officers, employees, elected or appointed officials, volunteers, contractors and agents from and against any and all loss, demand, liability, damage, claim, cost, expense and/or "increased costs" (including reasonable attorneys' fees, court and litigation costs, and fees of expert witnesses) which, in connection with the construction of the Alterations, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Tenant or any of his subcontractors of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages); (2) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (3) failure by Tenant or any of his subcontractors to

provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the construction of the Alterations, including, without limitation, any and all public works (as defined by applicable law), Tenant shall bear all risks of his and his subcontractors' payment or non-payment of prevailing wages under California law and the implementation of Labor Code Section 1781, as the same may be amended from time to time, and any other similar law. "Increased costs," as used in this Section, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Lease.

12. Repairs.

12.1 Condition of Premises. As provided in Article 5, the Premises shall be delivered to Tenant in an "AS IS" and "ALL FAULTS" condition and Landlord shall have no obligation whatsoever to alter, remodel, improve, repair, decorate, or paint the Premises or any part thereof either prior to or during the Lease Term except to the extent expressly provided in Section 12.3 below. By accepting possession of the Premises, Tenant shall be deemed to have acknowledged that the Premises are suitable for its purposes and in good condition and repair. Subject to Section 12.2, Tenant, at its expense, shall keep the Premises and every part thereof in good condition and repair and shall, upon the expiration or sooner termination of the Lease Term, surrender the Premises to Landlord and in good condition and repair. Tenant acknowledges and agrees that it has inspected, or prior to the Commencement Date will inspect, the Premises and that Tenant is not relying on any representations or warranties made by Landlord or Landlord's Affiliates regarding the Premises, the Building, or the Land except as may be expressly set forth herein.

12.2 Landlord's Obligation to Repair. Subject to Article 16, Landlord shall repair and maintain the common areas and the structural portions of the Building, including, but not limited to, the structural portions of the roof, the foundations, exterior load-bearing walls, and the basic HVAC, mechanical, electrical and plumbing systems installed by Landlord in the Building. However, if the repair or maintenance is caused in whole or in part by the act, neglect, fault or omission of Tenant or Tenant's Affiliates, or by Tenant's Alterations, Tenant immediately shall pay for such repair or maintenance as Additional Rent within fifteen (15) days of Tenant's receipt of invoice. Tenant shall indemnify Landlord for and hold Landlord and Landlord's Affiliates harmless from and against all other Liabilities incurred by Landlord and Landlord's Affiliates in connection therewith. Landlord shall have a reasonable time after written notice from Tenant to perform necessary repairs or maintenance. Tenant waives all rights granted under Law to make repairs at Landlord's expense.

13. Services and Utilities.

13.1 Landlord's Services. Subject to the rules and regulations of the Building, Landlord shall furnish the required water, plumbing, electrical and HVAC required in Landlord's judgment for the comfortable use and occupancy of the Premises, and janitorial services, as hereinafter provided. Landlord shall also maintain the common stairs, entries and rest rooms in the Building lighted. If Landlord shall determine, in the exercise of Landlord's sole but good faith discretion, that the Tenant's use of the utilities is in excess of that normally used by a tenant occupying similar

space, then Tenant shall pay Landlord upon demand, as Additional Rent hereunder, the cost of such excess utility usage in addition to any other Rent or charge due from Tenant under this Lease.

13.2 Utility Charges.

(a) Tenant shall be solely responsible for obtaining and shall promptly pay directly to the utility supplier all fees, deposits and charges including use and/or connection fees, hookup fees, standby fees and/or penalties for discontinued or interrupted service, and the like, for electricity, gas and water used in or upon or furnished to the Premises, irrespective of whether any of the foregoing are initially paid or advanced by Landlord, or otherwise. If electricity, gas or water service is billed to Landlord and is not specifically metered to the Premises, the amount thereof shall be equitably prorated by Landlord and Tenant shall pay to Landlord within ten (10) days after Landlord's demand, as Additional Rent hereunder, an amount equal to that proportion of the total charges therefore which the number of square feet of gross floor area in the Premises bears to the total number of square feet of gross floor area covered by such combined charges. Additionally, if the Premises are not separately metered, Landlord shall have the right to install separate meters. Since the Premises are not separately metered, Tenant shall pay the above described utilities as part of the base year component of the modified gross rent.

(b) In no event shall Landlord be liable for damages or otherwise for any interruption, reduction, disruption, curtailment or failure in the supply, quality or character of electricity, centrally conditioned cold air or any other utility or other service, or if either the quantity, quality or character thereof supplied to or by Landlord is changed or is no longer available or suitable for Tenant's requirements, nor shall any such interruption, reduction, disruption, curtailment, failure or change in quantity, quality or character constitute or be deemed to constitute constructive eviction of Tenant, or excuse or relieve Tenant from its obligations pursuant to this Lease.

13.3 Janitorial Services. The janitorial services to be provided by Landlord to Tenant shall be provided five (5) days a week, Monday through Friday (except for nationally and locally recognized holidays). Janitorial services shall be those customarily furnished for similar buildings in the general vicinity of the Building.

13.4 Hours of Operation. HVAC for the Premises shall be provided five (5) days a week, Monday through Friday, from 7:00 a.m. to 6:00 p.m. and Saturdays from 9:00 a.m. to 1:00 p.m. (excluding nationally and locally recognized holidays). Tenant shall not be entitled to any abatement of Rent or have any right to terminate this Lease in the event Landlord is unable to provide the services set forth herein.

13.5 Extra Hours. If during any hours or any days other than those specified in Article 13.4, Tenant desires to have any services or utilities supplied to the Premises which are not separately metered, and provided Landlord receives reasonable advance notice thereof, and if Landlord is able to provide the same, Tenant shall pay Landlord such charge as Landlord shall establish from time to time for providing such services and utilities, at a cost currently estimated at \$35.00 per hour, which are not separately metered to the Premises. Any such charges which Tenant is obligated to pay shall be deemed to be Additional Rent hereunder.

14. Entry by Landlord. Landlord shall have the right to enter the Premises during regular business hours in order to: inspect the Premises; post notices of non-responsibility; show the Premises to prospective purchasers, lenders or tenants; perform its obligations and exercise its rights hereunder; and make repairs, improvements, alterations or additions to the Premises or the Building or any portion thereof as Landlord deems necessary or desirable and to do all things necessary in connection therewith, including, but not limited to, erecting scaffolding and other necessary structures. Landlord shall retain (or be given by Tenant) keys to unlock all of the doors to or within the Premises, excluding doors to Tenant's vaults and files. Landlord shall have the right to use any and all means necessary to obtain entry to the Premises in an emergency. Landlord's entry to the Premises shall not, under any circumstances, be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Tenant from the Premises or any portion thereof.

15. Tenant's Insurance.

15.1 Property Insurance. At all times during the Lease Term, Tenant, at its expense, shall maintain in effect policies of casualty insurance covering: (a) all alterations made by Tenant and all leasehold improvements; and (b) all of Tenant's Property and other Personal Property from time to time in, on or about the Premises, in an amount not less than their full replacement cost (without deduction for depreciation) from time to time during the term of this Lease. Such policies shall provide for protection against any perils normally included within the classification of "All Risks", and shall cover demolition and changes in Laws. Such insurance shall contain an endorsement naming the Landlord and Landlord's Mortgagee as loss payee and an endorsement waiving the insurer's right to subrogate against the Landlord or Landlord's Mortgagee.

15.2 Commercial General Liability Insurance. At all times during the Lease Term, Tenant, at its sole expense, shall maintain Commercial General Liability Insurance with respect to the ownership, maintenance, use, operation and condition of the Premises and the business conducted therein. Such insurance shall at all times have limits of not less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate. At Landlord's request, these limits shall be increased from time to time during the Lease Term to such higher limits as Landlord or its insurance consultant believe are necessary to protect Landlord. Such insurance shall be primary and not contribute with any self-insurance or insurance maintained by the Landlord or Landlord's Mortgagee, and shall contain an endorsement naming Landlord and Landlord's Mortgagee, their elected and appointed officials and employees as additional insureds.

15.3 Workers' Compensation Insurance. At all times during the Lease Term, Tenant shall maintain Workers' Compensation insurance as required by California law and Employer's Liability insurance with limits not less than \$1 million (\$1,000,000) each accident. Such insurance shall contain an endorsement waiving the insurer's right to subrogate against the Landlord, the Landlord's Mortgagee or their elected or appointed officials and employees.

15.4 Policy Requirements. All insurance required to be carried by Tenant hereunder shall be issued by insurers with a current A.M. Best's rating of no less than A-VII and qualified to do business in the State of California, approved by Landlord and, if required, by Landlord's Mortgagee. Copies of all certificates and required endorsements shall be delivered to Landlord at

least ten (10) days prior to Tenant's occupancy of the Premises. Each policy shall provide that it may not be canceled except after thirty (30) days' prior written notice to Landlord and Landlord's Mortgagee. Tenant shall furnish Landlord with renewal certificates or binders of each policy evidencing compliance with those requirements at least thirty (30) days prior to expiration. Tenant shall have the right to provide insurance coverage pursuant to blanket policies obtained by Tenant if the blanket policies expressly afford coverage as required by this Lease.

15.5 Tenant's Failure to Deliver Policies. Upon Landlord's request, Tenant shall deliver certified copies of all required insurance policies to the Landlord. If Tenant fails to deliver required certificates of insurance, required endorsements or requested copies of the insurance policies within the time required pursuant to Article 15.4, Landlord may, but shall not be obligated to, obtain the required insurance, and the cost thereof, shall be payable by Tenant to Landlord on demand. Nothing in this Article shall be deemed to be a waiver of any rights or remedies available to Landlord under this Lease or at law or in equity if Tenant fails to obtain and deliver the required insurance policies and evidence of payment.

16. Damage or Destruction; Eminent Domain.

16.1 Landlord's Restoration. If the Building or the Premises are partially damaged or totally destroyed by fire or other casualty, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance carried under Article 15 of this Lease. Upon Landlord's receipt of notice of the damage or destruction and substantially all of the insurance proceeds receivable, Landlord shall repair the damage and restore or rebuild the Building or the Premises (except for Tenant's Property and leasehold improvements which are above the standard of the Building). However, Landlord shall not be required to spend amounts in excess of the insurance proceeds actually received for such repair, restoration or rebuilding. Subject to Article 22, Landlord shall attempt to make any required repairs or restoration promptly and so as not to interfere unreasonably with Tenant's use and occupancy of the Premises, but Landlord shall not be obligated to perform such work on an overtime or premium-pay basis.

16.2 Rent Abatement. Subject to Article 16.3, if, in Landlord's reasonable judgment, all or part of the Premises are rendered completely or partially untenantable on account of fire or other casualty, the Monthly Rent shall be abated (to the extent of Landlord's rental loss insurance carried hereunder) in the proportion that the rentable area of the untenantable portion of the Premises bears to the total Area of the Premises. Such abatement shall commence on the date of the damage or destruction and shall continue until the Premises have been substantially repaired and Tenant has reasonable access to the Premises. However, if Tenant reoccupies the damaged portion of the Premises prior to the date that the Premises are substantially repaired, the Monthly Rent allocable to the reoccupied portion shall be payable by Tenant from the date of such occupancy in the proportion that the rentable area of the reoccupied portion of the Premises bears to the total Area of the Premises.

16.3 Exception to Abatement. Notwithstanding Article 16.2, if the damage is due to the fault or neglect of, including, without limitation, Tenant, Tenant's Affiliates, contractors, and guests, or Landlord is unable to collect all of the insurance proceeds (including, without limitation,

rent insurance proceeds) for damage or destruction of the Premises or the Building, there shall be no abatement of Monthly Rent to Landlord (or any Landlord's Mortgagee). Provided Tenant is able to reoccupy the damaged portion of the Premises under applicable Laws and reoccupies the damaged portion of the Premises prior to the date that the Premises are substantially repaired, the Monthly Rent allocable to the reoccupied portion shall be payable by Tenant from the date of such occupancy. Landlord's collection of Monthly Rent shall not preclude Landlord from seeking damages from Tenant or exercising any other rights and remedies it under this Lease or at law or in equity.

16.4 Election to Terminate. Landlord or Tenant may terminate this Lease upon written notice to the other party if: (a) the Building or the Premises are substantially or totally destroyed or, in Landlord's sole judgment, rendered untenantable by fire or other casualty or any other cause; or (b) the Building is damaged or rendered untenantable (whether or not the Premises are damaged or destroyed or rendered untenantable) so that its repair or restoration requires the expenditure (as estimated by a contractor or architect designated by Landlord) of more than twenty percent (20%) of the full insurable value of the Building immediately prior to the casualty; or (c) less than two (2) years remains in the Lease Term at the time of the damage or destruction or events which render the Building or the Premises untenantable and the time necessary to repair or restore the Building or the Premises would exceed ninety (90) days (as estimated by a contractor or architect designated by Landlord); or (d) Landlord would be required under Article 16.2 to abate or reduce the Monthly Rent for a period in excess of four (4) months if repairs or restoration were undertaken. If Landlord or Tenant elects to terminate this Lease, its notice of termination shall be given within sixty (60) days after the date of the damage, destruction or events causing untenantability. Such notice shall include a termination date giving Tenant ninety (90) days to vacate the Premises.

16.5 Eminent Domain. Landlord may terminate this Lease upon written notice to Tenant if twenty-five percent (25%) or more of either the Premises, the Building or the Land is condemned, taken or appropriated by any public or quasi-public authority (collectively "Taking or Appropriation") under the power of eminent domain, police power or otherwise (or in the event of a sale in lieu thereof). Whether or not this Lease is so terminated, Landlord shall be entitled to any and all income, Rent, award, or interest thereon which may be paid or made in connection with the Taking or Appropriation, and Tenant shall have no claim against Landlord for the value of any unexpired term of this Lease. If Landlord elects to terminate this Lease, its notice of termination shall be given within sixty (60) days after the Taking or Appropriation. If such notice is not given or if Landlord notifies Tenant of Landlord's election not to terminate, this Lease shall continue in full force and effect, except that the Monthly Rent shall be reduced in the proportion that the Premises which is taken bears to the total Area of the Premises. Nothing contained in this Article shall prevent Tenant from bringing a separate action or proceeding for compensation for any of Tenant's Property taken and Tenant's moving expenses. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of the California Code of Civil Procedure.

16.6 Business Interruption. Landlord shall not incur any Liabilities of any type to Tenant, Tenant's Affiliates, contractors, or guests arising from or in connection with any damage or destruction of the Premises, the Building or the Land, or any Taking or Appropriation thereof, or any repairs or restoration in connection therewith, nor shall Tenant have any right to terminate

this Lease as a result thereof. However, in such event, Monthly Rent shall be abated if and to the extent that abatement is allowed pursuant to this Article.

16.7 Waiver. To the extent permitted under law, Tenant waives the application of any Laws now or hereafter in effect which are contrary to the provisions of this Article in connection with any damage, destruction, Taking or Appropriation (or grant deed or other instrument in lieu) of all or any portion of the Premises, the Building, or the Land.

17. Assignment and Subletting.

17.1 Landlord's Consent Required. Tenant shall not voluntarily, involuntarily or by operation of any Laws sell, convey, mortgage, assign, sublet or otherwise transfer or encumber (collectively "Transfer") all or any part of Tenant's interest in this Lease or the Premises without Landlord's prior written consent in each instance, which consent shall not be unreasonably withheld, conditioned or delayed except as otherwise provided in this Article, and any attempt to do so without this consent shall be null and void. If Tenant desires to Transfer its interest in this Lease to all or any part of the Premises, Tenant shall notify Landlord in writing. This notice shall state and/or be accompanied by: (a) the proposed effective date of the Transfer, which shall not be less than 45 days after the date of delivery of the notice, (b) a description of the portion of the Premises to be transferred; (c) a statement setting forth the name and business of the proposed Transferee; (d) a copy of the proposed Transfer agreement (and any collateral agreements) setting forth all of the terms and the financial details of the Transfer (including, without limitation, the term, the Rent and any security deposit, "key money", calculation of "Transfer Premium" as defined in Article 17.5, and amounts payable for Tenant's Property and the common use of any personnel or equipment); (e) current financial statements of the proposed Transferee certified by an independent certified public accountant and other information requested by Landlord relating to the proposed Transferee; and (f) any other information concerning the proposed Transfer which Landlord may reasonably request. Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void, and of no effect, and constitute a default by Tenant under this Lease.

17.2 Consent by Landlord. Tenant agrees that the withholding of Landlord's consent shall be deemed reasonable if any of the following conditions are not satisfied:

(a) The proposed Transferee shall use the Premises only for the Permitted Use, and the business of the proposed Transferee is consistent with the other uses and the standards of the Building, in Landlord's reasonable judgment.

(b) On the date consent is requested, the proposed Transferee is reputable and has a net worth not less than the net worth of Tenant on the execution of this Lease, has a credit rating reasonably acceptable to Landlord, and otherwise has sufficient financial capabilities to perform all of its obligations under this Lease or the proposed sublease, in Landlord's reasonable judgment.

(c) Neither the proposed Transferee nor any person or entity that directly or indirectly controls, is controlled by, or is under common control with the proposed Transferee is an occupant

of any part of the Building or has negotiated for space in the Building within a six (6) month period prior to the delivery of Tenant's written notice.

(d) The proposed Transfer would not cause Landlord to be in violation of another lease or agreement to which Landlord is a party, or would not give an occupant of the Building a right to cancel its lease.

(e) The terms of the proposed Transfer will not allow the Transferee to exercise a right of renewal, right of expansion, right of first offer, or other similar right held by Tenant, or occupy space leased by Tenant pursuant to any such right.

(f) Tenant is not in default and has not committed acts or omissions which with the running of time or the giving of notice or both would constitute a default under this Lease.

(g) Tenant has complied with the terms of this Article.

The conditions described above are not exclusive and shall not limit or prevent Landlord from considering additional factors in determining if it should reasonably withhold its consent.

17.3 Corporate and Partnership Transactions. If Tenant is a corporation, dissolution of the corporation or a transfer (by one or more transactions) of a majority of the voting stock of Tenant shall be deemed to be Transfer of this Lease subject to the provisions of this Article. However, these provisions shall not apply to transactions with a corporation into or with which Tenant is merged or consolidated or to which substantially all of Tenant's stock or assets are transferred or which controls, is controlled by, or is under common control with, Tenant, if a principal purpose of the merger or transfer is not the assignment of this Lease and Tenant's successor has a net worth not less than the net worth of Tenant on the execution of this Lease. Tenant shall cause reasonably satisfactory proof of such net worth to be delivered at least thirty (30) days prior to the effective date of the transaction. If Tenant is a partnership, a dissolution of the partnership (including a "technical" dissolution) or a transfer of the partnership interests to one or more partners which reduces the net worth of the partners shall be deemed an assignment of this Lease subject to the provisions of this Article, regardless of whether the transfer is made by one or more transactions.

17.4 No Release of Tenant. Notwithstanding the granting of Landlord's consent, no Transfer of this Lease or the Premises shall release or alter Tenant's primary liability to pay Rent and perform all of its other obligations hereunder. The acceptance of Rent by Landlord from any person other than Tenant shall not be a waiver by Landlord of any provision hereof. Consent to one Transfer shall not be deemed to be consent to any subsequent Transfer. If any Transferee of Tenant defaults in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without proceeding against or exhausting its remedies against the Transferee. After any Transfer, Landlord may consent to subsequent Transfers, or amendments to this Lease, without notifying Tenant or any other person, without obtaining consent thereto, and without relieving Tenant of liability under this Lease.

17.5 Transfer Premium. If Landlord consents to any Transfer, Tenant shall pay the following to Landlord as Additional Rent:

(a) Tenant shall pay to Landlord 50% of any "Transfer Premium" as defined in this Article. Transfer Premium shall mean all Rent or other consideration payable by such Transferee in excess of the Monthly Rent and Additional Rent payable by Tenant under this Lease and/or collateral agreements on a per rentable square foot basis if less than all of the Premises is transferred. Transfer Premium shall also include, but not be limited to, key money, and bonus money paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee, or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer. The Monthly Rent used to calculate the Transfer Premium for a sublease shall be the Rent hereunder allocable to the subleased space for any period and shall be equal to the (Total Rent accruing during such period, multiplied by rentable area of the subleased space) / Total Area of the Premises.

(b) This Transfer Premium shall be paid by Tenant to Landlord as and when received by Tenant or, at Landlord's option, on written notice to the Transferee, Landlord may collect all or any portion of this Transfer Premium directly from the Transferee. Landlord's acceptance or collection of this Additional Rent will not be deemed to be consent to any Transfer or a cure of any default under this Article or the rest of the Lease.

17.6 Additional Terms. Within ten (10) days of written demand, Tenant shall pay the reasonable attorney's fees and other costs and expenses of Landlord in connection with any request for Landlord's consent to any Transfer.

(a) A sublease will be null and void unless it complies with the rest of this Lease and provides that: (i) it is subject and subordinate to this Lease and that if there is any conflict or inconsistency between the sublease and this Lease, this Lease will prevail; (ii) Landlord may enforce all the provisions of the sublease, including the collection of Rent; (iii) it may not be modified without Landlord's prior written consent and that any modification without this consent shall be null and void; (iv) if this Lease is terminated or Landlord re-enters or repossesses the Premises, Landlord may, at its option, take over all of Tenant's right, title and interest as sublessor and, at Landlord's option, the subtenant shall attorn to Landlord, but Landlord shall not be (x) liable for any previous act or omission of Tenant under the sublease, (y) subject to any existing defense or offset against Tenant, or (z) bound by any previous modification of the sublease made without Landlord's prior written consent or by any prepayment of more than one month's Rent; and (v) it is ineffective until Landlord gives its written consent thereto.

(b) An assignment will be null and void unless it complies with the terms of this Lease and provides that: (i) the assignee assumes all of Tenant's obligations under this Lease and agrees to be bound by all of the terms of this Lease; and (ii) it is ineffective until Landlord gives its written consent thereto.

(c) The sublease or assignment otherwise must exactly match the proposed sublease or assignment initially submitted by Tenant. A sublease or assignment will not be effective until a

fully executed counterpart is delivered to Landlord and Landlord delivers its written consent thereto.

(d) This Article is binding on and shall apply to any purchaser, mortgagee, pledgee, assignee, subtenant or other transferee or encumbrancer, at every level.

(e) Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee of Tenant claims that Landlord has unreasonably withheld or delayed its consent under this Article or otherwise has breached or acted unreasonably under this Article, their sole remedy shall be a declaratory judgment and an injunction for the relief sought without any monetary damages, and Tenant waives all other remedies on its own behalf and, to the extent permitted under all Laws, on behalf of Tenant's proposed Transferee.

18. Quiet Enjoyment. So long as Tenant pays all Rent and performs all of its other obligations as required hereunder, Tenant shall during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof, and the terms of any Superior Leases and Mortgages (as defined in Article 19.1), and all other agreements or matters of record or to which this Lease is subordinate without interference by any persons lawfully claiming by or through Landlord. The foregoing covenants are in lieu of any other covenant express or implied.

19. Mortgagee Protection.

19.1 Subordination. Unless provided otherwise herein, this Lease is subject and subordinate to all present and future ground leases, lease-leaseback financing, underlying leases, mortgages, deeds of trust, or other encumbrances, renewals, modifications, consolidations, replacements, extensions thereof, or advances made thereunder, affecting all or any portion of the Premises, the Building, or the Land ("Superior Leases and Mortgages"). However, in confirmation of such subordination, Tenant shall execute, acknowledge and deliver any instrument that Landlord or the lessor, mortgagee or beneficiary under any of the Superior Leases and Mortgages may request, within ten (10) days after request. (Each of these lessors, mortgagees or beneficiaries is called a "**Landlord's Mortgagee.**") However, if Landlord, Landlord's Mortgagee or any other successor to Landlord elects in writing, this Lease shall be deemed superior to the Superior Leases and Mortgages specified, regardless of the date of recording, and Tenant will execute an agreement confirming this election on request. If Landlord's Mortgagee or its successor or any successor to Landlord succeeds to Landlord's interests under this Lease, whether voluntarily or involuntarily, Tenant shall attorn to such person and recognize such person as Landlord under this Lease. To the extent permitted under law, Tenant waives the provisions of any current or future statute, rule, or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

19.2 Mortgagee's Liability. The obligations and liabilities of each of Landlord or Landlord's Mortgagees, or their successors, under this Lease shall exist only if and for so long as each of these respective parties owns fee title to the Land and the Building or is the lessee under a ground lease therefore. No Monthly Rent or Additional Rent shall be paid more than thirty (30)

days prior to the due date thereof and payments made in violation of this provision shall (except to the extent that such payments are actually received by a Landlord's Mortgagee) be a nullity as against Landlord's Mortgagees or their successors and Tenant shall be liable for the amount of such payments to Landlord's Mortgagees or their successors.

19.3 **Mortgagee's Right to Cure.** No act or omission by Landlord which would entitle Tenant under the terms of this Lease or any Laws to be relieved of Tenant's obligations hereunder, or to terminate this Lease, shall result in a release or termination of such obligations or this Lease unless: (a) Tenant first shall have given written notice of Landlord's act or omission to Landlord and all Landlord's Mortgagees whose names and addresses shall have been furnished to Tenant; and (b) Landlord's Mortgagees, after receipt of such notice, fail to correct or cure the act or omission within a reasonable time thereafter (but in no event less than sixty (60) days). However, nothing contained in this Section shall impose any obligation on Landlord's Mortgagees to correct or cure any act or omission.

20. **Estoppel Certificates.** Tenant shall from time to time, within ten (10) days after request by Landlord, execute and deliver to Landlord or any other person designated by Landlord an Estoppel certificate, in form satisfactory to Landlord, which certifies: (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, describes them); (b) the expiration date of the Lease Term and that there are no agreements with Landlord to extend or renew the Lease Term or to permit any holding over (or if there are any such agreements, describes them and specifies the periods of extension or renewal); (c) the date through which the Monthly Rent and Additional Rent have been paid; (d) that Landlord is not in default in the performance of any of its obligations under this Lease (or, if there are any such defaults, describes them); (e) that Tenant is not entitled to any credits, offsets, defenses or deductions against payment of the Rent hereunder (or, if they exist, describes them); and (f) such other information concerning this Lease or Tenant as Landlord or any other person designated by Landlord reasonably shall request. An Estoppel certificate issued by Tenant pursuant to this Article shall be a representation and warranty by Tenant which may be relied on by Landlord and by others with whom Landlord may be dealing, regardless of independent investigation. If Tenant fails to execute and deliver an Estoppel certificate as required hereunder, Landlord's representations concerning the factual matters covered by such Estoppel certificate, as described above, shall be conclusively presumed to be correct and binding on Tenant.

21. **Default.** The occurrence of any one or more of the following events shall be a default and breach under this Lease by Tenant:

- (a) The vacation or abandonment of all or any portion of the Premises by Tenant for ten (10) consecutive days.
- (b) The failure to accept tender of possession of the Premises or any significant portion thereof.
- (c) The failure by Tenant to make any payment of Rent or any other payment required to be made by Tenant hereunder for a period of Ten (10) days after such payment is due.

(d) The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than those described in subparagraphs (b), (d), (e), (f), (g), (h) and (i) of this Article, where such failure shall continue for a period of fifteen (15) days after written notice thereof by Landlord to Tenant. However, if the nature of these defaults is such that more than fifteen (15) days are reasonably required to cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within the fifteen (15) day period and thereafter diligently completes the cure within sixty (60) days.

(e) The making by Tenant or any guarantor of this Lease of any general assignment or general arrangement for the benefit of creditors; or the filing by or against Tenant or any guarantor of this Lease of a petition or order for relief under any Laws relating to bankruptcy or insolvency (unless, in the case of a petition filed against Tenant or any guarantor of this Lease, the petition is dismissed within sixty (60) days); or the appointment of a trustee, custodian or receiver to take possession of substantially all of Tenant's assets or the assets of any guarantor of this Lease or of Tenant's interest in this Lease where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or judicial seizure of substantially all of Tenant's assets or of Tenant's interest in this Lease, unless discharged within thirty (30) days.

(f) The service by Landlord of a three day notice under California Code of Civil Procedure Section 1161 on three or more occasions if the previous service of the three-day notices did not result in the termination of this Lease.

(g) A sale, conveyance, mortgage, pledge, assignment, sublease or other transfer or encumbrance, or any attempt to do so, in violation of Article 17.

(h) Tenant's failure to deliver the Estoppel certificate within the time required under Article 20, or any written instrument required under Article 19 within the time required.

(i) A default under or the repudiation of any guaranty of Tenant's obligations under this Lease.

(j) Tenant's failure to maintain the insurance policies required hereunder.

(k) The death of Tenant or, if Tenant is comprised of more than one (1) individual, the death of any of the individuals comprising Tenant.

(l) Tenant's failure to observe or perform according to the provisions of Articles 9, 10.4, and 11 within five (5) business days after notice from Landlord.

Except for the defaults specified in subparagraphs (c) and (d), all other defaults are not curable by Tenant.

22. Remedies for Default.

22.1 General. In the event of any default or breach by Tenant, Landlord may at any time thereafter, with or without notice or demand:

(a) Terminate Tenant's right to possession of the Premises by any lawful means,

including but not limited to terminating this Lease, barring the Tenant from reentering the Premises, and removing all persons and property therefrom, which property may be stored by Landlord at a warehouse or elsewhere at risk, expense, and for the account of Tenant. If Landlord elects to terminate this Lease, Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all Liabilities incurred by Landlord or Landlord's Affiliates by reason of Tenant's default, including but not limited to: (i) the worth at the time of the award of the unpaid Monthly Rent and Additional Rent which had been earned or was payable at the time of termination; (ii) the worth at the time of the award of the amount by which the unpaid Monthly Rent and Additional Rent which would have been earned or payable after termination until the time of the award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; (iii) the worth at the time of the award of the amount by which the unpaid Monthly Rent and Additional Rent which would have been paid for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; and (iv) any other amount necessary to compensate Landlord for all Liabilities proximately caused by Tenant's failure to perform its obligations under the Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, any costs or expenses incurred by Landlord in maintaining or preserving the Premises, the Building and the Land after such default, the cost of recovering possession of the Premises, advertising expenses incurred, expenses of reletting, including necessary renovation or alteration of the Premises or any portion thereof, whether for the same or different use, and any special concessions made to obtain the new tenant, Landlord's attorneys' fees and costs incurred in connection therewith, and any real estate commissions paid or payable. As used in subparts (i) and (ii) above, the "worth at the time of the award" is computed by allowing interest on unpaid amounts at the rate of eighteen percent (18%) per annum, or such lesser amount as may then be the maximum lawful rate. As used in subparagraph (iii) above, the "worth at the time of the award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%). If Tenant abandons the Premises, Landlord shall have the option of (x) taking possession of the Premises and recovering from Tenant the amount specified in this subparagraph, or (y) proceeding under the provisions of subparagraph (b) below.

(b) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease and at law or in equity, including the right to recover the Rent and other sums and charges as they become due hereunder.

(c) Nothing in this Article 22 shall be deemed to affect Landlord's right to indemnification for liability or liabilities arising prior to the termination of this Lease for personal injuries or property damage under the indemnification clause or clauses contained in this Lease.

(d) All rights, powers and remedies of Landlord hereunder and under any other agreement now or hereafter in force between Landlord and Tenant shall be in addition to all rights, powers and remedies given to Landlord by law, and the exercise of one or more rights or remedies shall not impair Landlord's right to exercise any other right or remedy.

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

22.3 Performance by Landlord. If Tenant defaults under this Lease, Landlord, without waiving or curing the default, may, but shall not be obligated to, perform Tenant's obligations for the account and at the expense of Tenant. Notwithstanding Article 21(c), in the case of an emergency, Landlord need not give any notice prior to performing Tenant's obligations.

22.4 Post-Judgment Interest. The amount of any judgment obtained by Landlord against Tenant in any legal proceeding arising out of Tenant's default under this Lease shall bear interest until paid at the maximum rate allowed by law, or, if no maximum rate prevails, at the rate of twelve percent (12%) per annum. Notwithstanding anything to the contrary contained in any Laws, with respect to any damages that are certain or ascertainable by calculation, interest shall accrue from the day that the right to the damages vests in Landlord, and in the case of any unliquidated claim, interest shall accrue from the day the claim arose.

22.5 Tenant's Waiver. To the extent permitted under law, in the event of any default, breach or violation of Tenant's rights under this Lease by Landlord, Tenant's remedies shall be an action for actual damages. Tenant hereby waives the benefit of any law granting it the right to perform Landlord's obligation.

23. Holding Over. Tenant shall not hold over in the Premises after the expiration or sooner termination of the Lease Term without the express prior written consent of Landlord. Tenant shall indemnify Landlord and Landlord's Affiliates for, and hold Landlord and Landlord's Affiliates harmless from and against, any and all Liabilities arising out of or in connection with any delay by Tenant in surrendering and vacating the Premises, including, without limitation, any claims made by any succeeding tenant based on any delay and any Liabilities arising out of or in connection with these claims. If possession of the Premises is not surrendered to Landlord on the expiration or sooner termination of the Lease Term, in addition to any other rights and remedies of Landlord hereunder or at law or in equity, Tenant shall pay to Landlord for each month or portion thereof during which Tenant holds over in the Premises a sum equal to one hundred fifty percent (150%) of the then-current Monthly Rent in addition to all other Rent payable under this Lease. If any tenancy is created by Tenant's holding over in the Premises, the tenancy shall be on all of the terms and conditions of this Lease, except that Rent shall be increased as set forth herein and the tenancy shall be a month-to-month tenancy. Nothing in this Article 23 shall be deemed to permit Tenant to retain possession of the Premises after the expiration or sooner termination of the Lease Term.

24. Indemnification and Exculpation.

24.1 Indemnification. In addition to any other indemnities required of Tenant hereunder, Tenant shall indemnify Landlord and Landlord's Affiliates for, and hold Landlord and Landlord's Affiliates harmless from, any and all Liabilities arising from or in connection with Tenant's (including Tenant's Affiliate or any person claiming under or through them), performance and

obligations hereunder, or its failure to comply with any current or prospective law, except for such loss or damage caused by the sole negligence or willful misconduct of Landlord, including but not limited to, (a) the use and occupancy of the Premises by Tenant or Tenant's Affiliates; (b) the conduct of Tenant's business; (c) any breach or default by Tenant under this Lease; (d) claims by any assignee, subtenant, broker or other person if Landlord declines to consent to any assignment, sublease or other transfer or encumbrance or terminates this Lease pursuant to Article 17; and (e) any other acts or omissions of Tenant or Tenant's Affiliates or persons claiming through or under them. This indemnification obligation shall survive this Agreement and shall not be limited by any term of any insurance policy required under this Agreement.

24.2 Damage to Persons or Property. Tenant assumes the risk of all Liabilities it may incur, including, but not limited to, damage or injury to persons, property and the conduct of Tenant's business (and any loss of revenue therefrom), the loss of use or occupancy of the Premises, and the items enumerated below in this Section, and waives all claims against Landlord and Landlord's Affiliates in connection therewith. Landlord and Landlord's Affiliates shall not be liable for any Liabilities incurred by Tenant or Tenant's Affiliates (including, but not limited to, the Liabilities described above in this Section) arising from or in connection with: (a) acts or omissions of any tenant of the Building or any other persons (including, but not limited to, any parking garage operators or their employees); (b) explosion, fire, steam, electricity, water, gas or rain, pollution or contamination; (c) the breakage, leakage, obstruction or other defects of plumbing, HVAC, electrical, sanitary, safety, elevator or other utilities and systems of the Building or the failure to furnish any of the foregoing; (d) any work, maintenance, repair, rebuilding or improvement performed by or at the request of Landlord or Landlord's Affiliates for the Premises, the Building or the Land; (e) any entry by Landlord or Landlord's Affiliates on the Premises; (f) any defects in the Premises, the Building, the Land or any portions thereof; (g) any interference with light or other incorporeal hereditaments; and (h) any other acts, omissions or causes. Nothing in this Section exempts Landlord for liability caused solely by its gross negligence or willful misconduct, but Landlord shall not be liable under any circumstances for consequential or punitive damages (including, but not limited to, damage or injury to persons, property and the conduct of Tenant's business [and any loss of revenue therefrom]). Tenant immediately shall notify Landlord of any defects in the Premises or the Building or any portion thereof and of any damage or injury thereto or to persons or property in or about the Premises or the Building.

24.3 Satisfaction of Remedies. Landlord and Landlord's Affiliates shall not be personally liable for the performance of Landlord's obligations under this Lease. If Tenant or Tenant's Affiliates acquire any rights or remedies against Landlord or Landlord's Affiliates (including, but not limited to, the right to satisfy a judgment), these rights and remedies shall be satisfied solely from Landlord's estate and interest in the Land and the Building (or the proceeds therefrom) and not from any other property or assets of Landlord or Landlord's Affiliates. This Section shall be enforceable by Landlord and Landlord's Affiliates.

25. Rules and Regulations. Tenant shall faithfully observe and comply with the rules and regulations that Landlord shall from time to time promulgate. Landlord reserves the right from time to time in its sole discretion to make all reasonable additions and modifications to the rules and regulations. Any additions and modifications to the rules and regulations shall be binding on Tenant when delivered to Tenant. Landlord shall not incur any Liabilities to Tenant or Tenant's

Affiliates arising from or in connection with the nonperformance of any rules and regulations by any other tenants or occupants of the Building. Landlord's current rules and regulations are attached hereto as Exhibit "C."

26. Taxes.

26.1 Tenant shall be solely responsible for payment of any and all "Real Property Taxes" levied or assessed against the Premises or Tenant's interest under this Lease, including without limitation Tenant's Share of any taxes levied against the common areas, Land or Building. "Real Property Taxes" include, but are not limited to: any fees, including license fee, license tax, business license fee, commercial rental tax, levy, charge, assessment, penalty or tax imposed by any taxing authority against the Premises, Land or the Building; any property taxes and assessments levied on Tenant's possessory interest in the Premises, Land or Building; any tax on Landlord's right to receive, or the receipt of, rent or income from the Premises, Land or Building; any tax or charge for fire protection, streets, sidewalks, road maintenance, refuse or other services provided to the Premises, Land or the Building; any tax imposed on this transaction or based on a reassessment of the Premises, Land or the Building due to a change in ownership or transfer of all or part of Landlord's interest in this Lease, the Premises, Land or the Building; and any charge or fee replacing any tax previously included within this definition. Real Property Taxes do not include Landlord's federal or state net income, franchise, inheritance, gift, or estate taxes.

26.2 In accordance with California Revenue and Taxation Code Section 107.6(a), Landlord hereby informs Tenant that by entering into this Lease a possessory interest in Tenant subject to property taxes may be created, and if so, Tenant or other party in whom the possessory interest is vested may be subject to the payment of property taxes levied on such interest. Tenant shall be solely responsible for payment of any possessory interest tax levied or assessed against the Premises, improvements on the Premises, this Lease, or Tenant's Share of the Land or Building. If at any time Tenant is not separately assessed for its possessory interest and/or improvements on the Premises, Tenant shall, as Additional Rent pay to Landlord that portion of any assessment levied against or upon the Premises, the improvements on the Premises, the Building or Landlord's interest therein that represents the value of the Tenant's leasehold interest and value of the improvements of the Premises that would have been assessed and levied upon the Premises had it been assessed as such possessory interest in the Premises.

26.3 The amount of any tax or excise payable by or assessed against Tenant or the Premises, including without limitation, Real Property Taxes shall be paid by Tenant before it becomes delinquent. Tenant shall pay, or cause to be paid, before delinquency, any and all other taxes levied or assessed against Tenant's Property, Tenant's possessory interest in the Premises, Land and Building, and any leasehold improvements in the Premises which were made for Tenant or at its request. If any or all of Tenant's Property or any of these leasehold improvements are assessed and taxed with the Building, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes.

27. Brokers. Landlord and Tenant represent and warrant to each other that they have had no dealings with any broker, finder, or similar person who is or might be entitled to a commission or

other fee in connection with introducing Tenant to the Building or in connection with this Lease, except for Landlord's Broker and Tenant's Broker as may be named in Article 2. Landlord shall pay the commission due to Landlord's Broker and Tenant's Broker pursuant to a separate agreement between Landlord and such Brokers. Landlord and Tenant shall indemnify each other for, and hold the other harmless from and against, any and all claims that the indemnified party may have as a result of a breach of the foregoing representation.

28. Parking. Tenant acknowledges that no parking is provided to Tenant pursuant to this Lease. Tenant may, on a space available basis, purchase parking spaces from the City per the terms of this lease agreement. Parking rates shall be determined by Landlord at its sole discretion. Landlord at all times shall have the right to designate the particular parking area and spaces, if any, to be used by any or all of such Tenant's employees, suppliers, customers, visitors, or the like, and any such designation may be changed from time to time. Attached hereto as Exhibit "D" is a copy of the City's Parking Fee Schedule, which schedule shall be subject to change from time to time by City and/or its parking facility operator.

29. Authority to Enter into Lease. If Tenant is a corporation, each individual executing this Lease on behalf of the corporation represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of the corporation, in accordance with a duly adopted resolution of the board of directors of said corporation or in accordance with the by-laws of said corporation, and that this Lease is binding on the corporation in accordance with its terms. If Tenant is a partnership, each individual executing this Lease on behalf of the partnership represents and warrants that he is duly authorized to execute and deliver this lease on behalf of the partnership, in accordance with the partnership agreement and any statements of partnership or certificates of limited partnership of the partnership, and that this Lease is binding on the partnership in accordance with its terms. Tenant shall, within thirty (30) days of the execution of this Lease, deliver to Landlord: (a) if Tenant is a corporation, a certified copy of a resolution of the board of directors of the corporation; or (b) if Tenant is a partnership, a copy of the Statement of Partnership or Certificate of Limited Partnership of Tenant; and (c) other evidence reasonably satisfactory to Landlord authorizing or ratifying the execution of this Lease.

30. Relocation. Notwithstanding any contrary provision of this Lease, if due to excessive noise, Landlord requires the Tenant to relocate within the property or for other reasons related to Landlord's occupancy plans for the Building, then at any time during the Lease Term Landlord shall have the right, upon providing Tenant prior written notice (the "Relocation Notice"), to provide and furnish Tenant with space elsewhere in the Building or another building in the Redondo Beach Pier Plaza project comparable to the Premises and to move and place Tenant in such new space, at Landlord's sole cost and expense. Such space shall be approximately the same size as the existing Premises and shall be improved by Landlord prior to Tenant's relocation with leasehold improvements comparable to those in the existing Premises. However, if the new space does not meet with Tenant's approval, Tenant may cancel this Lease upon written notice to Landlord, which notice must be received by Landlord within ten (10) days after delivery to Tenant of the Relocation Notice, and this Lease shall terminate sixty (60) days thereafter (as if such date were the date originally provided herein for the expiration of the Lease Term) and neither party shall have any further rights or obligations hereunder. Tenant's failure to timely deliver notice to Landlord of Tenant's election to cancel this Lease shall be deemed an acceptance by Tenant of the

new space set forth in the Relocation Notice, and Tenant shall vacate the Premises in accordance with said notice and/or the terms of any subsequent notice from Landlord to Tenant. Landlord shall reimburse Tenant, within thirty (30) days after Landlord's receipt of invoices and paid receipts, for the reasonable moving, telephone installation and stationery reprinting costs actually paid for by Tenant in connection with such relocation. If Landlord moves Tenant to such new space, then this Lease and each and all of the terms, covenants and conditions hereof shall remain in full force and effect and be deemed applicable to such new space except that revised Exhibit "A" showing the location of the new space shall become a part of this Lease and Landlord and Tenant shall promptly thereafter execute an amendment to this Lease containing such revised Exhibit "A" and with the Basic Terms of this Lease, as contained in Article 2, amended, if necessary, to include and state all correct data as to the new space. Notwithstanding the foregoing provisions of this Article to the contrary, if the new space contains more floor area than the original Premises, Tenant shall not be obligated to pay any more Monthly Rent or Operating Expenses than otherwise applicable to the original Premises. Landlord and Tenant agree to cooperate fully in order to minimize the inconvenience of Tenant resulting from such relocation.

Tenant understands and agrees that Tenant is not eligible to be a "displaced person" under the California Relocation Act, which provides that a "displaced person" shall not include any person whose right of possession at the time of moving arose after the date of the public entity's acquisition of the real property. Tenant understands that Tenant is a "post-acquisition tenant" pursuant to the Relocation Assistance and Real Property Acquisition Guidelines of the California Department of Housing and Community Development, 25 Cal. Code Regs. §6000, et seq. Tenant understands that pursuant to Section 6034(b) of the California Code of Regulations, Tenant shall not be entitled to any relocation benefits or assistance if Tenant is temporarily or permanently displaced from the Premises, other than the payment which is required in the following paragraph, whether the displacement is a result of the expiration of the Term, Landlord's termination of the Lease pursuant to this Section, Landlord's pursuit of an unlawful detainer proceeding against Tenant, or for any other reason. Tenant hereby knowingly and voluntarily waives any rights Tenant may have to claim or receive any relocation assistance or benefits under state or federal law, and agrees not to file any claim or take any other action to receive such assistance or benefits.

It is strictly understood, and Tenant hereby agrees, that the Landlord reserves the unilateral right at any time, in Landlord's sole and absolute discretion, to relocate Tenant or terminate this Lease immediately if it is the opinion of the City that the parking structure is unsafe for the Tenant or the public; or upon Ninety calendar days written notice if the City intends to replace or improve the parking structure to an extent that relocation of Tenant is necessary.

31. General Provisions

31.1 Joint Obligation. If Tenant consists of more than one person or entity, the obligations of such persons or entities as Tenant shall be joint and several.

31.2 Marginal Headings. The titles to the Articles and Sections of this Lease are not a part of this Lease and shall have no effect on the construction or interpretation.

31.3 Time. Time is of the essence for the performance of each and every provision of this Lease.

31.4 Successors and Assigns. Subject to the restrictions contained in Article 17 above, this Lease binds the heirs, executors, administrators, successors and assigns of the parties hereto.

31.5 Recordation. The parties agree to record this Lease or a short form memorandum hereof pursuant to California Government Code Section 37393.

31.6 Late Charges. Tenant acknowledges that late payment of Rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. These costs include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord by the terms of any Superior Leases and Mortgages. Accordingly, if any installment of Monthly Rent or payment of Additional Rent due from Tenant is not received by Landlord or Landlord's designee within ten (10) days after the amount is due, Tenant shall pay to Landlord a late charge equal to six percent (6%) of the overdue amount. Acceptance of late charges by Landlord shall not constitute a waiver of Tenant's default with respect to the overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder or at law or in equity.

31.7 Prior Agreements; Amendment, Waiver. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. All waivers hereunder must be in writing and specify the breach, act, omission, term, covenant or condition waived, and acceptance of Rent or other acts or omissions by Landlord shall not be deemed to be a waiver. The waiver by Landlord of any breach, act, omission, term, covenant or condition of this Lease shall not be deemed to be a waiver of any other or subsequent breach, act, omission, term, covenant or condition.

31.8 Inability to Perform. Landlord shall not be in default hereunder nor shall Landlord be liable to Tenant or Tenant's Affiliates for any Liabilities if Landlord is unable to fulfill any of its obligations, or is delayed in doing so, if the inability or delay is caused by reason of accidents, breakage, strike, labor troubles, acts of God, or any other cause, whether similar or dissimilar, which is beyond the reasonable control of Landlord.

31.9 Legal Proceedings. In any action or proceeding involving or relating in any way to this Lease, the court or other person or entity having jurisdiction in such action or proceeding shall award to the party in whose favor judgment is entered the reasonable attorneys' fees and costs incurred. The party in whose favor judgment is entered may, at its election submit proof of fees and costs as an element of damages before entry of judgment or after entry of judgment in a post-judgment cost bill. Tenant also shall indemnify Landlord for, and hold Landlord harmless from and against, all Liabilities incurred by Landlord if Landlord becomes or is made a party to any proceeding or action: (a) instituted by Tenant (except to the extent resulting from Landlord's breach or material default hereunder), or by any third party against Tenant, or by or against any

person holding any interest under or using the Premises by license of or agreement with Tenant; (b) otherwise arising out of or resulting from any act or omission of Tenant or such other person; or (c) necessary to protect Landlord's interest under this Lease in a bankruptcy proceeding, or other proceeding under Title 11 of the United States Code, as amended. In any circumstance where Tenant is obligated to indemnify or hold harmless Landlord or Landlord's Affiliates under this Lease, Tenant also shall defend Landlord and Landlord's Affiliates with counsel acceptable to Landlord or, at Landlord's election, Landlord or Landlord's Affiliates may employ their own counsel and Tenant shall pay when due all attorneys' fees and costs therefore.

31.10 Conveyance of Premises. As used herein the term "**Landlord**" means only the current owner or owners of the fee title to the Building or the lessee under a ground lease of the Land. Upon each conveyance (whether voluntary or involuntary) of the Building, the conveying party shall be relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease or arising out of any act, occurrence or omission occurring after the date of such conveyance. Landlord may sell, assign, convey, encumber or otherwise transfer all or any portion of its interests in this Lease, the Premises, the Building or the Land.

31.11 Name. Tenant shall not use the name of the Building or of the development in which the Building is situated, if any, for any purpose other than as an address of the business to be conducted by Tenant in the Premises.

31.12 Severability. Any provision of this Lease which shall be held invalid, void or illegal shall in no way affect, impair or invalidate any of the other provisions hereof and such other provisions shall remain in full force and effect.

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

31.14 Choice of Law. This Lease shall be governed by the laws of the State of California applicable to transactions to be performed wholly therein.

31.15 Signs. Tenant shall not place any sign on the Premises or the Building or which is visible from anywhere outside of the Premises, without Landlord's prior written consent. Landlord shall, at Landlord's cost, install one exterior sign identifying Tenant's business in the Premises above the door of the Premises (which sign shall be subject to the Rules and Regulations for the Building and Landlord's sign criteria). In addition, Tenant shall have the right to use up to two (2) lines in the Building directory to identify Tenant's business. Upon the expiration or earlier termination of this Lease, Tenant shall, at Tenant's sole cost and expense, remove all of Tenant's signage and repair any damage to the Building caused by such removal.

31.16 Landlord's Consent. Whenever Landlord's consent or approval is required hereunder, Landlord shall not unreasonably delay the granting or withholding of its consent or approval. Except where it is expressly provided that Landlord will not unreasonably withhold its consent or approval, Landlord may withhold its consent or approval arbitrarily and in its sole and absolute discretion.

31.17 Presumptions. This Lease shall be construed without regard to any presumption or other rule requiring construction against the party drafting the document. It shall be construed neither for nor against Landlord or Tenant, but shall be given reasonable interpretation in accordance with the plain meaning of its terms and the intent of the parties.

31.18 Exhibits. All exhibits and any riders annexed to this Lease including, without limitation, Exhibits "A", "B", "C", "D", "E", "F", and "G," as applicable, are incorporated herein by this reference.

31.19 Submission of Lease. The submission of this Lease to Tenant or its broker, agent or attorney for review or signature does not constitute an offer to Tenant to lease the Premises or grant an option to lease the Premises. This document shall not be binding unless and until it is executed and delivered by both Landlord and Tenant.

31.20 Meaning of Terms. Whenever required by the context of this Lease, the singular shall include the plural and the plural shall include the singular, and the masculine, feminine and neuter genders shall each include the others, and the word "person" shall include corporations, partnerships or other entities.

31.21 Notices. All notices, demands or communications required or permitted under this Lease (the "**Notices**") shall be in writing and shall be personally delivered, sent by overnight courier, or sent by certified mail, return receipt requested, postage prepaid. Notices to Tenant shall be delivered to the address set forth in Article 2. Notices to Landlord shall be delivered to the address set forth in Article 2, or such other address as Landlord may specify in writing to Tenant. Notices shall be effective upon receipt.

31.22 Lease Guaranty. This Lease is subject to and conditioned upon Tenant's delivery to Landlord, concurrently with Tenant's execution and delivery of this Lease, of a Lease Guaranty in the form of and upon the terms contained in Exhibit "E" attached hereto and incorporated herein by this reference, which shall be fully executed by the Guarantor(s) specified in Article 2 and Exhibit "E".

32. ADA and CASp Disclosure Information.

32.1 CASp Disclosure. It is acknowledged that California law requires building owners to disclose to prospective tenants any inspection reports obtained from a certified access specialist ("CASp") regarding compliance of the subject property with the applicable construction-related accessibility standards under state law prior to the execution of a lease agreement (see California Civil Code Section 1938, "CASp Disclosure Requirements"). The Premises [*check applicable disclosure*]

_____ have not undergone an inspection by a CASp.

_____ have undergone an inspection by a CASp and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

_____ have undergone an inspection by a CASp and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

32.2 Inspection Information. If an inspection was performed by a CASp and a report provided, Tenant hereby acknowledges receipt of the documents required to be delivered by Landlord in order to comply with the CASp Disclosure Requirements applicable to the Premises (the “CASp Information”). Tenant acknowledges and agrees that the CASp Information is provided for the sole purpose of complying with the CASp Disclosure Requirements and shall not be deemed or construed as a representation or warranty under this Lease and may not be relied upon as a representation of current or future compliance with the applicable construction-related accessibility standards under state law. Tenant further covenants and agrees to keep the CASp Information strictly confidential and shall not disclose anything contained therein to any other parties, except (i) as necessary for Tenant to complete repairs and corrections of any violations of construction-related accessibility standards, and (ii) with the express written consent of Landlord

32.3 No Inspection and Statutory Notice. If no CASp inspection was done, or no disability access inspection certificate issued as described in Civil Code Section 55.53(e), or modifications/alterations have been performed since the date of the CASp Information, then Landlord hereby advises Tenant that the existing Premises have not undergone a CASp inspection, and except to the extent expressly set forth in this Lease, Landlord shall have no liability or responsibility to make any repairs or modifications to the Premises in order to comply with accessibility standards. The following disclosure is hereby made pursuant to applicable California law:

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

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

32.4 ADA Compliance. Landlord makes no warranty or representation as to whether or not the Premises comply with the Americans with Disabilities Act (ADA) or any similar legislation because compliance with the ADA is dependent upon Tenant's specific use of the Premises. In the event that Tenant's use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Tenant agrees to make any such necessary modifications and/or additions at Tenant's sole expense subject to all approval and other requirements for improvements, including without limitation, Alterations, as set forth in this Lease.

33. Acknowledgement, Release and Waiver

TENANT HEREBY ACKNOWLEDGES that the subject Premises located at 121 W. Torrance Blvd., Suite 201 Redondo Beach, California 90277 is subject to pending lawsuits (“Pending Lawsuits”) filed against the City that may invalidate or modify this Lease without advance notice. If the lease is invalidated or modified as the result of the Pending Lawsuits, Tenant shall not be entitled to seek damages, equitable relief, or any other type of relief from the City. Notwithstanding the above, Tenant agrees to enter into this Lease.

TENANT HEREBY RELEASES, WAIVES, DISCHARGES AND CONVENANTS NOT TO SUE the City of Redondo Beach, its officials, employees and agents with regard to any and all liability or potential liability to Tenant, its owners, directors, officers, employees, agents, assigns, heirs, and next of kin for any loss or damage, and any claims or demands of any kind resulting from the Pending Lawsuits or any impact or potential impact the lawsuits may have on Tenant or this Lease.

TENANT FURTHER EXPRESSLY AGREES THAT THE FOREGOING ACKNOWLEDGEMENT, RELEASE and WAIVER is intended to be as broad and inclusive as is permitted by the law of the State of California and that if any portion thereof is held invalid, it is agreed that the remaining terms shall, notwithstanding, continue in full legal force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Lease in Redondo Beach, California, as of this 6th day of April, 2021.

LANDLORD

TENANT

CITY OF REDONDO BEACH

FIRSTSTEPS FOR KIDS, INC.

William C. Brand
Mayor

By: _____
Name: _____
Title: _____

ATTEST:

APPROVED:

Eleanor Manzano
City Clerk

Diane Strickfaden, Risk Manager

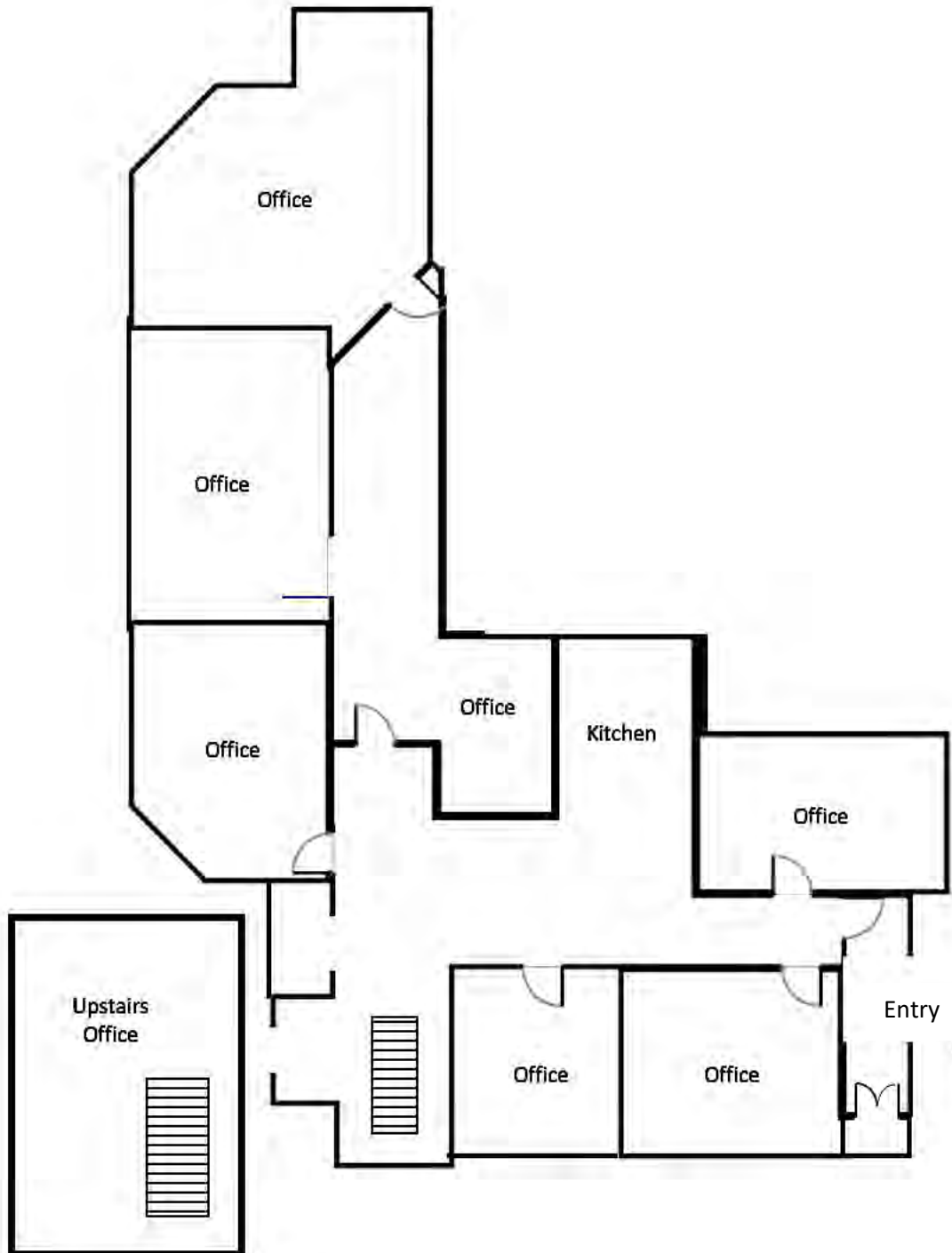
APPROVED AS TO FORM:

Michael W. Webb
City Attorney

EXHIBIT "A"
LEGAL DESCRIPTION/PREMISES FLOOR PLAN
Floor Plan

109 W. Torrance Blvd. Suite #101 & #102
Redondo Beach, CA 90277

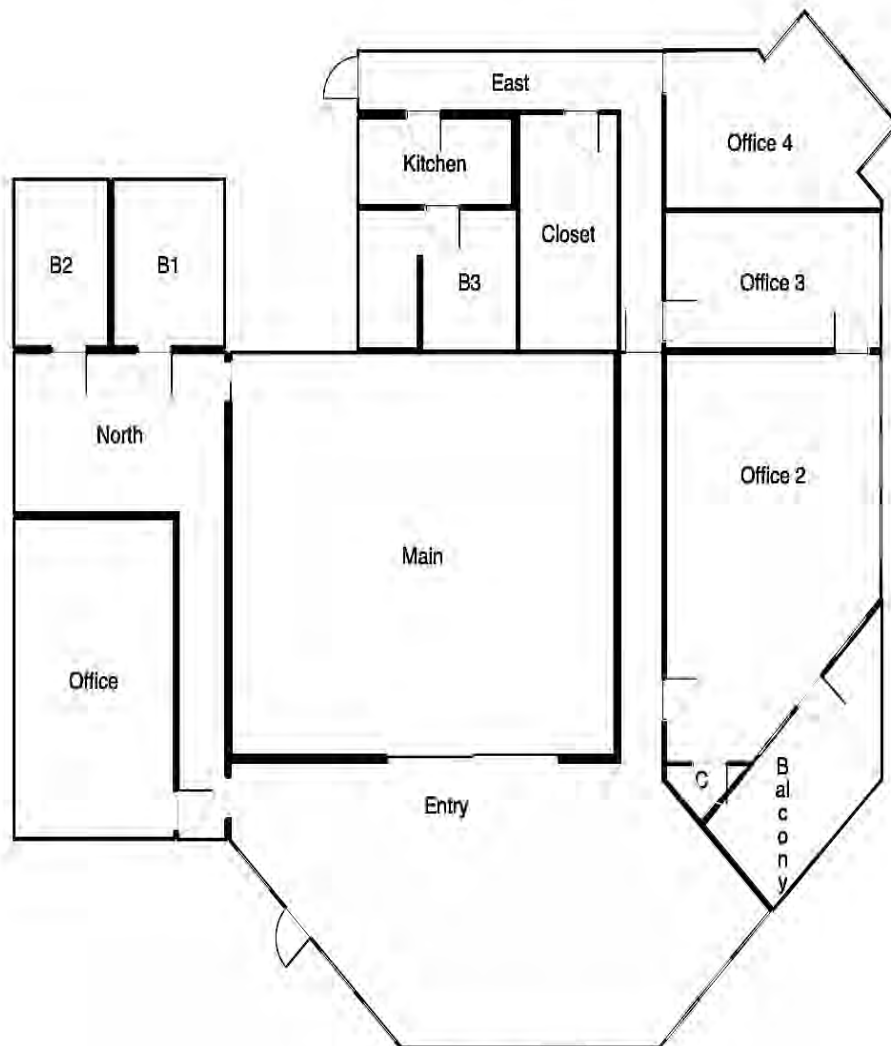
Suite #101	1,440 square feet
Suite #102	853 square feet
<u>Total:</u>	<u>2,293 square feet</u>



Floor Plan

105 W. Torrance Blvd. Suite #200
Redondo Beach, CA 90277

2,978 square feet



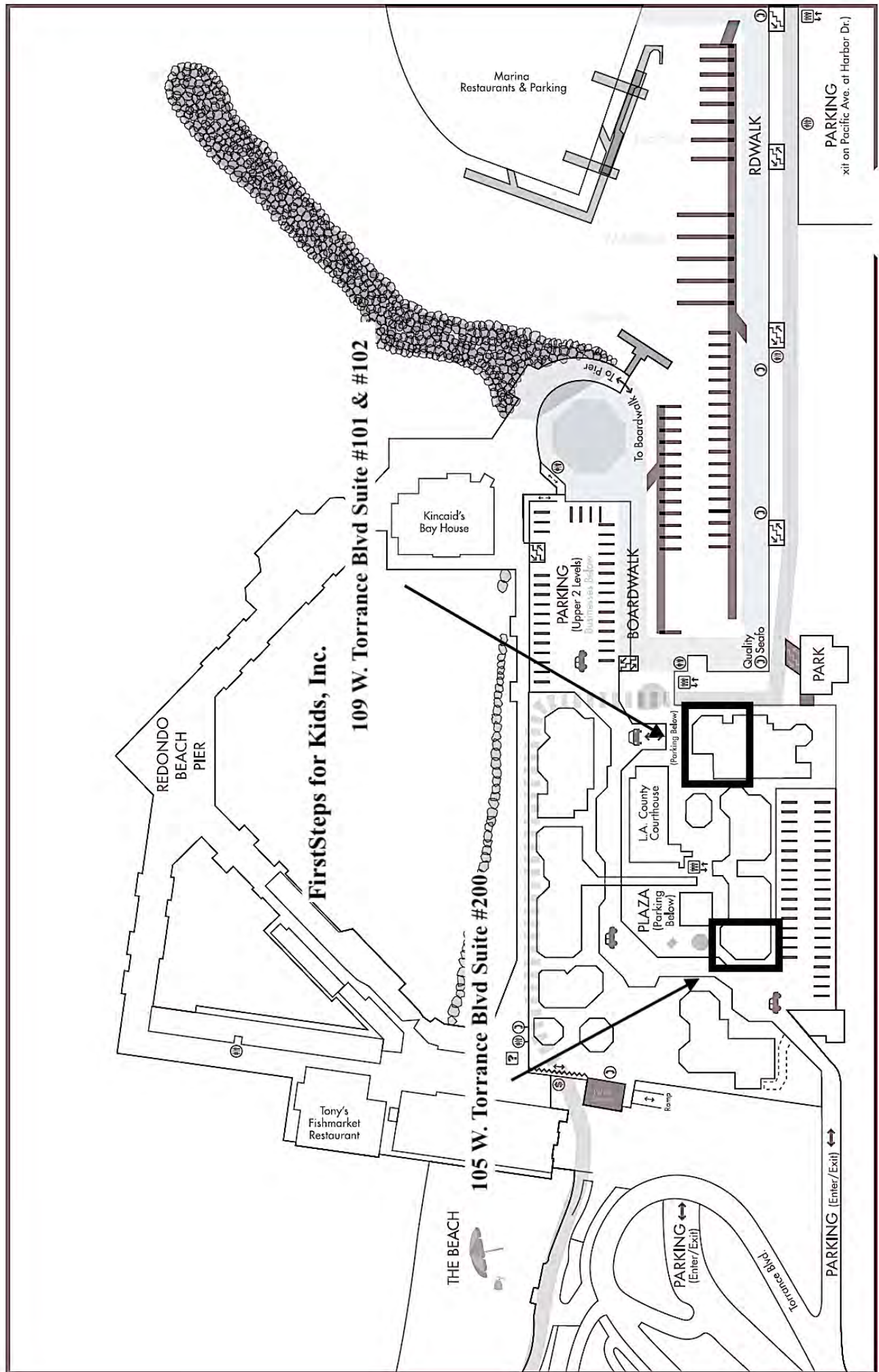


EXHIBIT "B"

LEASE CONFIRMATION

TO: Tenant

DATED: April 6, 2021

Re: Office Lease (the "Lease") dated **April 6, 2021** by and between **CITY OF REDONDO BEACH**, a Chartered Municipal Corporation as Landlord, and **FIRSTSTEP FOR KIDS, INC., a California corporation** ("Tenant") as Tenant, for those premises generally referred to as **109 W. Torrance Blvd., Suite 101 Redondo Beach, California 90277** consisting of approximately **1,440** rentable square feet; **109 W. Torrance Blvd., Suite 102 Redondo Beach, California 90277** consisting of approximately **853** rentable square feet; and **105 W. Torrance Blvd., Suite 200 Redondo Beach, California 90277** consisting of approximately **2,978** rentable square feet for a total of 5,271 square feet.

Please acknowledge that the Commencement Date of the Lease is April 6, 2021 and that the Expiration Date of the Lease is June 5, 2026, subject to Landlord's early termination right.

Very truly yours,

Agent for "Landlord"

Tenant hereby confirms the information set forth above, and further acknowledges that Landlord has fulfilled its obligations under the above-referenced Lease.

By:
Name:
Title:

EXHIBIT "C"

RULES AND REGULATIONS

1. The sidewalks, halls, passages, exits, entrances, elevators, escalators and stairways of the Building shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress to and egress from their respective premises. The halls, passages, exits, entrances, elevators, escalators and stairways are not for the general public and Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no agent, employee, contractor, invitee or licensee of any tenant shall go upon the roof of the Building. Landlord shall have the right at any time, without the same constituting an actual or constructive eviction and without incurring any liability to any tenant therefore, to change the arrangement or location of entrances or passageways, doors or doorways, corridors, elevators, stairs, toilets and other common areas of the Building.

2. No sign, placard, picture, name, advertisement or notice visible from the exterior of any tenant's premises shall be inscribed, painted, affixed or otherwise displayed by any tenant on any part of the Building without the prior written consent of Landlord except that Tenant shall have the right, at its sole cost, to place its name on the door of the Premises. Landlord will adopt and furnish to tenants general guidelines relating to signs inside the Building. Tenants shall conform to such guidelines. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of any such tenant by a person approved by Landlord. Material visible from outside the Building will not be permitted.

3. The premises shall not be used for lodging. No cooking shall be done or permitted on the premises except that private use by any tenant of Underwriters' Laboratory approved equipment for brewing coffee, tea, hot chocolate and similar beverages, for preparation of meals by employees of any such tenant in a manner customary for an employee lounge or lunchroom, and for catering to serve food in connection with meetings or receptions will be permitted, provided that such use is in accordance with all applicable federal, state and municipal laws, codes, ordinances, rules and regulations.

4. No tenant shall employ any person or persons other than the janitor of Landlord for the purpose of cleaning its premises unless otherwise agreed to by Landlord in writing. Except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be permitted to enter the Building for the purpose of cleaning the same. No tenant shall cause any unnecessary labor by reason of such tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to any tenant for any loss of property on the premises, however occurring, or for any damage done to the effects of any tenant by the janitor or any other employee or any other person. Tenant shall pay to Landlord the cost of removal of any of tenant's refuse and rubbish, to the extent that the same exceeds the refuse and rubbish

usually attendant upon the use of tenant's premises as offices. Janitor service will not be furnished on nights when rooms are occupied after 9:00 P.M. unless, by agreement in writing, service is extended to a later hour for specifically designated rooms.

5. Landlord will furnish each tenant without charge with two (2) keys to each door lock provided in the premises by Landlord. Landlord may make a reasonable charge for any additional keys. No tenant shall have any such keys copied or any keys made. No tenant shall alter any lock or install a new or additional lock or any bolt on any door of its premises. Each tenant, upon the termination of its lease, shall deliver to Landlord all keys to doors in the Building.

6. Landlord shall designate appropriate entrances and a freight elevator for deliveries or other movement to or from the premises of equipment, materials, supplies, furniture or other property, and tenants shall not use any other entrances or elevators for such purposes. The freight elevator shall be available for use by all tenants in the Building subject to such reasonable scheduling as Landlord in its discretion shall deem appropriate. All persons employed and means or methods used to move equipment, materials, supplies, furniture or other property in or out of the Building must be approved by Landlord prior to any such movement. Landlord shall have the right to prescribe the maximum weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on a platform of such thickness as is necessary properly to distribute the weight. Landlord will not be responsible for loss of or damage to any such property from any cause, and all damage done to the Building by moving or maintaining such property shall be repaired at the expense of tenants.

7. No tenant shall use or keep in the premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material other than limited quantities thereof reasonably necessary for the operation or maintenance of office equipment. No tenant shall use any method of heating or air conditioning other than that supplied by Landlord. No tenant shall use or keep or permit to be used or kept any foul or noxious gas or substance in the premises, or permit or suffer the premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations, or interfere in any way with other tenants or those having business in the Building, nor shall any animals or birds be brought or kept in the premises or the Building. All materials stored in the Premises by Tenant shall be stored in compliance with all applicable laws and shall not exceed the maximum floor load for the Premises as reasonably determined by Landlord.

8. Landlord shall have the right, exercisable without notice and without liability to any tenant, to change the name or street address of the Building.

9. Except as expressly set forth in the Lease, Landlord establishes the hours of 8 A.M. to 6 P.M. Monday through Friday, and Saturday 9:00 A.M. to 1:00 P.M., except legal holidays, as reasonable and usual business hours. If during any other hours or any other days, tenant desires to have any services or utilities supplied to tenant, and if Landlord is able to provide the same, tenant shall pay Landlord such charge as Landlord shall establish from time to time for providing such services or utilities during such hours. Any such charges which such tenant is obligated to pay shall be deemed to be Additional Rent under such tenant's lease.

10. The Building's air conditioning system achieves maximum cooling when the drapes and windows are closed. Landlord shall not be responsible for the room temperature if tenant does not keep all drapes and windows in the premises closed whenever the system is in operation. Tenant agrees to cooperate fully at all times with Landlord and to abide by all regulations and requirements which Landlord may prescribe for the proper functioning and protection of said air conditioning system. Tenant agrees not to connect any apparatus device, conduit or pipe to the Building chilled and hot water conditioning supply lines. Tenant further agrees that neither tenant nor its servants, employees, agents, visitors, licensees or contractors shall at any time enter mechanical installations or facilities of the Building or adjust, tamper with, touch or otherwise in any manner affect said installations or facilities.

11. Electric current is furnished as required by the Building standard office lighting and fractional horsepower office business machines in the amount of approximately four (4) watts per square foot. The tenant agrees, should its electrical installation or electrical consumption be in excess of the aforesaid quantity or extend beyond normal business hours, to reimburse Landlord monthly for the measured consumption under the terms, classifications and rates charged to similar consumers by said public utilities serving in the neighborhood in which the Building is located. If a separate meter is not installed at tenant's cost, such excess cost will be established by an estimate agreed upon by Landlord and tenant, and if the parties fail to agree, as established by an independent licensed engineer. Tenant agrees not to use any apparatus or device in, or upon, or about the premises which will in any way increase the amount of such services usually furnished or supplied to said premises, and tenant further agrees not to connect any apparatus or device or wires, conduits or pipes, or other means by which such services are supplied, for the purpose of using additional or unusual amounts of such services without written consent of Landlord. Should tenant use the same to excess, the refusal on the part of tenant to pay, upon demand of Landlord, the amount established by Landlord for such excess charge shall constitute a breach of the obligation to pay Rent current under tenant's lease and shall entitle Landlord to the rights therein granted for such breach. At all times tenant's use of electric current shall never exceed the capacity of the feeders to the Building or the risers or wiring installation.

12. Water will be available in public areas for drinking and lavatory purposes only, but if tenant requests, uses or consumes water for any purpose in addition to ordinary drinking and lavatory purposes, of which fact tenant constitutes Landlord to be the sole judge, Landlord may install a water meter and thereby measure tenant's water consumption for all purposes. Tenant shall pay Landlord for the cost of the meter and the cost of the installation thereof and throughout the duration of tenant's occupancy, tenant shall keep said meter installation equipment in good working order and repair at tenant's own cost and expense, in default of which Landlord may cause such meter and equipment to be replaced or repaired and collect the cost thereof from tenant. Tenant agrees to pay for water consumed, as shown on said meter, as and when bills are rendered, and on default in making such payment, Landlord may pay such charges and collect the same from tenant. Any such costs or expenses incurred, or payments made by Landlord for any of the reasons or purposes hereinabove stated shall be deemed to be Additional Rent, payable by tenant, and collectible by Landlord as such.

13. Landlord reserves the right to stop service of the elevator, plumbing, ventilating, air conditioning and electric systems, when necessary, by reason of accident or emergency or for

repairs, alterations or improvements, in the judgment of Landlord desirable or necessary to be made, until said repairs, alterations or improvements shall have been completed, and shall further have no responsibility or liability for failure to support elevator facilities, plumbing, ventilating, air conditioning or electric service, when prevented from doing so by strike or accident or by any cause beyond Landlord's reasonable control or by laws, rules, orders, ordinances, directions, regulations or requirements of any federal, state, county or municipal authority or failure of gas, oil or other suitable fuel supplied or inability by exercise of reasonable diligence to obtain gas, oil or other suitable fuel. It is expressly understood and agreed that any covenants on Landlord's part to furnish any service pursuant to any of the terms, covenants, conditions, provisions or agreements of tenant's lease or to perform any act or thing for the benefit of tenant, shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of a strike or labor trouble or any other cause whatsoever beyond Landlord's control.

14. Landlord reserves the right to exclude from the Building between the hours of 6 P.M. and 8 A.M. Monday through Friday and at all hours on Saturdays, Sundays and legal holidays all persons who do not present identification acceptable to Landlord. Each tenant shall provide Landlord with a list of all persons authorized by such tenant to enter its premises and shall be liable to Landlord for all acts of such persons. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In the case of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in Landlord's opinion, Landlord reserves the right to prevent access to the Building during the continuance of the same by such action as Landlord may deem appropriate, including closing doors.

15. The directory of the Building will be provided for the display of the name and location of tenants and the principal officers and employees of tenants (not to exceed two (2) names per one thousand (1,000) rentable feet in the Premises) at the expense of such tenant. Periodic revisions and updating shall be provided by Landlord without charge.

16. No curtains, draperies, blinds, shutters, shades, screens or other coverings, hangings or decorations shall be attached to, hung or placed in, or used in connection with any window of the Building without the prior written consent of Landlord. In any event, with the prior written consent of Landlord, such items shall be installed on the office side of Landlord's standard window covering and shall in no way be visible from the exterior of the Building. Tenants shall keep window coverings closed when the effect of sunlight (or the lack thereof) would impose unnecessary loads on the Building's heating or air conditioning system.

17. No tenant shall obtain for use in the premises ice, drinking water, food, beverage, towel or other similar services, except at such reasonable hours and under such reasonable regulations as may be established by Landlord.

18. Each tenant shall ensure that the doors of its premises are closed and locked and that all water faucets, water apparatus and utilities are shut off before such tenant or such tenant's employees leave the premises so as to prevent waste or damage, and for any default or carelessness in this regard, such tenant shall compensate for all injuries sustained by other tenants or occupants

of the Building or Landlord. On multiple-tenancy floors, all tenants shall keep the doors to the Building corridors closed at all times except for ingress and egress.

19. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, no foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be paid by the tenant who, or whose agent, employee, contractor, invitee or licensee, caused it.

20. Except with the prior written consent of Landlord, no tenant shall sell at retail newspapers, magazines, periodicals, theater or travel tickets or any other goods or merchandise to the general public in or on the premises, nor shall any tenant carry on or permit or allow any employee or other person to carry on the business of stenography, typewriting, printing or photocopying or any similar business in or from the premises for the service or accommodation of occupants of any other portion of the Building, nor shall the premises of any tenant be used for manufacturing of any kind, or any business activity other than that specifically provided for in the tenant's lease.

21. No tenant shall install any radio or television antenna, loudspeaker, or other device on the roof or exterior walls of the Building. No television or radio or recorder shall be played in such a manner as to cause a nuisance to any other tenant.

22. There shall not be used in any space, or in the public halls of the Building, either by any tenant or others, any hand trucks except those equipped with rubber tires and side guards or such other material handling equipment as Landlord approves. No other vehicles of any kind shall be brought by any tenant into the Building or kept in or about its premises.

23. Each tenant shall store all its trash and garbage within its premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of office building trash and garbage in the vicinity of the Building, without being in violation of any law or ordinance governing such disposal. All garbage and refuse disposal shall be made only through entryways and elevators provided for such purposes and at such times as Landlord shall designate.

24. Canvassing, soliciting, distribution of handbills or any other written material and peddling in the Building are prohibited, and each tenant shall cooperate to prevent the same.

25. The requirements of tenants will be attended to only upon application in writing at the office of the Building. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

26. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

27. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the agreements, covenants, conditions and provisions of any lease of premises in the Building.

28. Landlord reserves the right to make such other rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Building and for the preservation of good order therein.

29. All construction projects and tenant improvement work must conform to the General Construction and Building Rules.

30. Tenant agrees that all employees will park on the lower levels of the parking structure and that the surface level parking spaces are to be reserved for customers and service providers.

EXHIBIT “D”

PARKING FEE SCHEDULE

Public parking rates are set by Landlord and are subject to change from time to time.
The current parking rates are as follows:

DAILY RATE

Summer (May 1 – September 30):

\$2.00 each hour

\$1.00 for the first hour weekdays 8am to 6pm

Winter (October 1 – April 30):

\$1.50 each hour

\$1.00 for the first hour weekdays 8am to 6pm

HOLIDAYS AND SPECIAL EVENTS

July 4th: Flat fee of \$30 payable upon entry

PARKING FOR THE DISABLED

Free with approved placards or license plates.

PIER/BOARDWALK EMPLOYEE MONTHLY AND YEARLY PASSES

Passes are to be purchased by business owners/managers to satisfy employment verification; parking spaces are occupied on a first-come, first-served basis; passes do not guarantee a parking space.

Annual Employee Passes (January 1 – December 31):

- a. Full-Access Annual Pass – 7 days/week in Pier Parking Structure or Plaza Parking Structure: \$280.00. (Purchases after January 31 will be prorated at the rate of \$35/month times the number of months remaining in the year.)
- b. Limited Access Annual Pass - 7 days/week in the Plaza Parking Structure, also allowed in Pier Parking Structure on non-holiday weekdays: \$120.00 (Purchases after January 31 will be prorated at the rate of \$10/month times the number of months remaining in the year.)

Summer Season Employee Passes (May 1 – September 30):

- a. Full-Access Summer Pass - 7 days/week in Pier Parking Structure or Plaza Parking Structure: \$120.00 (Purchases after May 31 will be prorated at the rate of \$35/month times the number of months remaining in the summer.)
- b. Limited Access Summer Pass - 7 days/week in the Plaza Parking Structure, also allowed in Pier Parking Structure on non-holiday weekdays: \$50.00 (Purchases after May 31 will be prorated at the rate of \$10/month times the number of months remaining in the summer season.)

EXHIBIT "E"

LEASE GUARANTY

THIS LEASE GUARANTY ("Guaranty") is made by _____ (referred to as "Guarantor"), in favor of the CITY OF REDONDO BEACH, a Chartered Municipal Corporation ("Landlord"), in connection with that certain lease dated as of April 6, 2021 (the "Lease") pursuant to which Landlord is to lease to **FIRSTSTEPS FOR KIDS, INC.** ("Tenant") those premises generally referred to as **109 W. Torrance Blvd., Suites 101 and 102**, Redondo Beach, CA 90277 and **105 W. Torrance Blvd., Suite 200**, Redondo Beach, CA 90277 (the "Premises").

- A. Landlord requires this Guaranty as a condition to its execution of the Lease and the performance of the obligations to be performed under the Lease by Landlord.
- B. Guarantor has agreed to provide this Guaranty to induce Landlord to enter into the Lease with Tenant and perform its obligations under the Lease.

In consideration of Landlord's agreement to execute the Lease and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor does hereby agree with Landlord as follows:

1. The Lease is hereby incorporated into and made a part of this Guaranty by this reference.
2. Guarantor hereby unconditionally guarantees, as a primary obligor and not as a surety, without deduction by reason of setoff, defense or counterclaim, the full and punctual payment of all sums of rent and other amounts payable under the Lease and the full and punctual performance of all terms, covenants and conditions in the Lease to be kept, performed and/or observed by Tenant. Guarantor's obligations under this Guaranty are continuing and unconditional.
3. Guarantor hereby agrees that, without the consent of or notice to Guarantor and without affecting any of the obligations of Guarantor hereunder: (a) the Lease may be extended and any other term, covenant or condition of the Lease may be amended, compromised, released or otherwise altered by Landlord and Tenant, and Guarantor does guarantee and promise to perform all the obligations of Tenant under the Lease as so extended, amended, compromised, released or altered; (b) any guarantor of or party to the Lease may be released, substituted or added; (c) any right or remedy under the Lease may be exercised, not exercised, impaired, modified, limited, destroyed, or suspended; (d) Landlord or any other person may deal in any manner with Tenant, any guarantor, any party to the Lease or any other person; (e) Landlord may permit Tenant to holdover the Premises beyond the Lease Term; and (f) all or any part of the Premises or of Tenant's rights or liabilities under the Lease may be sublet, assigned or assumed. Without in any way limiting the foregoing, Guarantor agrees not to unreasonably withhold its consent to any sublease, assignment of the Lease or other modification of the Lease which is agreed to by Landlord and Tenant.
4. Guarantor hereby waives and agrees not to assert or take advantage of: (a) any right to require Landlord to proceed against Tenant, or any other guarantor or person or to pursue any other security or remedy before proceeding against Guarantor; (b) any defense based on the

genuineness, validity, regularity or enforceability of the Lease; (c) any right or defense that may arise by reason of the incapacity, lack of authority, death or disability of Tenant or any other person; and (d) any right or defense arising by reason of the absence, impairment, modification, limitation, destruction or cessation (in bankruptcy, by an election of remedies, or otherwise) of the liability of Tenant, of the subrogation rights of Guarantor or of the right of Guarantor to proceed against Tenant for reimbursement. Without limiting the generality of the foregoing, Guarantor hereby waives any and all benefits of the provisions of Sections 2809, 2810 and 2845 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

5. Guarantor hereby waives and agrees not to assert or take advantage of (a) any right or defense based on the absence of any or all presentments, demands (including demands for performance), notices (including notices of any adverse change in the financial status of Tenant, notices of any other facts which increase the risk to Guarantor, notices of non-performance and notices of acceptance of this Guaranty) and protests of each and every kind; (b) the defense of any statute of limitations in any action under or related to this Guaranty or the Lease; (c) any right or defense based on a lack of diligence or failure or delay by Landlord in enforcing its rights under this Guaranty or the Lease.

6. Guarantor hereby waives and agrees not to assert or take advantage of any right to (a) exoneration if Landlord's actions shall impair any security or collateral of Guarantor; (b) any security or collateral held by Landlord; (c) require Landlord to proceed against or exhaust any security or collateral before proceeding against Guarantor; (d) require Landlord to pursue any right or remedy for the benefit of Guarantor. Without limiting the generality of the foregoing, Guarantor hereby waives any and all benefits of the provisions of Sections 2819, 2849 and 2850 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

7. Guarantor shall not, without the prior written consent of Landlord, commence, or join with any other person in commencing, any bankruptcy, reorganization or insolvency proceeding against Tenant. Guarantor's obligations under this Guaranty shall in no way be affected by any bankruptcy, reorganization or insolvency of Tenant or any successor or assignee of Tenant or by any disaffirmance or abandonment of the Lease or any payment under this Guaranty by a trustee of Tenant in any bankruptcy proceeding including, without limitation, any impairment, limitation, or modification of the liability of Tenant or the estate of Tenant in bankruptcy, or of any remedy for the enforcement of Tenant's liability under the Lease resulting from the operation of any present or future provision of any federal or state bankruptcy or insolvency law or other statute or from the decision of any court. Guarantor shall file in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law all claims which Guarantor may have against Tenant relating to any indebtedness of Tenant to Guarantor and will assign to Landlord all rights of Guarantor thereunder. Landlord shall have the sole right to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Landlord the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to Landlord all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled; provided, however, that Guarantor's obligations hereunder shall not be satisfied except to the extent that Landlord receives cash by reason of any

such payment or distribution. If Landlord receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty.

8. Until all the Tenant's obligations under the Lease are fully performed, Guarantor: (a) shall have no right of subrogation or reimbursement against the Tenant by reason of any payments or acts of performance by Guarantor under this Guaranty; (b) subordinates any liability or indebtedness of the Tenant now or hereafter held by Guarantor to the obligations of the Tenant under, arising out of or related to the Lease or Tenant's use of the Premises; and (c) acknowledges that the actions of Landlord may affect or eliminate any rights of subrogation or reimbursement of Guarantor as against Tenant without any liability or recourse against Landlord. Without limiting the generality of the foregoing, Guarantor hereby waives any and all benefits of the provisions of Section 2848 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

9. Prior to the execution of this Guaranty and at any time during the Term of the Lease upon ten (10) days prior written notice from Landlord, Guarantor agrees to provide Landlord with a current financial statement for Guarantor and financial statements for Guarantor for the two (2) years prior to the current financial statement year to the extent not previously delivered to Landlord. Guarantor's financial statements are to be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Guarantor, audited by an independent certified public accountant. Guarantor represents and warrants that all such financial statements shall be true and correct statements of Guarantor's financial condition.

10. The liability of Guarantor and all rights, powers and remedies of Landlord hereunder and under any other agreement now or at any time hereafter in force between Landlord and Guarantor relating to the Lease shall be cumulative and not alternative and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to Landlord by law.

11. This Guaranty applies to, inures to the benefit of and binds all parties hereto, their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns. This Guaranty may be assigned by Landlord voluntarily or by operation of law.

12. This Guaranty shall constitute the entire agreement between Guarantor and the Landlord with respect to the subject matter hereof. No provision of this Guaranty or right of Landlord hereunder may be waived nor may any guarantor be released from any obligation hereunder except by a writing duly executed by an authorized officer, director or trustee of Landlord. The waiver or failure to enforce any provision of this Guaranty shall not operate as a waiver of any other breach of such provision or any other provisions hereof. No course of dealing between Landlord and Tenant shall alter or affect the enforceability of this Guaranty or Guarantor's obligations hereunder.

13. Guarantor hereby agrees to indemnify, protect, defend and hold Landlord and Landlord's Affiliates harmless from and against, all losses, costs and expenses including, without limitation, all interest, default interest, post-petition bankruptcy interest and other post-petition obligations, late charges, court costs and attorneys' fees, which may be suffered or incurred by Landlord in enforcing or compromising any rights under this Guaranty or in enforcing or compromising the performance of Tenant's obligations under the Lease.

14. The term "Landlord" whenever hereinabove used refers to and means the Landlord in the foregoing Lease specifically named and also any assignee of said Landlord, whether by outright assignment or by assignment for security, and also any successor to the interest of said Landlord or of any assignee of such Lease or any part thereof, whether by assignment or otherwise. The term "Tenant" whenever hereinabove used refers to and means the Tenant in the foregoing Lease specifically named and also any Transferee of said Lease and also any successor to the interests of said Tenant, assignee or sublessee of such Lease or any part thereof, whether by assignment, sublease or otherwise including, without limitation, any trustee in bankruptcy and any bankruptcy estate of Tenant, Tenant's assignee or sublessee.

15. If any or all Guarantors shall become bankrupt or insolvent, or any application shall be made to have any or all Guarantors declared bankrupt or insolvent, or any or all Guarantors shall make an assignment for the benefit of creditors, or any or all Guarantors shall enter into a proceeding for the dissolution of marriage, or in the event of death of any or all Guarantors, notice of such occurrence or event shall be promptly furnished to Landlord by such Guarantor or such Guarantor's fiduciary. This Guarantee shall extend to and be binding upon each Guarantor's successors and assigns, including, but not limited to, trustees in bankruptcy and Guarantor's estate.

16. Any notice, request, demand, instruction or other communication to be given to any party hereunder shall be in writing and sent by registered or certified mail, return receipt requested in accordance with the notice provisions of the Lease. The Tenant shall be deemed Guarantor's agent for service of process and notice to Guarantor delivered to the Tenant at the address set forth in the Lease shall constitute proper notice to Guarantor for all purposes. Notices to Landlord shall be delivered to Landlord's address set forth in the Lease. Landlord, at its election, may provide an additional notice to Guarantor at the address provided under Guarantor's signature below.

17. If either party hereto participates in an action against the other party arising out of or in connection with this Guaranty, the prevailing party shall be entitled to have and recover from the other party reasonable attorneys' fees, collection costs and other costs incurred in and in preparation for the action. Guarantor hereby waives any right to trial by jury and further waives and agrees not to assert or take advantage of any defense based on any claim that any arbitration decision binding upon Landlord and Tenant is not binding upon Guarantor.

18. Guarantor agrees that all questions with respect to this Guaranty shall be governed by, and decided in accordance with, the laws of the State of California.

19. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

20. Time is strictly of the essence under this Guaranty and any amendment, modification or revision hereof.

21. If more than one person signs this Guaranty, each such person shall be deemed a guarantor and the obligation of all such guarantors shall be joint and several. When the context and construction so requires, all words used in the singular herein shall be deemed to have been used in the plural. The word "person" as used herein shall include an individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

22. If Guarantor is a corporation, each individual executing this Guaranty on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Guaranty on behalf of said corporation, in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the bylaws of said corporation, and that this Guaranty is binding upon said corporation in accordance with its terms. If Guarantor is a corporation, Landlord, at its option, may require Guarantor to concurrently, with the execution of this Guaranty, deliver to Landlord a certified copy of a resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Guaranty.

THE UNDERSIGNED HAS READ AND UNDERSTANDS THE TERMS AND CONDITIONS CONTAINED IN THIS GUARANTY INCLUDING, WITHOUT LIMITATION, ALL WAIVERS CONTAINED IN THIS GUARANTY.

Executed on this ____ day of _____, 2021.

[If Guarantor is a married individual, Guarantor's spouse must sign this Guaranty]

Spouse (if applicable)

Address of Guarantor: _____

Attn: _____

*A. If the person(s) signing this Lease on behalf of Tenant [is/are] [an] officers] of a corporation that is incorporated in California, then one of the following conditions must be satisfied: (i) This Lease must be signed by two officers, one being the Chairman of the Board, the Owner or a Vice Owner, and the other one being the Secretary, an Assistant Secretary, the Chief Financial Officer or an Assistant Treasurer; or (ii) if clause (i) above is not satisfied, or if this Lease is signed by one person acting in two capacities, then Tenant shall have delivered to Landlord a certified copy of a corporate resolution in form acceptable to Landlord authorizing the signatory(ies) to execute this Lease.

B. If the person(s) signing this Lease on behalf of Tenant [is/are] [an] officers] of a corporation that is incorporated in a state other than California, then Tenant shall have delivered to Landlord a certified copy of a corporate resolution in form acceptable to Landlord authorizing the signatory(ies) to execute this Lease.

EXHIBIT “F”

INITIAL LEASEHOLD IMPROVEMENTS

Tenant Improvements by Landlord: \$3.00 per square foot, not to exceed \$15,813.00.

Tenant Improvements by Tenant: A minimum of \$35.00 per square foot (\$184,485.00) will be spent by Tenant inside the leased premises. If Tenant spends less than \$35.00 per square foot then the corresponding amount in will be reduced by the same amount.

If Landlord exercises its 12-month termination clause, Landlord agrees to reimburse tenant via rent credits for the unamortized tenant improvements up to a cap of \$35.00 per square foot or a total of \$184,485.00. For Example: if Landlord exercises its option to terminate and the remaining tenant occupancy time left on the 5-year 2 month lease is 12 months then the calculation would be $\$184,485 / 5 \text{ years} = \$36,897$ to be reimbursed to tenant (approximately three 3 months rent).

EXHIBIT “G”

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

CITY OF REDONDO BEACH
415 Diamond Street
Redondo Beach, CA 90277
Attention: City Clerk

No Recording Fee
Exempt pursuant to Government Code § 6103

MEMORANDUM OF LEASE

This Memorandum of Lease (“Memorandum”) is made and entered into as of April 6, 2021, by and between the CITY OF REDONDO BEACH, a Chartered Municipal Corporation, hereinafter referred to as “Landlord” and FIRSTSTEPS FOR KIDS, INC. a California corporation hereinafter referred to as “Tenant.”

A. Landlord and Tenant have entered in a Lease (hereinafter, “Lease”) dated as of April 6, 2021, for certain premises which are located on real property which is commonly described in **Exhibit A** of the Lease and incorporated herein by reference (the “Premises”). Copies of the Lease and Addendum are available for public inspection at Landlord’s office at 415 Diamond Street, Redondo Beach, CA 90277.

B. The Lease provides that a short form Memorandum shall be executed and recorded in the official Records of Los Angeles County, California.

NOW, THEREFORE, the parties hereto certify as follows:

1. Purpose of Memorandum of Lease. This Memorandum is prepared for recordation purposes only and it in no way modifies the terms, conditions, provisions and covenants of the Lease. In the event of any inconsistency between the terms, conditions, provisions and covenants of this Memorandum and the Lease, the terms, conditions, provisions, and covenants of the Lease shall prevail.

2. Term. This Lease commences **April 6, 2021 and expires June 5 2026**, subject to Landlord’s termination rights.

3. Counterparts. This Memorandum may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Landlord and Tenant hereto have executed this Memorandum of Lease in Redondo Beach, California, as of this 6TH day of April, 2021.

LANDLORD

CITY OF REDONDO BEACH

William C. Brand
Mayor

TENANT

FIRSTSTEPS FOR KIDS, INC.

By: _____
Name: _____
Title: _____

ATTEST:

Eleanor Manzano
City Clerk

APPROVED AS TO FORM:

Michael W. Webb
City Attorney



Administrative Report

H.13., File # 21-2270

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL

From: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT
DIRECTOR

TITLE

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2104-031, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO TONY TRAN, AN INDIVIDUAL, DBA MINI CHINESE RESTAURANT

APPROVE A LEASE WITH TONY TRAN, AN INDIVIDUAL, DBA MINI CHINESE RESTAURANT FOR THE PREMISES AT 204 FISHERMANS WHARF FOR A MONTHLY AMOUNT OF \$1,618.76 FOR THE TERM APRIL 6, 2021 - APRIL 5, 2026

EXECUTIVE SUMMARY

In 1995, the City purchased the Fisherman's Wharf Leasehold which includes the 200 block of Fisherman's Wharf. The leasehold is comprised of several buildings that total approximately 13,000 square feet of leasable space. The space at 204 Fisherman's Wharf (the "Premises") is approximately 283 square feet and has accommodated a fast-food use for decades. Mini Chinese Restaurant currently operates at the premises and the owners desire to continue their tenancy.

The proposed lease is for a five-year term with the City retaining the option to terminate the lease with a twelve (12) month prior written notice. Rental to the City's Harbor Tidelands Fund is the greater of the minimum monthly rent of \$1,618.76 or 11% of gross sales. Minimum annual rent is \$19,425.12.

BACKGROUND

In 1995, the City purchased the former Redondo Horseshoe Pier Company leasehold containing the buildings from 200 to 250 Fisherman's Wharf on the Redondo Beach Pier. The approximately 13,000 square feet of leasable space is made up of retail, restaurant and entertainment uses.

Mini Chinese Restaurant (the "Tenant") currently operates on the pier and has become a familiar location for fast food since it opened in 1984. Mini Chinese Restaurant was formerly owned by individuals Canny Tran and Tony Tran. Canny Tran is retiring and Tony Tran will continue to operate Mini Chinese as the sole owner. Mini Chinese is a long-standing Fisherman's Wharf tenant in good standing.

The proposed lease is for 204 Fisherman's Wharf which is approximately 283 square feet of space.

The lease is for a five (5) year term with the City retaining the right to terminate the lease with a twelve-month written notice. The minimum monthly rental is \$1,618.75 or \$5.72 per square foot, which accrues to the Harbor Tidelands Fund. The minimum rent escalates at 3% each year for the term of the lease. Total rent will be based on the greater of the monthly minimum or a percentage of sales, which is set at 11% of gross revenue.

Under the lease, the Tenant accepts the property "as is" with no further cost to the City. The lease is personally guaranteed by Tony Tran.

COORDINATION

The Waterfront and Economic Development Department collaborated with the City Attorney's Office on this report. The City Attorney's Office has approved the document as to form.

FISCAL IMPACT

Lease revenue from the property will accrue to the City's Harbor Tidelands Fund. The proposed lease will result in a minimum monthly rent of \$1,618.75 with an annual minimum rent of \$19,425.12. Over the five-year term of the lease, revenue to the Tidelands Fund will be a minimum of \$97,125.60.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Resolution No. CC-2104-031

Lease Between the City of Redondo Beach and Tony Tran, an individual, dba Mini Chinese Restaurant

RESOLUTION NO. CC-2104-031

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO TONY TRAN, AN INDIVIDUAL, DBA MINI CHINESE

WHEREAS, Section 2-21.01, Chapter 21, Title 2, of the Redondo Beach Municipal Code provides that any lease of public land owned or controlled by the City of Redondo Beach, or by any department or subdivision of the City, shall be administratively approved by resolution; and

WHEREAS, the City Council shall approve the subject lease only upon the making of certain findings.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the City Council of the City of Redondo Beach approves the lease with Tony Tran, an individual, DBA Mini Chinese ("Lease") for the property commonly located at 204 Fisherman's Wharf, Redondo Beach, CA 90277, consisting of approximately 283 of rentable square feet, as further detailed in the Lease attached hereto as Exhibit "A" and incorporated herein as set forth in full.

SECTION 2. That the City Council of the City of Redondo Beach hereby finds:

1. The Lease will result in a net economic or other public benefit to the City of Redondo Beach or the general public; and
2. The granting of the Lease is consistent with and will further the fiscal, budgetary and applicable economic development, social, recreational, public safety or other applicable adopted policies of the City; and
3. The Lease, and all land uses and development authorized by the Lease, are consistent with all applicable provisions of the general plan, the Coastal Land Use Plan where applicable, and the applicable zoning ordinances of the City; and
4. The Lease and all land uses and development authorized by the Lease, are consistent with and will carry out the goals, standards and policies of any specific plan applicable to the Lease property; and
5. The Lease and its purposes are consistent with all other applicable provisions of law; and
6. The Lease and all land uses and development authorized by the Lease are consistent with terms of and will further the purposes of the grant from the State and all applicable laws and agreements governing use of the land; and
7. The Lease shall not exceed sixty-six (66) years.

PASSED, APPROVED AND ADOPTED this 6th day of April, 2021.

William C. Brand, Mayor

APPROVED AS TO FORM:

ATTEST:

Michael W. Webb, City Attorney

Eleanor Manzano, CMC, City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF REDONDO BEACH)

I, Eleanor Manzano, City Clerk of the City of Redondo Beach, California, do hereby certify that Resolution No. CC-2104-031 was passed and adopted by the City Council of the City of Redondo Beach, California, at a regular meeting of said City Council held on the 6th day of September, 2016, and there after signed and approved by the Mayor and attested by the City Clerk, and that said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Eleanor Manzano, CMC
City Clerk

EXHIBIT “A”

REDONDO BEACH FISHERMAN'S WHARF

LEASE

BETWEEN

CITY OF REDONDO BEACH,
A CHARTERED MUNICIPAL CORPORATION

LANDLORD

AND

TONY TRAN
DBA MINI CHINESE RESTAURANT

TENANT

DATED AS OF

APRIL 6, 2021

SUMMARY OF LEASE PROVISIONS:

The information provided below is a summary of detailed provisions set forth in this Lease agreement by and between Landlord and Tenant identified below. This summary is intended to provide an overview only and is not intended to alter, limit or expand the provisions set forth at length in the Lease. In the event of any conflict between the information in this summary and any other provision of this Lease, the latter shall control.

Date of Execution: April 6, 2021.

Landlord: The City of Redondo Beach, a Chartered City and Municipal Corporation.

Location: Portion of the Redondo Beach Waterfront commonly referred to as the Redondo Pier.

Premises: That certain location in the Pier Retail/Restaurant Area commonly known as Tenant Space number 204 Fisherman's Wharf, comprised of approximately 283 square feet of Floor Area (as more particularly described in **Exhibit B**).

Tenant: Tony Tran, an individual, dba Mini Chinese Restaurant

Tenant's Trade Name: Mini Chinese Restaurant (**Exhibit B**)

Use of Premises: Take-out restaurant selling Chinese and American cuisine, including corn on the cob; but no hot dogs on a stick or fresh lemonade (**Exhibit B**)

Lease Term: Five years, subject to Landlord's right to cancel upon Twelve months' prior written notice. (see Section 5.2)

Options to Extend Lease Term: None

Commencement Date: April 6, 2021.

Expiration Date: April 5, 2026.

Minimum Monthly Rent: Three Hundred Twenty Dollars (\$1,618.76) per month (\$5.72 Base Rent) and a three percent (3%) increase on the first anniversary of the Commencement Date and annually thereafter.

Monthly Percentage Rent: Eleven percent (11%) of Gross Sales (see Section 7.4).

Tenant's Monthly Expense Share: Tenant to pay its pro rata share of all applicable property operating expenses, including Common Area Maintenance (CAM) expenses, which is derived by dividing the Premises leased space by the total square footage of the Location. The pro rata share of operating expenses is 2.32%.

Tenant's Association Share: 0.2% (2/10ths of 1%) of Gross Sales for advertising and promotion (see Article 27).

Address for Notices (Article 29):

TO LANDLORD:

City of Redondo Beach
Waterfront and Harbor Director
415 Diamond Street
Redondo Beach, CA 90277

City of Redondo Beach
City Attorney
415 Diamond Street
Redondo Beach, CA 90277

TO TENANT:

Tony Tran
204 Fisherman's Wharf
Redondo Beach, CA 90277

Security Deposit: Seven Hundred Fifty Dollars (\$750.00) on deposit under Prior Lease

Guarantors: None

Name and location of competing business or operation not subject to Non-Competition provisions (Section 15.3): None

Rider to Lease: No

Brokers:

Landlord: BC Urban
Tenant: None.

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EXHIBIT B	-	Description of the Premises, Trade Name and Use of Premises
EXHIBIT C	-	Guaranty of Lease – N/A
EXHIBIT D	-	Estoppel Certificate
EXHIBIT E	-	Sign Criteria
EXHIBIT F	-	Pier Retail/Restaurant Area and Parking Rules and Regulations
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EXHIBIT H	-	Confirmation of Lease
EXHIBIT I	-	Tenant Improvements – N/A
EXHIBIT J	-	Memorandum of Lease

**REDONDO BEACH FISHERMAN'S WHARF
LEASE**

This Lease ("Lease") is made as of April 6, 2021, by and between the CITY OF REDONDO BEACH, a Chartered City and Municipal Corporation ("Landlord") and TONY TRAN, AN INDIVIDUAL DBA MINI CHINESE RESTAURANT ("Tenant").

RECITALS

A. The State of California has granted to Landlord certain tidelands on the conditions that Landlord develop, improve and operate such lands as a harbor. Landlord has developed, improved and is currently operating the area commonly known as Redondo Beach Harbor (the "Harbor Area"), which includes tide and submerged lands and uplands. As part of the Harbor Area, Landlord has constructed a pier known as the Redondo Beach Pier (the "Pier") within the Harbor Area, and maintains the Pier for recreational uses.

B. Landlord, by assignment and assumption, and Tenant are parties to that certain Sub-Lease Agreement, dated as of April 1, 1985, for Tenant's lease of the Premises (the "Prior Lease"). The Premises (defined below) is located on the Pier. Tenant acknowledges that as a result of Tenant's past occupancy of the Premises and operation of its business thereon, it is thoroughly familiar with the condition of the Premises.

C. Tenant desires to lease from Landlord, and Landlord is willing to lease to Tenant, a certain portion of the Improvements on the Pier Retail/Restaurant Area described herein as the Premises upon and subject to the terms, provisions and conditions of this Lease. Landlord and Tenant desire for this Lease to supersede and replace the Prior Lease.

D. Landlord is planning to undertake a comprehensive revitalization of the Harbor Area, which may include the conveyance and/or redevelopment of the Pier. Landlord has disclosed to Tenant that Landlord may desire to terminate this Lease prior to the end of the Term in connection with Landlord's planned revitalization of the Harbor Area and Pier.

In consideration of the promises, conditions and covenants set forth herein, Landlord and Tenant hereby agree as follows:

ARTICLE 1 DEFINITIONS

For the purposes of this Lease, the following underlined terms shall have the meaning ascribed to them:

Additional Rent. All sums of money required to be paid pursuant to the terms of this Lease, including but not limited to the sums to be paid pursuant to Article 7, Article 8 and Section 18.2.

Assignment. Any (i) transfer, assignment, subletting, license, concession, change of ownership, mortgage or hypothecation of the Lease or of any portion of the Premises (as defined below) by Tenant or (ii) if Tenant is a business entity other than a publicly traded corporation, the

transfer, assignment or hypothecation of more than twenty-five percent (25%), in the aggregate, of the equity, securities or voting control of Tenant.

City. The City of Redondo Beach, a chartered city and municipal corporation.

CPI. The Consumer Price Index-All Consumers (Los Angeles-Anaheim-Riverside, CA, All Items, Base 1982-84 = 100) as published by the United States Department of Labor, Bureau of Labor Statistics. Should the Bureau discontinue the publication of the Index, or publish the same less frequently or on a different schedule, or alter the same in some other manner including, but not limited to, changing the name of the Index or the geographic area covered by the index, Landlord and Tenant shall adopt a substitute index or procedure which reasonably reflects and monitors consumer prices.

Commencement Date. The Commencement Date shall be the Commencement Date in the Summary.

Common Area. All improved and unimproved areas within the exterior boundaries of the Pier Retail/Restaurant Area that are provided and designated by Landlord from time to time for the general and common use, benefit and/or convenience of Landlord and/or other tenants in the Pier Retail/Restaurant Area and/or their respective authorized representatives and invitees. The Common Area are those areas, facilities and equipment of the Pier Retail/Restaurant Area outside the Tenant Spaces and other premises for the exclusive use of Landlord or a tenant, and include without limitation, pedestrian walkways and patios, pier decking, landscaped areas, sidewalks, service corridors, public restrooms, stairways, non-structural portions of the roofs and exterior walls, plazas, malls, throughways, loading areas and parking areas. The common areas as they exist at the Commencement Date of this Lease are outlined in Exhibit A, which are depicted for the sake of conceptual reference only and not to establish exact locations or boundaries.

Common Area Expenses. All expenses incurred in connection with maintenance of the Common Areas including but not limited to all sums expended in connection with all general maintenance, repairs, resurfacing, painting, restripping, cleaning, sweeping and janitorial services; maintenance and repair of signs; sprinkler systems, planting and landscaping; lighting and other utilities; heating, ventilating and air conditioning costs and systems; directional signs and other markers and bumpers; maintenance and repair of any fire protection systems; lighting systems, storm drainage systems and other utility systems; salaries and costs of workers' compensation insurance covering personnel to implement such services including, if Landlord deems necessary, the cost of security guards; real and personal property taxes and assessments on the Improvements and land comprising the Common Areas; any governmental imposition or surcharge imposed on and/or assessed against any portion of the Common Areas; depreciation, maintenance and operating costs of machinery and equipment used in connection with the Common Areas (if owned) and rental paid for such machinery and equipment (if rented); adequate public liability and property damage insurance on the Common Areas; fire and extended coverage insurance (and earthquake and other natural disaster coverage insurance if Landlord obtains and maintains such coverage); licensing fees; pest extermination; and amounts paid by Landlord as a result of personal injury or property damages, whether due to lack of insurance, deductible amounts or otherwise. In addition, Common Area Expenses shall include an amount for accounting, bookkeeping and

collection of the expenses associated with the Common Areas equal to ten percent (10%) of the total of the above expenses associated with Common Areas for each calendar year. Landlord may cause any or all services associated with the Common Areas to be provided by an independent contractor or contractors.

Should Landlord acquire or make available additional land not currently shown as part of the Pier Retail/Restaurant Area (as defined below), and make said land available for parking or other Common Area purposes, then Common Area Expenses shall also include all of the aforementioned expenses and costs incurred and paid in connection with said additional land.

Environmental Damages. All claims, judgments, damages (including punitive damages), losses, penalties, fines, liabilities (including strict liability), encumbrances and liens, and any other costs and expenses, resulting from the existence on or in, or release to the ground or air of Hazardous Materials in violation of or alleged to be in violation of the laws applicable thereto, including any attorneys' fees, disbursements, consultant's fees and other costs resulting from (a) investigation and defense of any alleged claim and (b) directive of any Governmental Agency, whether or not the claims or directives are groundless, false or fraudulent or ultimately defeated, and (c) any settlement or judgment.

Floor Area. All areas within the Pier Retail/Restaurant Area which are held for the exclusive use and occupancy by specific tenants of Landlord, measured from the exterior surface of exterior walls (and, in the case of openings, from extensions thereof), and from the center of interior partitions, including, but not limited to, restrooms, mezzanines, warehouse or storage areas, clerical or office areas, and employee areas.

Governmental Agency. Any Federal, State, County or City authority having appropriate jurisdiction, any political subdivision thereof, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof.

Gross Sales. The gross selling price (including finance charges) of all merchandise or services sold, leased, licensed, or delivered in or from the Premises by Tenant, its permitted subtenants, licensees, or concessionaires, whether for cash or on credit (whether collected or not), including the gross amount received by reason of orders taken on the Premises although filled elsewhere, and whether made by store personnel or vending machines and all deposits not refunded to purchasers. Any transaction on an installment basis, including, without limitation, any "lay-away" sale, gift certificate or like transaction, or otherwise involving the extension of credit, shall be treated as a sale for the full price at the time of the transaction, irrespective of the time of payment or when title passes. All sales originating and orders taken, from or at the Premises, whether the orders are made by telephone, mail or any electronic device even if the order is filled elsewhere, shall be considered as made and completed therein, even though bookkeeping and payment of the account may be transferred to another location for collection, and although actual filling of the sale or service order or actual delivery of the merchandise may be made from a place other than the Premises. Gross Sales also shall include any sums that Tenant receives from pay telephones, stamp machines, music machines, amusement machines, or public toilet locks, as well as all admission, entry and other fees of any nature or kind charged by Tenant, its agents,

sublessees, concessionaires or licensees. Gross Sales in credit card transactions shall include only the actual amount received by Tenant from the credit card issuer.

In addition, the term Gross Sales as used in this Lease shall not include the full retail price of California State Lottery tickets sold from the premises, but shall include the full amount of compensation and any incentive bonuses paid to and received by Tenant for such sales, as such compensation and bonuses are determined from time to time by the State Lottery Commission and Director under California Government Code §8880.51 and other applicable California laws.

Gross Sales shall not include, or if included there shall be deducted (but only to the extent they have been included), the following:

1. The selling price of all merchandise returned by customers and accepted for full credit, or the amount of discounts, refunds, and allowances made on such merchandise.

2. Merchandise returned to sources or transferred to another store or warehouse owned by or affiliated with Tenant.

3. Sums and credits received in the settlement of claims for loss of or damage to merchandise.

4. The price allowed on all merchandise traded in by customers for credit or the amount of credit for discounts and allowances made instead of acceptance of merchandise.

5. Any sums paid to third parties for the use or rental of pay telephones, stamp machines, music machines, amusement machines, or public toilet locks.

6. Sales and use taxes, so-called luxury taxes, consumers' excise taxes, gross receipts taxes, and other similar taxes now or in the future imposed on the sale of merchandise or services, but only if such taxes are added to the selling price, separately stated, collected separately from the selling price of merchandise or services, and collected from customers.

7. Sales of fixtures, trade fixtures, or personal property that are not merchandise as allowed in this lease.

Guarantors. The Guarantors, if any, are set forth in the Summary attached hereto and made a part hereof.

Harbor Area. The area commonly known as Redondo Beach Harbor.

Hazardous Materials. (a) Any petroleum or petroleum products, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other materials or pollutants which (i) pose a hazard to the Pier Retail/Restaurant Area or to persons on or about the Pier Retail/Restaurant Area or (ii) cause the Pier Retail/Restaurant Area to be in violation of any Hazardous Materials Laws; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which

contain dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty (50) parts per million; (c) any chemical, material or substance defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any applicable local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto, including, but not limited to, the Comprehensive Environmental Response' Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et. seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251, et seq.; Sections 25115, 25117, 25122.7, 25140, 25281, 25316, and 25501 of the California Health and Safety Code; and Article 9 or Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20; and (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the occupants of the Pier Retail/Restaurant Area or the owners and/or occupants of property adjacent to or surrounding the Pier Retail/Restaurant Area.

Impositions. The term "Impositions" shall mean all taxes, assessments, charges, levies, fees and other governmental charges, general and special, ordinary and extraordinary, of any kind and nature whatsoever, including, but not limited to, assessments for public Improvements or benefits, which shall be laid, assessed, levied, or imposed upon the Pier Retail/Restaurant Area and the Common Areas or any part thereof and which are payable at any time during the term hereof, and all gross receipts taxes, rent taxes, business taxes and occupancy taxes, and shall include all of Landlord's reasonable administrative costs and any and all costs incurred by Landlord in contesting or negotiating the taxes with any governmental authority, except only franchise, estate, inheritance, succession, capital levy, transfer, income and excess profits taxes imposed upon Landlord.

Improvements. Structures, construction, alterations, additions and/or changes to the Pier Retail/Restaurant Area, the Common Areas or the Premises, as the context requires.

Landlord. City or any successor to or assignee of Landlord's interest in the Pier Retail/Restaurant Area.

Lease Year. For the first Lease Year, the period commencing on the Commencement Date and ending on the immediately next June 30th, whether in the same calendar year or the following calendar year, and thereafter, the period of 12 consecutive months commencing with each July 1st thereafter and ending on the following June 30th, the calendar year next following the Commencement Date except that the last Lease Year means the period commencing on January 1st of the year in which this Lease terminates or expires and ending on the date of such termination or expiration.

Lender. Any construction, interim or permanent lender, or any mortgagee, trustee or beneficiary under a mortgage or deed of trust to which the Premises, the Pier Retail/Restaurant Area, and/or any part thereof is subject pursuant to an agreement with Landlord.

Master Documents. This Lease shall be subordinate to the Tidelands Trust instruments and any master lease, pursuant to which Landlord owns its estate, and any other document reasonably deemed relevant by Landlord, all of which are on file with Landlord.

Maximum Lawful Rate of Interest. The maximum lawful rate of interest shall be 300 basis points (3%) above the prime rate of interest announced by the Bank of America at its San Francisco office as charged to corporate borrowers of the highest standing for short term unsecured obligations (but in no event in excess of the maximum rate of interest then permitted to be charged by California law).

Minimum Hours of Operation. The minimum hours of operation shall be 11:00 am through 8:00 pm during each day of the Months of May, June, July, August and September; and 11:00 am through 6:00 pm during each day for any other Month (subject to change as provided for below).

Minimum Monthly Rent. Minimum Monthly Rent as specified in the Summary, payable Monthly in advance as increased pursuant to the terms of Article 7.

Month or Monthly. A calendar month period within each Lease Year, except that with regard to payments that are to be made Monthly, the first Monthly period shall commence on the date the Term commences and the last Monthly period shall end on the date the Term expires or terminates.

Monthly Percentage Rent. The Monthly Percentage Rent is that percentage of the Gross Sales during each Month as set forth in the Summary.

Pier. The Redondo Beach Pier.

Pier Retail/Restaurant Area. The Improvements which are a part of the Redondo Beach Pier Area ("Pier Area") of the Redondo Harbor Properties and the Redondo Beach Harbor Enterprise, and which comprise the retail shops in the Pier Area. The Pier Retail/Restaurant Area, of which the Premises is a part, is located on the real property ("Property") located in Redondo Beach and further described in Exhibit A.

Premises. That portion of the Pier Retail/Restaurant Area known as the Tenant Space number referred to above in the Summary, which numbered Tenant Space is located as shown on Exhibit B. The Minimum Monthly Rent is not based on the actual square footage as may be found by more exact measurement, and deviation from the approximations of Floor Area used to describe the Tenant Space herein shall not cause a change in the Minimum Monthly Rent.

Principal Owner. Any person or entity which owns or has the power to vote at least twenty-five percent (25%) of the equity securities (whether stock, partnership interests or otherwise) of Tenant.

Prior Lease. The lease between Landlord and Tenant in effect prior to the Commencement Date of this Lease.

Reconstruction. The repair, reconstruction and restoration of the Premises following a casualty, as described in Article 17.

Removable Trade Fixtures. All personal property of Tenant not permanently affixed to the Premises, including but not limited to shelves, racks, signs, displays, counters and mirrors, which can be removed without damage to the Premises.

Security Deposit. The amount of the Security Deposit is set forth in the Summary, and is payable by Tenant to Landlord pursuant to Article 31.

Summary. The Summary is the Summary of Lease Provisions attached at the front of this Lease and made a part hereof.

Tenant. The Tenant is identified in the Summary and on the first page of this Lease.

Tenant's Estoppel Certificate. A written statement by Tenant, substantially in the form of Exhibit D, with respect to the Lease, as required by Section 25.5.

Tenant Spaces. Those certain spaces designed for the possession and occupancy of businesses and tenancies under lease from Landlord as depicted on Exhibit B.

Tenant's Monthly Expense Share. Tenant's Monthly Expense Share is set forth in the Summary.

Term. The term of this Lease is set forth in the Summary, commencing on the Commencement Date.

ARTICLE 2 EXHIBITS

The Summary set forth above and the following drawings and special provisions are attached hereto as Exhibits and are incorporated herein by this reference:

Exhibit A: General site plan of the Pier Retail/Restaurant Area.

Exhibit B: Authorized use of the Premises and Tenant's trade name.

Exhibit C: Guaranty of Lease – NOT APPLICABLE.

Exhibit D: Tenant's Estoppel Certificate.

Exhibit E: Sign Criteria.

Exhibit F: Rules and Regulations.

Exhibit G: Rider to Lease – NOT APPLICABLE.

Exhibit H: Confirmation of Lease

Exhibit I: Tenant Improvements – NOT APPLICABLE

Exhibit J: Memorandum of Lease

ARTICLE 3 PREMISES

3.1 Lease of Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises, for the Term, for the Monthly Rent, and upon the covenants and conditions set forth in this Lease. Prior to entering into this Lease, Tenant has made a thorough and independent examination of the Premises and all matters related to Tenant's decision to enter into this Lease. As the occupant of the Premises pursuant to the Prior Lease, Tenant is thoroughly familiar with all aspects of the Premises and is satisfied that it is in an acceptable condition and meets Tenant's needs. Tenant agrees that Tenant shall accept the Premises "AS IS" in the condition as of the execution of this Lease, subject to all recorded matters, laws, ordinances and governmental regulations and orders. Landlord shall have no responsibility for any work or Improvements which may be required to prepare the Premises for Tenant's use, or for any work in remodeling the Premises, unless specifically set forth on Exhibit I attached. Tenant acknowledges that neither Landlord nor any agent or representative of Landlord has made any representation as to the condition of the Premises, the suitability of the Premises for Tenant's intended use or the economic feasibility of the business Tenant intends to conduct. This Lease confers no rights of possession to Tenant to that portion of Pier Retail/Restaurant Area lying outside of the exterior walls, floor and roof of the Premises, the airspace more than seven (7) feet above the top of the roof of the building that is a part of the Premises, or to the Common Areas.

3.2 Agreements Affecting Lease. This Lease is subject to the Master Documents, which are hereby incorporated by reference. Upon written demand of Landlord, Tenant shall execute, acknowledge and deliver to Landlord for recording a subordination agreement whereby this Lease is subordinated to any of the Master Documents and any amendments thereto provided Tenants' rights under this Lease are not substantially or materially altered.

3.3 Landlord's Reservations.

3.3.1 Regarding the Pier Retail/Restaurant Area. Landlord may change the name of the Pier Retail/Restaurant Area. Tenant acknowledges that the Improvements shown in Exhibit A and the identity of any tenant shown thereon are subject to changes, alterations, additions and deletions as the Landlord may direct. Landlord may change the shape, size, location, number and extent of the Improvements on the site plan as shown on Exhibit A, and eliminate or add any Improvements to any portion of the Pier Retail/Restaurant Area. Landlord reserves to itself the use of the roof, exterior walls, and the equipment, machinery, connections, pipes, ducts, conduits and wires leading through the Premises and serving other parts of the Pier Retail/Restaurant Area, all in a manner and in locations which will not unreasonably interfere with Tenant's use of the Premises. Tenant's consent shall not be required for the creation of any covenants, easements or rights of way which are created by or required by Landlord or by any governmental authority.

3.3.2 Regarding the Premises. Landlord shall not materially change the size or location of the Premises without Tenant's prior written consent, which shall not be unreasonably withheld, after the Commencement Date. Landlord reserves the right to enter the Premises for purposes of inspection and repairs as set forth in Section 16.5, for self-help as set forth herein, for the installation and maintenance of sprinkler equipment, and at all times in case of emergency.

3.3.3 Regarding the City as Regulator. Tenant acknowledges and agrees that neither this Lease nor any other agreement with City in its proprietary capacity as Landlord shall bind the City in its regulatory capacity and that nothing contained herein is an agreement of the City as a governmental body having regulatory jurisdiction of the Premises to issue or grant to Tenant any permit including building, land use, occupancy, and health permits. Tenant shall be required to apply for and obtain all permits including building and land use permits needed from the City in its governmental regulatory capacity, and to comply with all laws, ordinances, rules and regulations of City governing the construction, use and occupancy of the Premises. Tenant further acknowledges that Tenant shall not have the right to apply for building and land use permits without Landlord's written consent, which may be withheld in the sole discretion of Landlord.

ARTICLE 4 USE AND POSSESSION

4.1 Tenant's Business. Upon and after the Commencement Date Tenant shall use the Premises at all times for the sole purpose of conducting therein the business described and under the trade name as set forth in, Exhibit B, and for no other purpose or use and under no other trade name. Tenant shall not by any means or device, either directly or indirectly, violate the aforementioned restrictions on the use of the Premises.

4.2 Compliance with Agreements, Laws, etc; Rules and Regulations; Insurance Requirements.

4.2.1 Tenant shall not use or permit to be used the Premises or any part thereof for any purpose or use in violation of the Master Documents, this Lease or in violation of any law or ordinance or any regulation of any governmental authority or in any manner that will constitute an unreasonable annoyance to any occupant of the Pier Retail/Restaurant Area or a public or private nuisance, including but not limited to the production of deleterious or offensive odors (which shall in all instances for purposes of this Lease include any and all food and cooking odors), or that will damage the reputation of the Pier Retail/Restaurant Area or any part thereof, or for any hazardous purpose, or in any manner that will violate, suspend, void or serve to increase the premium rate of or make inoperative any policy or policies of insurance at any time carried on the property, buildings or Improvements on the Pier Retail/Restaurant Area or the Property or any part thereof.

4.2.2 Tenant shall not violate or permit the violation of, and at Tenant's cost and expense shall comply with or cause to be complied with, at all times during the term, all provisions of this Lease and the Master Documents affecting the Pier Retail/Restaurant Area and all laws, ordinances, rules, regulations and orders of all governmental authorities (including, without limitation, the Tidelands Trust) affecting the Pier Retail/Restaurant Area and the operation of any

business therein and, without limiting the generality of the foregoing, Tenant shall, at its cost and expense, procure all licenses, permits or other authorizations required in connection with any operation conducted in the Premises. Tenant shall pay for any and all changes to the remainder of the Pier Retail/Restaurant Area outside the Premises required or necessitated by or in any way due to this Lease and/or Tenant's required or permitted activities (including construction) hereunder.

4.3 Release. Tenant hereby releases Landlord from any liability for any loss or damage should Tenant's use and occupancy of the Premises for the purposes set forth in this Lease be prohibited or impaired by reason of any zoning, law, ordinance or regulation of federal, state, county or municipal governments, or by reason of any act of legal or governmental or other public authority, including without limitation, ballot initiatives.

4.4 Use of the Premises. Tenant shall at all times and at Tenant's cost and expense during the term (and shall cause its occupants to, as appropriate):

(1) Maintain the Premises and all access areas thereto in good order, condition and repair, and provide such janitorial services as shall be necessary to keep all of the above continuously safe, neat, vermin free, clean, inviting and attractive; and that in regard thereof, Tenant acknowledges that the Premises, being an oceanfront facility, is subject to nuisances caused by birds in the form of roosting and deposit of their droppings, and agrees to take reasonable measures to prevent or reduce such roosting and other nuisances caused by the birds on the exterior and roof of the Premises and to keep the exterior of the Premises and its immediate area clean and free of such droppings;

(2) Store or stock in the Premises only such property as shall be reasonably required in connection with business being conducted in the Premises, and not use any portion of the Premises for storage or warehouse purposes beyond such needs; and except for incidental related office purposes, use for office, clerical or other non-selling purposes only such space in the Premises as is from time to time reasonably required for Tenant's business therein;

(3) Store all trash and garbage in adequate closed containers located within the Premises so as not to be visible to members of the public patronizing the Pier Retail/Restaurant Area; maintain such containers in a neat and clean condition and in a manner which will not create or permit any health or fire hazard or any offensive odor; and arrange for the regular removal of trash and garbage. If Landlord shall furnish trash removal service, Tenant shall use such service and shall pay Landlord monthly for such service at the prevailing competitive rate for such service as billed by Landlord;

(4) Refrain from burning any papers, trash or garbage of any kind in, on or about the Premises;

(5) Refrain from overloading any floor in the Premises;

(6) Refrain from using any portion of the Premises as living quarters, sleeping apartments or lodging rooms;

(7) Refrain from using the plumbing facilities for any purpose other than that for which they were constructed and refrain from disposing of any toxic, hazardous, damaging or injurious substance therein;

(8) Refrain from distributing any handbills or other advertising matter in, on or about any part of the Premises, the Pier Retail/Restaurant Area, or nearby parking facilities, and shall not permit any parading, rallying, patrolling, picketing, demonstrating, hawking, sign waving, or any similar type of conduct within the Premises or the Pier Retail/Restaurant Area;

(9) Use best efforts to cause all trucks servicing the Premises to be loaded and unloaded in those areas and during those hours specified by Landlord;

(10) Provide the proper number and types of fire extinguishers for the Premises as required by the most stringent applicable laws or insurance requirements of either Landlord or Tenant; and,

(11) Keep the Premises suitably lighted during such hours as Landlord may reasonably require, including periods in addition to the business hours of Tenant if in the opinion of Landlord such lighting is reasonably necessary or desirable.

4.5 Prohibited Uses. Tenant shall not, and shall not allow any occupant of the Premises to:

(1) Conduct any going-out-of-business, fire, bankruptcy, auction or other distress sale in, on or about the Premises, or sell any used or re-conditioned merchandise or items;

(2) Use any sidewalks, walkways or areaways of the Pier Retail/Restaurant Area for any purpose other than the passage of pedestrians. Tenant shall conduct its business entirely within the Premises;

(3) Place any fence, structure, building, improvement, division, rail, sign, advertising, display, device or obstruction of any type or kind upon the Common Area or the Pier Retail/Restaurant Area or any part thereof, or upon any vestibule, entrance or return to the Premises, except as may be approved in writing by Landlord;

(4) Park, operate, load or unload any truck or other delivery vehicle at the Pier Retail/Restaurant Area or the Property, other than that portion from time to time designated by Landlord, or use any portion of Landlord's loading docks and related facilities other than such portions thereof and during such times as Landlord may designate in its sole and absolute discretion;

(5) Keep live animals of any kind in, on or about the Premises;

(6) Install, use or permit to be used in, on or about the Premises or the Pier Retail/Restaurant Area any advertising medium, paging system, or other sound, light, or sensory device which may be seen, heard or experienced outside the Premises, such as, but not limited to, flashing lights, searchlights, loudspeakers, phonographs, pianos, organs, jukeboxes or radio or television broadcasts, or, unless expressly allowed elsewhere in this Lease, permit any live music or entertainment at any time;

(7) Maintain or permit to be maintained in, on or about the Premises, pinball, mechanical or electronic games of any nature, or any vending, coin or credit card operated machines of any nature (except for any vending machines for food, candy, beverages and other similar items which are located only in areas not generally accessible to patrons and are solely for use by employees of the business(s) being conducted in the Premises);

(8) Use any portion of the Premises for (i) the sale of drugs, including without limitation medical marijuana, (ii) a drug treatment clinic, (iii) a liquor store, (iv) a bar dispensing liquor or alcoholic products which is not an incidental part of a restaurant, except as expressly permitted elsewhere in this Lease, or (v) the sale, distribution, display or offer for sale any item which in Landlord's good faith judgment (which judgment may include consideration of the fact that the Landlord is the City), is inconsistent with the quality of the operation of the Pier Retail/Restaurant Area intended for general and family-oriented patronage or which may tend to injure or detract from the moral character or image of the Pier Retail/Restaurant Area, or which may otherwise violate the local community's sense of decorum, as may be determined by Landlord in its sole discretion. Without limiting the generality of the foregoing, Tenant shall not sell, distribute, display or offer for sale any paraphernalia used in connection with any illegal drugs or any pornographic, lewd or "adult" newspaper, book, magazine, film, picture, representation or merchandise of any kind.

4.6 Safety Requirements. Tenant's occupancy and rights hereunder shall be subject to the following:

(1) All fire protection systems servicing the Premises and the Pier Retail/Restaurant Area, including, without limitation, any central station or remote station alarm systems, risers, sprinkler system, sprinkler control and fire protection water supply and related valves and fire pumps, shall be subject to Landlord's direct control and supervision, but without any obligation on Landlord to exercise such control and/or supervision.

(2) It shall be the responsibility of Landlord to keep any sprinklers in service at all times and to maintain any sprinkler equipment within the Premises in good order and repair so as to satisfy a "highly protected risk" rating with Landlord's fire insurance carrier, and any impairments to the sprinkler system within the Premises shall be reported immediately by Tenant to Landlord. In the event that it is necessary that any automatic sprinkler system be out of service, Tenant shall provide a fire watch in the affected areas of the building to meet both Landlord's and Code requirements.

(3) Tenant shall provide and maintain portable fire extinguishers throughout the Premises on the basis of at least one 2A-20BC rated extinguisher for each 3,000 sq. ft. or portion thereof. Said extinguishers must be mounted along normal paths of travel and securely hung in conspicuous locations. Said extinguishers must be placed so that travel distance to an extinguisher from any portion of the Premises does not exceed 75 feet.

(4) Tenant shall not introduce any hazardous occupancy or operation into the Premises for which the fire protection equipment therein is not designed. No operation may be conducted in the Pier Retail/Restaurant Area which involves the use or storage of flammable liquids, aerosols or gas, and such use or storage in the Premises is prohibited, except and only as may be otherwise provided in this Lease for cooking facilities.

(5) Tenant shall observe and comply with all requirements specified by Landlord's fire insurance carrier for a "highly protected risk" rating in respect of the Premises and Tenant's use of the same and its operations therein.

(6) If any cooking facility is operated in the Premises, Tenant shall comply with the special hazard protection requirements in the latest edition of NFPA Standard 96, including, without limitation:

(i) properly constructed and arranged ventilation hoods and ducts for all cooking equipment;

(ii) a fixed pipe automatic dry chemical or carbon dioxide extinguishing system (or approved equivalent) protecting the cooking surface, ventilation hood and ductwork of all cooking appliances producing grease-laden vapors;

(iii) the extinguishing system must be interconnected with the fuel supply for the cooking equipment so that actuation of the extinguishing system causes automatic shut-off of the fuel supply to the equipment.

4.7 Compliance with Law. Tenant covenants and agrees not to violate or permit the violation of, and at its expense shall comply or cause to be complied with all present and future applicable building, subdivision, zoning, off-street parking, environmental protection or any other land use or other laws, ordinances, rules, regulations or orders of any and all governmental authorities regulating the conduct of or having jurisdiction over the use and occupancy of the Pier Retail/Restaurant Area (including the Premises) and, without limiting the generality of the foregoing, Tenant shall, at its expense, procure all licenses, permits or other authorizations required in order to lawfully and properly use, as a portion of the Pier Retail/Restaurant Area, the Premises in the manner required and contemplated by this Lease. Tenant shall be responsible, at Tenant's expense, for making any modifications to the Premises or accommodations as may be required pursuant to the Americans with Disabilities Act and any other applicable accessibility laws.

4.8 Rules and Regulations. Tenant and Tenant's agents, employees, licensees, concessionaires, subtenants and invitees shall observe faithfully and comply with any reasonable

rules and regulations governing the Pier Retail/Restaurant Area as may from time to time be established in the Pier Retail/Restaurant Area and Parking Rules and Regulations in Exhibit F and modified by Landlord. Such rules and regulations may apply, but need not be limited to, Minimum Hours of Operation, safety regulations, matters relating to security, schedule for lighting of display windows and signs and the use of Common Areas. Such rules and regulations shall be binding upon Tenant when posted in the management office of the Pier Retail/Restaurant Area or upon delivery of a copy thereof to Tenant.

4.9 Food Service Use. Any material changes in the quality or general theme of any restaurant originally approved by Landlord in the Premises shall be subject to Landlord's prior written approval, which may be granted or withheld in Landlord's sole discretion. Tenant agrees to maintain the highest standards in the quality and preparation of all food items, maintenance and cleanliness of the Premises, including, without limitation, the following:

(a) Tenant shall use its best efforts to maintain an "A" rating (or such similar first-class standard) set forth from time to time in applicable health department or other applicable governmental guidelines. Tenant's failure to maintain such first-class rating more than three (3) times in any twenty-four (24) month period during the Lease Term shall, at Landlord's election, constitute a material default by Tenant hereunder; provided, however, that Tenant shall not be in default under this section so long as Tenant contests any such rating in good faith within thirty (30) days after Tenant's receipt of notice that its rating has been lowered and concurrently therewith provides to Landlord written evidence that Tenant is diligently pursuing the resolution of such contest and thereafter resolves such contest within sixty (60) days.

(b) Tenant shall not permit the accumulation of any refuse and shall be solely responsible, at Tenant's sole cost and expense, for the removal of all trash and garbage from the Premises not less than seven (7) days per week to trash receptacles provided by Landlord pursuant to such procedures as Landlord may designate from time to time. Pending such removal, all such trash shall be kept in odor-proof, vermin-proof sealed containers out of public view and in compliance with all applicable laws.

(c) Tenant shall, at its sole cost and expense, at all times during the Term, provide necessary exhaust fans and systems, ductwork and venting and use its best efforts to ensure that all smoke, odors, vapors and steam are properly exhausted from the Premises. Such systems shall be installed pursuant to plans approved by Landlord, which systems shall prevent the discharge of smoke, odors, vapors and steam into the Common Areas of the Premises and the premises of other tenants. Notwithstanding the foregoing, Landlord acknowledges and agrees that Tenant's ordinary and customary odors alone which are consistent with Tenant's permitted restaurant use shall not constitute a violation of this section. Tenant's exhaust and venting systems shall include fire prevention and/or extinguishment facilities or systems as may be required from time to time by applicable law or by Landlord in connection with Tenant's use at the Premises. All such systems shall be maintained by Tenant at Tenant's sole cost and expense in good working order and condition and in accordance with all applicable laws. Tenant shall regularly and adequately clean and maintain, or provide a contract for such cleaning and maintenance of, all such exhaust and venting systems serving the Premises, whether located within or outside the Premises in compliance with Landlord's standards and requirements for such cleaning and maintenance.

Tenant shall provide to Landlord, upon Landlord's request, reasonable proof of such cleaning and maintenance program.

(d) Tenant shall use its best efforts to keep the Premises free from insects, rodents and all vermin. Without limiting the generality of the foregoing, Tenant shall, at Tenant's sole cost and expense, engage professional, reputable exterminators reasonably approved by Landlord to service the Premises, including, without limitation, all food preparation and food storage areas, on a monthly basis (or at such greater frequency as Landlord may require) and to the extent necessary to safely keep the Premises free of insects, rodents, vermin and other pests and to prevent insects, rodents, vermin and other pests from infesting the premises of other tenants or the Common Areas of the Premises. Tenant shall, upon Landlord's request, provide reasonable proof that Tenant is causing such extermination to be performed regularly at the Premises.

(e) Tenant shall, at Tenant's sole cost and expense at all times during the Lease Term, provide the necessary piping, connections, traps, grease traps, catch basins and other facilities for the removal of all waste liquids from the Premises in compliance with all applicable laws, codes and ordinances. Such facilities shall be connected to the sewers and mains provided by Landlord and shall be constructed so as to prevent the backing up or discharge of any such waste liquids into the Premises, the premises of other tenants or into the Common Areas of the Premises. Tenant shall not dispose of, nor permit to be disposed, any materials which tend to cause clogging or blockage of pipes and drains. Tenant shall regularly and adequately clean, or provide for the cleaning of, all grease traps, catch basins, plumbing waste lines and similar facilities serving the Premises. Tenant shall, upon Landlord's request, provide adequate proof that Tenant is causing such drainage cleaning to be performed regularly at the Premises.

(f) If alcoholic beverages are to be served at the Premises, Tenant shall obtain and maintain all required liquor licenses at all times during the Term. Tenant shall comply with all applicable alcoholic beverage control laws. Tenant shall not sell or serve alcoholic beverages intended for consumption outside of the Premises and shall use its best efforts to ensure that Tenant's customers do not carry such beverages outside of the Premises.

ARTICLE 5 TERM

5.1 Term. The Term for the period stated in the Summary shall commence on the Commencement Date. If the Commencement Date occurs on a day other than the first day of a Month, the Initial Term shall commence on the Commencement Date and shall continue from the first day of the calendar month next following the Commencement Date for the period of years set forth above.

5.2 Early Termination. Landlord may terminate the Term at any time after the initial twelve months of the Term, in Landlord's sole and absolute discretion, with or without cause, by giving Tenant written notice at least six months prior to the intended termination date. If Landlord delivers such notice of termination to Tenant, then this Lease shall terminate on the date set forth in the termination notice. Upon receipt of Landlord's notice of termination, Tenant may in its sole and absolute discretion give notice to Landlord of Tenant's election to terminate the Term 90 days

after its receipt of Landlord's termination notice, and in such event the date of termination shall be 90 days after Tenant's receipt of Landlord's termination notice. Tenant acknowledges that Landlord may desire to terminate this Lease to facilitate Landlord's plans for the revitalization of the Pier and Harbor Area, and that Tenant is not entitled to relocation benefits therefore as set forth in Section 5.3 hereof. Upon the termination of the Term of this Lease, the parties shall have no further obligations under this Lease, except as to those obligations that expressly survive the termination of this Lease.

5.3 No Relocation Assistance. Tenant understands and agrees that Tenant is not eligible to be a "displaced person" under the California Relocation Act, which provides that a "displaced person" shall not include any person whose right of possession at the time of moving arose after the date of the public entity's acquisition of the real property. Tenant understands that Tenant is a "post-acquisition tenant" pursuant to the Relocation Assistance and Real Property Acquisition Guidelines of the California Department of Housing and Community Development, 25 Cal. Code Regs. §6000, *et seq.* Tenant understands that pursuant to Section 6034(b) of the California Code of Regulations, Tenant shall not be entitled to any relocation benefits or assistance if Tenant is temporarily or permanently displaced from the Premises, whether as a result of the expiration of the Term, Landlord's termination of the Lease pursuant to Section 5.2 hereof, Landlord's pursuit of an unlawful detainer proceeding against Tenant, or for any other reason. Tenant hereby knowingly and voluntarily waives any rights Tenant may have to claim or receive any relocation assistance or benefits under state or federal law, and agrees not to file any claim or take any other action to receive such assistance or benefits.

ARTICLE 6 HOLDING OVER

If Tenant holds over or remains in possession of the Premises with or without the consent of Landlord after the expiration of the Term, such holding over or continued possession shall create a tenancy from month to month only, upon the same terms and conditions as are herein set forth so far as the same are applicable; provided, however, the Minimum Monthly Rent payable during the period of such holding over shall be two hundred percent (200%) of the rent payable immediately preceding the expiration of the Term. If Tenant fails to surrender the Premises in a timely manner upon the termination of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall indemnify and hold Landlord harmless from loss or liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any proposed new tenant founded on such failure.

ARTICLE 7 RENT

Tenant shall pay Landlord without prior demand, deduction, set-off, counterclaim or offset during the Term the rent provided in this Article. All payments to be made under the terms of this Lease shall be in lawful money of the United States of America.

7.1 Minimum Monthly Rent. Tenant agrees to pay the Minimum Monthly Rent, in advance, on the first day of each calendar month, commencing on the Commencement Date, for the use and occupancy of the Premises. Should the Commencement Date be on a day other than the first day of a Month, then the rental for such fractional month shall be computed on a daily

basis for the period from the Commencement Date to the end of such calendar month in an amount equal to 1/30 of said Minimum Monthly Rent for each day in such period and shall be due on the Commencement Date.

7.2 Payment of Tenant's Monthly Expense Share. Tenant shall pay Monthly to Landlord, as Additional Rent in addition to all other rental payable pursuant to this Article 7, Tenant's Monthly Expense Share. Tenant's Monthly Expense Share shall be due and payable at the same time that the Minimum Monthly Rent is due and payable. Tenant acknowledges that all businesses within the Pier Retail/Restaurant Area are currently assessed under the Fisherman's Wharf Sanitation District ("Sanitation District") for operational service fees provided by the City. Said fees are levied and assessed as set forth by ordinance and resolution of Landlord's City Council and may be adjusted from time to time. Tenant agrees to pay the annual assessment levied on the Premises by the Sanitation District. One-twelfth of the assessment levied annually upon Tenant at the Premises by the Sanitation District shall be credited (the "Sanitation District Credit") to each of Tenant's Monthly Expense Share for each month during the Lease Year for which the assessment and levy pertains; provided that Tenant delivers a true copy of the notice of assessment and levy to Landlord within 30 days that Tenant receives such notice of assessment and levy. No Sanitation District Credit shall be given on account of penalties, interest or costs of collection arising from non-payment of the assessment. In the event the Fisherman's Wharf Sanitation District is dissolved or altered in any manner, including to assess only leaseholders, Tenant agrees that the Sanitation District Credit shall cease and no longer be credited against Tenant's Monthly Expense Share, and that the full amount of the Tenant's Monthly Expense Share shall be due and payable without credit or offset.

7.3 Adjustment to Minimum Monthly Rent. On the third anniversary of the Commencement Date, the Minimum Monthly Rent shall be adjusted to an amount equal to 80% of the average total monthly rent, including without limitation percentage and minimum rent, payable to Landlord during the previous (three-year) period, provided it shall never be decreased. If such a formula does not yield an increase in Minimum Monthly Rent equal to or greater than the CPI increase for such a period, then Minimum Monthly Rent shall be adjusted by the increase in the CPI over such period, but in no event decreased, as provided in this Section. For purposes of these CPI increase adjustments, the "Base Month" shall be the Month which is two Months before the Commencement Date, and the adjustment Month shall be the next Month immediately following the third anniversary of the Base Month. The increase shall be calculated by multiplying the Minimum Monthly Rent by a fraction in which the numerator is the CPI for the adjustment Month and the denominator is the CPI for the base Month, and the Minimum Monthly Rent shall be increased to that sum. If the CPI is amended or discontinued, Tenant agrees that Landlord shall have the right to designate a substitute index to be used which will assure that substantially the same results will be obtained hereunder as if the CPI had remained in effect throughout the Term.

7.4 Monthly Percentage Rent. In addition to Minimum Monthly Rent and other sums specified herein, Tenant agrees to pay to Landlord on the 10th day of each Month, Monthly Percentage Rent for the immediately preceding Month without any prior demand and without any offset or deduction whatsoever; except that Tenant shall be liable for Monthly Percentage Rent only to the extent by which the amount the Monthly Percentage Rent for the immediately preceding

Month exceeds the Minimum Monthly Rent paid to Landlord by Tenant for the same immediately preceding Month.

7.4.1 Default Monthly Percentage Rent. In the event Tenant shall fail to timely submit a Monthly Statement, as provided for below in section 7.4.4, the Monthly Percentage Rent due on the date that the Monthly Statement for such Month is required to be submitted to Landlord shall be the "Default Monthly Percentage Rent", which is the higher of (i) the highest Monthly Percentage Rent previously reported on a Monthly Statement or (ii) 110% of the then current Minimum Monthly Rent applicable to the Month for which the Monthly Percentage Rent is due. In the event that the Monthly Percentage Rent to be due was later determined from the relevant Monthly Statement in accordance with section 7.4.4 to be greater than the Default Monthly Percentage Rent, Tenant shall immediately pay the amount of the deficiency to Landlord, together with interest thereon from the date the Monthly Percentage Rent was otherwise due. Nothing contained herein shall be construed (i) to allow Tenant to fail or refuse to faithfully account for Gross Sales, to submit Monthly Statements or to pay Monthly Percentage Rent as otherwise provided for herein, or (ii) as a waiver of the rights of Landlord to otherwise receive faithful accountings and Monthly Statements from Tenant and to conduct audits concerning such rights. The Monthly Percentage Rent for any Month shall be the greater of (i) the Default Monthly Percentage Rent and (ii) the Monthly Percentage Rent determined by a timely submitted Monthly Statement. Tenant shall not be entitled to a credit or repayment if the Default Monthly Percentage Rent is later determined by the relevant Monthly Statement to be greater than the Monthly Percentage Rent.

7.4.2 Calculation and Adjustment of Monthly Percentage Rent Payments. The amount of the Monthly Percentage Rent due and payable for the immediately preceding Month shall be calculated by applying the percentage of Gross Sales specified as Monthly Percentage Rent in the Summary to Gross Sales in the Monthly Statement to be submitted to Landlord as required below and deducting therefrom the payment (if any) of Minimum Monthly Rent made by Tenant for the same Month. The calculation of Minimum Percentage Rent shall be made in writing by Tenant and submitted to Landlord together with the payment of the Monthly Percentage Rent to which it applies. The accuracy of such calculation and of the Monthly Statement shall not be binding on Landlord. For the purpose of computing the Monthly Percentage Rental due, sales made during the first fractional Month in which Monthly Percentage Rent commences shall be added to the sales made during the first full calendar Month and Tenant shall pay to Landlord the amount by which the amount so computed as a percentage of Gross Sales of Tenant during this entire period exceeds the Monthly installments of Minimum Monthly Rent which are paid by Tenant during said period. The amount by which the Minimum Monthly Rent paid for any Month exceeds the Monthly Percentage Rent for that same Month shall not be credited against the Minimum Monthly Rent or Monthly Percentage Rent for any other Month and there shall not be an adjustment on an annual basis of the aggregate Monthly Percentage Rent due during a Lease Year.

7.4.3 Record Keeping. Tenant shall record at time of sale, in the presence of the customer, all receipts from sales or other transactions, whether cash or credit, in a cash register(s), which shall provide a cumulative total and which shall number consecutive purchases. Tenant shall keep and maintain (i) all such cash register receipts with regard to the Gross, net sales, credits, refunds and other pertinent transactions made from or upon the Premises (including the Gross

Sales of any subtenant, licensee or concessionaire), (ii) detailed original records of any exclusions or deductions from Gross Sales (including any exclusions or deductions from Gross Sales of any subtenant, licensee or concessionaire) and (iii) full and accurate books of account and records in accordance with generally accepted accounting principles consistently applied. Such books, receipts and records shall be kept for a period of three (3) years after the close of each Lease Year, and shall be available for inspection and audit by Landlord and/or its representatives at the Premises at all times during regular business hours. In addition, upon request of Landlord, Tenant agrees to furnish to Landlord a copy of Tenant's State and Local Sales and Use Tax Returns and Tenant waives any right of confidentiality which Tenant may claim to have for such Returns.

7.4.4 Monthly and Annual Statements. Tenant shall furnish to Landlord a written statement ("Monthly Statement") of Gross Sales for each Month not later than 10 days after the end of such Month. Tenant shall also furnish an annual written statement ("Annual Statement"), including a Monthly breakdown of Gross Sales during each Lease Year, within 45 days after the close of each Lease Year. Such Monthly Statements and Annual Statement shall be signed and certified to be true and correct by Tenant if Tenant is composed of individuals, or by the chief financial officer of Tenant, if Tenant is a corporation. The receipt by Landlord of any Monthly or Annual Statement or any payment of Monthly Percentage Rental for any period shall not bind it as to the correctness of the Monthly Statement or the Annual Statement, or the correctness of any payment. Any information gained by Landlord from such Statements, or any audit or inspection shall be confidential to the extent that Tenant maintains such information as secret and confidential and so informs Landlord, and shall not be disclosed by Landlord other than to carry out the purposes of this Section, with the exception of the following: Landlord shall be permitted to divulge the contents of any such Statements in connection with any financing arrangements, ground leases, or assignments of Landlord's interest in the Premises, in connection with any administrative or judicial proceedings in which Landlord is involved where Landlord may be required to divulge such information or when Landlord (as a public agency) is required by law to divulge such information.

7.4.5 Right to Inspect and Audit. Landlord shall, within five (5) years after the receipt of the Annual Statement for a Lease Year, be entitled to inspect and audit, and to make and retain copies of, Tenant's books, records and accounts relevant to the determination of Gross Sales and the cost of sales (including the Gross Sales and cost of sales of any subtenant, licensee or concessionaire) for all Months during the period subject to audit. Such audit shall be conducted either by Landlord or by an auditor designated by Landlord during normal business hours at Tenant's principal place of business. If it is determined as a result of such audit that there has been a deficiency in the payment of any Monthly Percentage Rental, then such deficiency shall immediately become due and payable, together with interest at the Maximum Lawful Rate from the date when said payment should have been made. In addition, if any of Tenant's Monthly Statements under review by Landlord is found to have understated Gross Sales for any Month by more than two percent (2%), and if Landlord is entitled to any additional Monthly Percentage Rental for that Month as a result of said understatement, then Tenant shall pay to Landlord all reasonable costs and expenses (including, but not limited to: accounting, bookkeepers and auditors fees; attorneys' fees; costs allocable to salaries and benefits of Landlord's employees; copying, reproduction and printing costs; and litigation and court costs) which may be incurred or suffered by Landlord in determining the understatement or collecting the underpayment. If Tenant's

statement shall be found to have understated Gross Sales for any Month by more than 6%, then, in addition to Landlord's aforesaid rights, Landlord may, at its sole option, terminate this Lease at any time thereafter upon notice to Tenant.

7.5 Additional Rent. Tenant shall pay all Additional Rent. If such amounts or charges are not paid at the time provided in this Lease, they shall nevertheless be collectible as Additional Rent with the next installment of Minimum Monthly Rent thereafter falling due. Nothing herein contained shall be deemed to suspend or delay the payment of any amount of money or charge at the time the same becomes due and payable hereunder, or to limit any other remedy of Landlord.

7.6 Failure to Pay Items Required Under Article 7. If Tenant fails to pay any Minimum Monthly Rent, Monthly Percentage Rent, Default Monthly Percentage Rent or any Additional Rent when the same is due and payable, such unpaid amounts shall bear interest at the Maximum Lawful Rate from the date due until the date of receipt by Landlord of such payment. In addition to such interest, Tenant acknowledges that the late payment by Tenant of any monthly installment of Minimum Monthly Rent (and/or late payment of other obligations hereunder) will cause Landlord to incur certain internal administrative costs and expenses not otherwise provided for under this Lease, and that the exact amount of such costs is extremely difficult or impractical to fix. Such costs and expenses will include but are not limited to internal administrative processing, accounting and review. Therefore, if any such payment is not received by Landlord from Tenant in good funds by the 10th day after the date on which such payment is due, Tenant shall immediately pay to Landlord a late charge equal to the greater of 5% of such payment or \$100. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for its internal administrative loss suffered because of nonpayment or untimely payment by Tenant. Acceptance of this late charge shall not constitute a waiver of Tenant's default with respect to such nonpayment or untimely payment by Tenant, and shall not prevent Landlord from exercising all other rights and remedies available to Landlord under this Lease.

7.7 Application of Payments. Landlord may at its option, apply any payments received from Tenant, to any Minimum Monthly Rent, Monthly Percentage Rent or Additional Rent which is then due and payable. If Landlord shall not make any specific application of a payment received from Tenant, then any payment received from Tenant shall be applied first to the Minimum Monthly Rent, Monthly Percentage Rent or Additional Rent which has been overdue for the longest period of time.

7.8 Address for Payments. All rental and other payments shall be paid by Tenant to Landlord at Landlord's address as shown in the Summary, or at such other place as may occasionally be designated by Landlord in writing.

ARTICLE 8 UTILITIES

Tenant shall, during the entire Term, (i) arrange for and pay any and all initial utility deposits and fees, connection and metering costs, and (ii) all monthly service charges for electricity, gas, water, telephone and any other utility services, except for sewage, furnished to the Premises and the Improvements thereon. Landlord shall not be liable for any loss or damage resulting from an interruption of any of the above services.

8.1 Indemnification. Tenant shall defend, indemnify and save Landlord harmless against any liability or charges on account of any utility services. In case any utility charges are not paid by Tenant when due, Landlord may pay the utility charges to the utility company or department furnishing the utility service, and any amounts so paid by Landlord shall be paid by Tenant to Landlord immediately upon demand by Landlord, as Additional Rent.

8.2 Utility Charges. If a submeter is installed for any utilities, Tenant shall pay Landlord monthly for the utility services so submetered at the same rates which Tenant would pay to the utility company supplying such utility service if such service were supplied by direct meter. If the furnishing of any service by Landlord should be determined to be a public utility service and rates therefor should be fixed or approved by any public authority having jurisdiction, then such rates for any such service shall supersede the provisions of this Lease with respect to the determination of the charges to be paid by Tenant for such service. Landlord may at its option, install separate utility meters at Tenant's expense.

8.3 No Overloading. Tenant shall not have the right to install any equipment which shall exceed the capacity of any utility facilities or which shall require additional utility facilities without Landlord's prior written approval of Tenant's plans and specifications therefor. If such installation is approved by Landlord, and if Landlord provides such additional facilities to accommodate Tenant's installation, Tenant agrees to pay Landlord, upon demand, the cost of providing such additional utility facilities and all related expenses of any kind. Tenant shall in no event use any of the utility facilities in any way which shall overload or overburden the utility systems.

8.4 Discontinuance. Landlord reserves the right to cut off and discontinue furnishing any heating, ventilation, air conditioning or other utility services furnished or submetered by Landlord at any time after an event of default under this Lease by Tenant. Landlord shall not be liable for any damages resulting from or arising out of such discontinuance of utility services, and such discontinuance shall not constitute a termination of this Lease or an eviction of Tenant. Tenant hereby releases Landlord from any loss, damage or liability sustained by Tenant as a result of such discontinuance.

8.5 Additional Utility Programs. If Landlord now or hereafter elects to provide any type of utility or alarm services to all or a substantial part of the Pier Retail/Restaurant Area, then Tenant shall, upon Landlord's request, participate in the program and pay to Landlord the reasonable cost of installing and providing the services to Tenant. The utility or alarm services which Landlord may provide include, but are not limited to, electricity for lighting, heating and air conditioning, fire, smoke or security alarm systems, telephone systems and/or any other technological advances which may provide a benefit to the tenants or patrons of the Pier Retail/Restaurant Area. If Landlord provides any of such utility or alarm systems, Landlord may also establish a reasonable program, through rules and regulations, for the monitoring of such systems, determining the usage by each Occupant, establishing standards, requirements and limitations on usage, record keeping, construction and maintenance.

8.6 Utility Service by Landlord. If any utilities are provided in whole, or in part, by Landlord, Tenant shall promptly pay to Landlord as Additional Rent Tenant's share of the charges paid by Landlord for the utilities servicing the Premises or the Common Areas during the Term. From and after the Commencement Date, Tenant shall pay to Landlord an amount estimated by Landlord to be the monthly sum payable hereunder by Tenant for such services. Landlord may adjust the monthly estimated sum at the end of each calendar quarter, based on Landlord's experience and reasonably anticipated costs. Within 60 days following the end of each calendar year, Landlord shall furnish Tenant a statement covering the previous year showing the total of said utility expenses payable by Tenant for said year and the payments actually made by Tenant with respect to such period as set forth above. If the sums payable for such utility expenses exceed Tenant's prior payments, Tenant shall pay Landlord the deficiency within 10 days after receipt of such statement. If said payments exceed the sums payable for such expenses, Tenant shall be entitled to offset such excess against payments which next become due to Landlord as set forth above. Tenant shall pay its pro rata share of the utilities expense, which shall be an amount equal to the utilities expense on the Pier Retail/Restaurant Area multiplied by a fraction the numerator of which shall be the floor area of the Premises as determined by Landlord (and as indicated on the cover sheets hereto) and the denominator of which shall be the floor area of all areas available for exclusive use and occupancy by tenants of the Pier Retail/Restaurant Area, whether or not such areas are actually occupied and open for business.

ARTICLE 9 INDEMNITY - RELEASE - INSURANCE - WAIVER OF SUBROGATION

9.1 Indemnity. To the fullest extent permitted by law, Tenant shall indemnify and hold harmless Landlord and its respective officers, employees, elected and appointed officials and volunteers from and against any and all claims, damages, liabilities, losses, Environmental Damages, judgments, lawsuits, causes of action, obligations, penalties, costs, charges and expenses, including without limitation, attorneys' fees and costs and expert witness fees, caused in whole or in part by any intentional, reckless or negligent act or omission of Tenant, any Tenant assignee, licensee, sublessee, or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, or its failure to comply with any of its obligations contained in this Lease, or its failure to comply with any law, and which may be imposed or incurred or asserted (whether real or claimed) against Landlord or its respective officers, employees, elected and appointed officials, contractors, and volunteers by reason of the occurrences listed below during the Term of this Lease. This indemnification obligation shall survive this Lease and shall not be limited by any term of any insurance policy required under this Lease.

(a) Any use, non-use, possession, occupation, condition, operation, conduct of business, maintenance or management of the Premises, or from any activity, work, or other things done, permitted or suffered by Tenant, its agents, contractors, servants, employees or invitees, in or about the Premises, or any part thereof, or any sidewalk, curb, vault, passageway or space adjacent thereto over which Tenant has management responsibilities or control;

(b) Any negligence or wrongful act on the part of Tenant or any of its agents, contractors, servants, employees, sublessees, operators, licensees or invitees;

(c) Any accident, injury or damage to any person or property occurring in, on or about the Premises, or any part thereof, or any sidewalk, curb, vault, passageway or space adjacent thereto over which Tenant has management responsibilities or control;

(d) Any failure on the part of Tenant to maintain, repair, restore or construct the Premises as provided in this Lease, or any failure to perform or comply with any of the other terms, provisions, covenants and conditions contained in this Lease on its part to be performed or complied with; and

(e) All liens, claims and demands arising out of the construction, alteration, repair, restoration or work of improvement on or about the Premises by or on behalf of Tenant or its facilities.

Tenant agrees to give prompt notice to Landlord in case of casualty or accidents in the Premises, or in the case of any incident or omission upon which a claim could be made. In case any action or proceeding is brought against Landlord or its officers, agents and employees by reason of any such claim, Tenant, upon written notice from Landlord, shall at Tenant's expense, resist or defend such action or proceeding by counsel reasonably approved by Landlord in writing. This obligation to indemnify shall include without limitation reasonable attorneys' fees and investigation costs and all other reasonable costs, expenses and liabilities from the first notice that any claim or demand is to be made or may be made. Notwithstanding the foregoing, Landlord or its officers, agents and employees shall not be entitled to indemnity under the foregoing provision for any claim arising from the willful misconduct or gross negligence of Landlord, its officers, agents and employees.

9.2 Release. Landlord or its agents shall not be liable for interference with the light, air, access to, or for any latent defect in the Premises. Landlord shall not be liable for and Tenant hereby releases Landlord from any loss, damage or liability of any kind, for any injury to or death of persons, for Environmental Damages or for damage to property of Tenant or any other person from any cause whatsoever occurring from and after the Commencement Date by reason of the use, construction, occupancy and enjoyment of the Premises or the Pier Retail/Restaurant Area by Tenant or any person thereon or holding under Tenant, or for any matter for which Tenant indemnifies Landlord. The damages for which Landlord is released include, but are not limited to, damages resulting from (i) any labor dispute, (ii) fire, smoke, explosion, noxious odors, the presence of Hazardous Materials, falling plaster or other building materials, steam, gas, electricity, or other nuisance, (iii) water, dampness, wave action or rain which may leak from or to any part of the Premises or its roof, (iv) failure or rupture of the pipes, appliances, systems, equipment or plumbing works in the Premises or the Pier Retail/Restaurant Area and (v) interruption in utility service. Landlord shall in no event be liable to Tenant or anyone claiming by, under or through Tenant for any loss, damage or liability resulting from the acts or omissions of other Tenants or users of the Pier Retail/Restaurant Area or by any other third person who was not acting under the direction and control of Landlord.

9.3 Waiver of Subrogation. Tenant hereby waives any rights Tenant may have against Landlord on account of any loss or damage occasioned to Tenant, or Tenant's property, arising from any risk generally covered by fire and extended coverage insurance. Tenant's insurance

coverages shall be endorsed to state that all insurers waive any rights of subrogation it may have against the City of Redondo Beach, its officers, elected and appointed officials, contractors, employees, and volunteers.

9.4 Insurance Provided by Tenant. From and after delivery of possession of the Premises, Tenant shall carry and maintain, at Tenant's sole cost and expense, the following types of insurance, in the amounts specified and, in the forms, provided below:

9.4.1 Comprehensive General Liability. Comprehensive General Liability Insurance covering the Premises and Tenant's use thereof against claims for bodily injury or death, personal injury and property damage occurring upon, in or about the Premises regardless of when such claims may be made. Such insurance shall have limits of not less than \$2,000,000 for bodily injury to or death of any number of persons arising out of any one occurrence and \$1,000,000 for property damage arising out of any one occurrence, or a combined single limit of at least \$3,000,000 may be provided in lieu of split limits. These limits shall apply to this location only. The insurance coverage required under this Section shall include coverage for liability hazards as defined in the policy forms and endorsements for premises and operations liability, personal injury liability, broad form property damage liability and contractual liability, which shall extend to liability of Tenant arising out of the indemnities provided in Section 9.1. General Liability coverage can be provided in the form of an endorsement to Tenant's insurance, or as a separate policy. If required by Landlord from time to time, Tenant shall increase the limits of its comprehensive general liability insurance to reasonable amounts customary for tenants in like Pier Retail/Restaurant Areas. Coverage must be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).

9.4.2 Plate Glass. Insurance covering all plate glass on the Premises. Tenant shall have the option to (i) insure the risk, (ii) post a bond for replacement of any damaged plate glass, or (iii) pay for the immediate replacement of all plate glass if and when any damage occurs.

9.4.3 Boiler and Machinery. Boiler and machinery insurance on all air conditioning equipment and systems exclusively serving the Premises and all electrical facilities and equipment located in the Premises. If said equipment and systems, and the damage that may be caused by them or result from them, are not covered by Tenant's extended coverage insurance, then the insurance specified in this subsection shall be in an amount of not less than Five Hundred Thousand Dollars (\$500,000). If Tenant requires boilers or other pressure vessels to serve the Premises they shall also be insured in the amount required by this subsection.

9.4.4 Direct Property Damage. All Risk Physical Damage Insurance covering Tenant's trade fixtures, merchandise and personal property from time to time in, on or about the Premises, and all leasehold Improvements to the Premises which Tenant is required to maintain pursuant to Section 16.1, specifically including any heating and cooling facilities serving the Premises which may be located outside the Premises provided that Tenant shall have the option to self insure the plate glass. Such insurance (i) shall be written on a replacement cost basis in an amount equal to at least ninety percent (90%) of the replacement cost of the insured property; and (ii) shall provide protection against perils that are covered under standard insurance industry practices within the classification of all risk insurance, including, but not limited to, loss or damage

from fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, domestic water damage, collapse, sprinkler leakage, vandalism, malicious mischief, and, if obtainable at commercially reasonable rates, also earthquake, flood and other natural disaster insurance. Tenant's obligations to provide insurance pursuant to this Section shall apply to all Improvements and fixtures, notwithstanding that some or all of such Improvements and fixtures may have been installed by Tenant, Landlord, a prior tenant or any other party at any time before or after the delivery of the Premises to Tenant.

9.4.5 Workers Compensation. Statutory workers compensation insurance (including occupational disease insurance) as may be from time to time required by the laws of the State of California.

9.4.6 Employer's Liability. Employer's liability insurance with a per occurrence limit of not less than \$1,000,000 per accident for bodily injury or disease or such greater amount as is customary for similar employers in the trade area.

9.4.7 Liquor Liability. If, with the consent of Landlord, alcoholic beverages are to be dispensed in the Premises, liquor liability insurance which includes loss of means of support coverage with limits of not less than those set forth in Section 9.4.1 above, for bodily injury or death and property damage in the event that in any part of the Premises there shall be given, sold or dispensed intoxicating liquors or alcoholic beverages as set forth in the Dram Shop statutes of California.

9.4.8 Business Interruption. Rental insurance (or, as the case may be, use and occupancy insurance) and business interruption or disruption insurance with benefits payable to Landlord in amounts not less than the total Minimum Annual and Monthly Percentage Rentals payable by Tenant to Landlord for the previous year.

9.4.9 Motor Vehicle Liability. Motor vehicle liability insurance governing any autos used in connection with operations at the Premises with coverage at least as broad as Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).

9.4.10 Policy Form. All policies of insurance provided for herein shall be issued by insurance companies (i) with A. M. Best rating of not less than A-X, and (ii) which are California admitted insurers. Any deductibles must be declared to and approved by Landlord in its sole discretion. All such policies shall provide that the full amount of any losses shall be payable for Landlord's benefit under the terms of this Lease notwithstanding any act, omission or negligence of Landlord or Tenant which might otherwise result in a forfeiture of insurance coverage, and shall be issued in the names of Landlord and Tenant, and if requested by Landlord, Landlord's mortgagee or beneficiary, which policies shall be for the mutual and joint benefit and protection of Landlord, Tenant and Landlord's mortgagee or beneficiary. Executed copies of such policies of insurance or certificates and endorsements thereof shall be delivered to Landlord within ten (10) days after the Commencement Date. Thereafter, executed copies of renewal policies or certificates and endorsements thereof shall be delivered to Landlord at least fifteen (15) days prior to the expiration of each term of each such policy. All public liability and property damage policies

shall contain a provision that Landlord, although named as an insured, shall nevertheless be entitled to recover under said policies for any loss occasioned by Landlord, its officers, elected and appointed officials, agents, employees and volunteers due to negligence by Tenant. All policies of insurance delivered to Landlord shall contain a provision that the company writing said policy will give to Landlord in writing thirty (30) days' notice in advance of any cancellation or lapse, refusal to renew, suspension or termination of coverage, reduction of any policy limits, increase of any policy deductibles, or other alteration of any terms or conditions of the policy, or of the effective date of any reduction in the amounts of insurance. All of Tenant's insurance coverages shall be written as primary policies, not contributing to, and not as excess coverage to coverage which Landlord may carry. Tenant agrees to permit Landlord, at any reasonable time, to inspect Tenant's policies of insurance of Tenant with respect to the Premises. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

(a) **Additional Insured Endorsement:**

1. General Liability: "The City of Redondo Beach, its officers, elected and appointed officials, employees and volunteers are to be covered as insureds with respect to liability arising out of ownership, maintenance or use of that part of the premises leased to Tenant."

2. Automobile Liability: "The City of Redondo Beach, its officers, elected and appointed officials, employees and volunteers are to be covered as insureds with respect to liability arising out of automobile owned, leased, hired or borrowed by or on behalf of Lessee."

(b) Each insurance policy shall be endorsed to state that the inclusion of more than one insured shall not operate to impair the rights of one against another insured, and the coverages afforded shall apply as though separate policies had been issued to each insured.

(c) Each insurance policy required by this Lease shall be in effect for the duration of the Lease Term. The maintenance of proper insurance coverage is a material element of the Lease and failure to maintain or renew coverage or to provide evidence of renewal may be treated by Landlord as a default of the Lease on Lessee's part.

9.5 Blanket Coverage. Notwithstanding anything to the contrary set forth in this Article 9, Tenant's obligations to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Tenant; provided, however, (i) that Landlord and other parties in interest to Landlord shall be named as additional insured as their interests may appear and (ii) that the coverage afforded Landlord will not be reduced or diminished by reason of the use of such blanket policy of insurance, and (iii) that the requirements set forth herein are otherwise satisfied.

9.6 Insurance Provided by Landlord. Landlord shall at all times from and after the Commencement Date maintain in effect a policy or policies of insurance covering the Premises in an amount not less than eighty percent (80%) of full replacement cost (exclusive of the cost of land, excavations, foundations and footings) from time to time during the Term, or the amount of such insurance as Landlord's Lender may require Landlord to maintain, whichever is greater. This coverage must provide protection against any peril generally included in the classification "Fire and Extended Coverage," sprinkler damage, vandalism, malicious mischief and business interruptions. In addition, Landlord may, at Landlord's option, obtain insurance against earthquake, flood and other natural disaster damage; but Landlord is not obligated to obtain or continue to maintain such coverage. Landlord's obligation to carry the insurance provided for herein may be brought within the coverage of any so-called blanket policy or policies of insurance carried and maintained by Landlord, provided that the coverage afforded will not be reduced or diminished by reason of the use of such blanket policy of insurance. If Landlord is a municipal governmental entity, Landlord may elect to self insure for the coverage required herein on terms and conditions in accordance with programs and policies of self insurance established and in effect from time to time by Landlord.

9.7 Actions Affecting Insurance. Tenant shall not at any time during the Term carry any stock or goods or do anything in or about the Premises which will in any way tend to increase the insurance rates upon the Pier Retail/Restaurant Area. Tenant shall pay to Landlord, upon demand, the amount of any increase in premiums for insurance that may be charged during the Term, or the amount of insurance coverage required to be carried by Landlord on the Pier Retail/Restaurant Area, resulting from any act of Tenant in or about the Premises which does so increase the insurance rates, whether or not Landlord shall have consented to such act on the part of Tenant. If Tenant installs upon the Premises any electrical equipment which constitutes an overload of the electrical lines of the Pier Retail/Restaurant Area, Tenant shall, at its own expense, make whatever changes are necessary to comply with the requirements of the insurance underwriters and any governmental authority having jurisdiction, including without limitation, removal and restoration, and nothing herein contained shall be deemed to constitute Landlord's consent to such overloading. Tenant shall, at its own expense, comply with all requirements for Landlord's maintenance of fire and extended coverage insurance for the Premises, including the installation of fire extinguishers or automatic dry chemical extinguishing systems that may be more particularly described elsewhere in this Lease.

9.8 Hazardous Materials. Tenant covenants that no Hazardous Materials shall be brought onto, stored, used, transported or disposed of at the Premises by Tenant or any of its employees, agents, independent contractors, licensees, subtenants or invitees, except for in strict compliance with all laws, rules and regulations controlling the presence and use of such materials. No Hazardous Materials shall be placed into the plumbing or waste treatment systems of the Premises except for systems which are designed to accept Hazardous Materials for treatment and discharge in accordance with the laws applicable thereto. Tenant shall undertake special attention and precautions to prevent the discharge or disposal of any Hazardous Materials into the ocean. Tenant shall hold harmless, indemnify and defend Landlord, its respective councilmembers, elected and appointed officials, employees, volunteers, successors and assigns, (collectively, the "Indemnified Persons") from and against any direct, indirect, or consequential Environmental Damages resulting from or arising out of events occurring on or about the Premises during the

Term, except for Environmental Damages arising solely from the acts or omissions of any one of the Indemnified Persons. Tenant's indemnification obligation hereinabove shall survive the expiration of the Term or earlier termination of this Lease.

Tenant covenants to promptly notify Landlord when Tenant becomes aware of (a) the presence of Hazardous Materials on the Premises which were not previously authorized by Landlord in accordance with the provisions of this Section or approved in writing by Landlord, and (b) the release to the Premises or the air of Hazardous Materials, whether or not caused or permitted by Tenant. Such notice shall include as much detail as reasonably possible, including identity of the location, type and quantity of Hazardous Materials released. If the unauthorized existence of Hazardous Materials on the Premises is caused or permitted by the Tenant, or the Tenant releases Hazardous Materials beneath, on or above the Premises, and such existence or release results in Environmental Damages, the Tenant, at its sole expense, shall promptly take all actions required by the Laws applicable thereto to return the Premises to the condition existing prior to the events which resulted in Environmental Damages.

9.9 Adjustment of Coverage. The amounts of insurance coverage shall be adjusted periodically upon the request of the Landlord's "risk manager", and the amounts of adjustments shall not be less than such periodic increases of CPI. As conditions change, Landlord reserves the right to make changes to any provisions or coverage as set forth in this Article 9 as determined by City's risk manager in his or her reasonable discretion.

ARTICLE 10 TENANT'S RIGHT TO MAKE ALTERATIONS

10.1 Landlord's Consent.

(a) Tenant shall not make or permit to be made any alterations, additions or improvements (singularly and collectively "Alterations") to or of the Premises, Pier or Improvements or any part thereof without the prior written consent of Landlord in each instance.

(b) Landlord will not unreasonably withhold its consent to any Alterations provided and upon the condition that all of the following conditions shall be satisfied: (i) the Alterations do not affect the outside appearance of the Premises, Pier or Improvements; (ii) the Alterations are nonstructural and do not impair the strength of the Premises, Pier or Improvements or any part thereof; (iii) the Alterations are to the interior of the Premises and do not affect any part of the Pier or Pier Retail/Restaurant Area outside of the Premises; (iv) the Alterations do not affect the proper functioning of the heating, ventilating and air conditioning ("HVAC"), mechanical, electrical, sanitary or other utilities, systems and services of the Premises or Improvements, or increase the usage thereof by Tenant; (v) Landlord shall have approved the final plans and specifications for the Alterations and all contractors who will perform them; (vi) Tenant pays to Landlord (A) a fee for Landlord's indirect costs, field supervision or coordination in connection with the Alterations equal to ten percent (10%) of the estimated cost of Alterations that are in excess of \$10,000, and (B) the reasonable costs and expenses actually incurred by Landlord in reviewing Tenant's plans and specifications and inspecting the Alterations to determine whether they are being performed in accordance with the approved plans and specifications and in compliance with applicable laws, including, without limitation, the fees of any architect or engineer employed by Landlord for such purpose; (vii) before proceeding with any Alteration which will cost more than \$10,000 (exclusive

of the costs of items constituting Tenant's Property, as defined in Section 10.2), Tenant obtains and delivers to Landlord, at Landlord's option, either: (C) a performance bond and a labor and materials payment bond for the benefit of Landlord, issued by a corporate surety licensed to do business in California, each in an amount equal to one hundred twenty five percent (125%) of the estimated cost of the Alterations and in form satisfactory to Landlord, or (D) such other security as shall be reasonably satisfactory to Landlord. Unless all of the foregoing conditions are satisfied, Landlord shall have the right to withhold its consent to the Alterations in Landlord's sole and absolute discretion.

(c) Not less than fifteen (15) days nor more than twenty (20) days prior to commencement of any Alterations, Tenant shall notify Landlord of the work commencement date so that Landlord may post notices of non-responsibility about the Premises. All Alterations must comply with all applicable laws, the other terms of this Lease, and the final plans and specifications approved by Landlord, and Tenant shall fully and promptly comply with and observe the rules and regulations of Landlord then in force with respect to the making of Alterations. Landlord's review and approval of Tenant's plans and specifications are solely for Landlord's benefit. Landlord shall have no duty toward Tenant, nor shall Landlord be deemed to have made any representation or warranty to Tenant, with respect to the safety, adequacy, correctness, efficiency or compliance with Laws of the design of the Alterations, the plans and specifications therefor, or any other matter regarding the Alterations.

10.2 Ownership and Surrender of Alterations. Upon their installation, all Alterations, including, but not limited to, wall covering, paneling and built-in cabinetry, but excluding movable furniture, trade fixtures and office equipment ("Tenant's Property"), shall become a part of the realty and belong to Landlord and shall be surrendered with the Premises. However, upon the expiration or sooner termination of the Term, Tenant shall, upon written demand by Landlord, at Tenant's expense, immediately remove any Alterations made by Tenant which are designated by Landlord to be removed and repair any damage to the Premises caused by such removal.

10.3 Liens. Tenant shall pay when due all claims for labor, materials and services furnished by or at the request of Tenant or Tenant's affiliates. Tenant shall keep the Premises, Pier and Pier Retail/Restaurant Area free from all liens, security interests and encumbrances (including, without limitation, all mechanic's liens and stop notices) created as a result of or arising in connection with the Alterations or any other labor, services or materials provided for or at the request of Tenant or Tenant's affiliates, or any other act or omission of Tenant or Tenant's affiliates, or persons claiming through or under them. (Such liens, security interests and encumbrances singularly and collectively are herein called "Liens.") Tenant shall not use materials in connection with the Alterations that are subject to any Liens. Tenant shall indemnify Landlord for, and hold Landlord harmless from and against: (a) all Liens; (b) the removal of all Liens and any actions or proceedings related thereto; and (c) all liabilities incurred by Landlord or Landlord's affiliates in connection with the foregoing. If Tenant fails to keep the Premises, Pier or Pier Retail/Restaurant Area free from Liens, then, in addition to any other rights and remedies available to Landlord, Landlord may take any action necessary to discharge such Liens, including, but not limited to, payment to the claimant on whose behalf the Lien was filed. Tenant shall indemnify Landlord for, and hold Landlord harmless from and against, all liabilities so incurred by Landlord, without regard to any defense or offset that Tenant may have had against the claimant. Neither Landlord's

cure nor the reimbursement of Landlord by Tenant shall cure Tenant's default in failing to keep the Premises, Pier and Pier Retail/Restaurant Area free from Liens.

10.4 Additional Requirements. Alterations shall comply with all Laws. Tenant, at its expense, shall obtain all necessary permits and certificates for the commencement and performance of Alterations and for final approval thereof upon completion, and shall cause the Alterations to be performed in compliance therewith and with all applicable insurance requirements, and in a good, first-class and workmanlike manner. The City shall have all rights to review and approve or disapprove all required submittals in accordance with the City Municipal Code, and nothing set forth in this Lease shall be construed as the City's approval of any or all of the applications or plans for the Alterations. Tenant, at its expense, shall diligently cause the cancellation or discharge of all notices of violation arising from or otherwise connected with Alterations, or any other work, labor, services or materials done for or supplied to Tenant or Tenant's affiliates, or by any person claiming through or under Tenant or Tenant's affiliates. Alterations shall be performed so as not to interfere with any other tenant in the Pier or Pier Improvements, cause labor disharmony therein, or delay or impose any additional expense on Landlord in the construction, maintenance, repair or operation of the Pier or Pier Retail/Restaurant Area. Throughout the performance of the Alterations, Tenant, at its expense, shall carry, or cause to be carried, in addition to the insurance described in this Lease, Workers' Compensation insurance in statutory limits and such other insurance as Landlord may reasonably require, with insurers reasonably satisfactory to Landlord. Tenant shall furnish Landlord with satisfactory evidence that such insurance is in effect at or before the commencement of the Alterations and, upon request, at reasonable intervals thereafter until completion of the Alterations.

10.5 Compliance with Applicable Prevailing Wage Requirements. The Tenant shall carry out the construction of all Alterations in conformity with all applicable federal and state labor laws. If applicable, Tenant and its contractors and subcontractors shall pay prevailing wages and employ apprentices in compliance with Health and Safety Code Sections 33423 through 33426, and Labor Code Section 1770, *et seq.*, and shall be responsible for the keeping of all records required pursuant to Labor Code Section 1776, complying with the maximum hours requirements of Labor Code Sections 1810 through 1815, and complying with all regulations and statutory requirements pertaining thereto. Although the parties believe that California law does not require the payment of prevailing wages or the hiring of apprentices as a result of this Lease because the Premises is being leased at its fair market rental value, Tenant shall be solely responsible for determining and effectuating compliance with such laws, and Landlord makes no representation as to the applicability or non-applicability of any of such laws to the construction of the Alterations. Tenant hereby expressly acknowledges and agrees that the Landlord has not previously affirmatively represented to the Tenant or its contractor(s) for the construction of the Alterations, in writing or otherwise, in a call for bids or otherwise, that the Alterations are not a "public work," as defined in Section 1720 of the Labor Code.

Tenant shall indemnify, protect, defend and hold harmless the Landlord and its officers, employees, contractors and agents, with counsel reasonably acceptable to the Landlord, from and against any and all loss, liability, damage, claim, cost, expense and/or "increased costs" (including, without limitation, reasonable attorneys fees, court and litigation costs, and fees of expert witnesses) which, in connection with the construction of the Alterations, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way

from any of the following: (1) the noncompliance by Tenant of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages); (2) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; or (3) failure by Tenant to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the construction of the Alterations, including, without limitation, any and all public works (as defined by applicable law), Tenant shall bear all risks of payment or non-payment of prevailing wages under California law and/or the implementation of Labor Code Section 1781, as the same may be amended from time to time, and/or any other similar law. "Increased costs," as used in this Section, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Lease.

ARTICLE 11 MECHANICS' LIENS

11.1 No Liens. Tenant shall do all things necessary to prevent the filing of any mechanics' or other lien against the Pier Retail/Restaurant Area, the Premises, the underlying real property or any part thereof by reason of work, labor, services or materials supplied or claimed to have been supplied to Tenant, or anyone holding the Premises, or any part thereof, through or under Tenant, or by reason of Tenant's failure to pay any Taxes which Tenant is required to pay. If any lien shall at any time be filed against the Pier Retail/Restaurant Area or the Premises or any part thereof, Tenant shall either cause the lien to be discharged of record immediately after the date of filing of the lien or, if Tenant in its discretion and in good faith determines that such lien should be contested, Tenant shall furnish such security as may be necessary or required, in Landlord's judgment, to prevent any foreclosure proceedings against the Pier Retail/Restaurant Area, the Premises or any part thereof and to permit a reputable title insurance company to insure over the lien during the pendency of such contest. If Tenant shall fail to discharge such lien immediately or fail to furnish such security, such inaction shall constitute a default under this Lease and, in addition to any other right or remedy of Landlord resulting from Tenant's default, Landlord may, but shall not be obligated to, discharge the lien either by paying the amount claimed to be due or by procuring the discharge of such lien by giving security or in such other manner as is, or may be, deemed necessary by Landlord. Tenant shall, within three (3) days after Landlord's request, hire an attorney acceptable to Landlord who agrees with Landlord in writing to represent Landlord and Tenant, at Tenant's sole cost, in connection with the discharge of the lien and protection of the Premises and Pier Retail/Restaurant Area. If such written confirmation is not received by Landlord from an acceptable attorney within such three (3) day period, Landlord may hire an attorney to represent Landlord's interest in connection with any such lien, at Tenant's sole cost. Tenant shall repay to Landlord upon demand, all sums disbursed, expended, incurred or deposited by Landlord pursuant to the foregoing provisions of this Section 11.1, including Landlord's costs, expenses and reasonable attorneys' fees incurred by Landlord in connection therewith. Nothing contained in this Lease shall imply any consent or agreement on the part of Landlord to subject Landlord's estate to liability under any mechanics' or other lien law.

11.2 Notices of Non-Responsibility. Landlord or its representatives shall have the right to enter and inspect the Premises at all reasonable times, and shall have the right to post and keep posted thereon notices of non-responsibility or such other notices which Landlord may deem to be

proper for the protection of Landlord's interest in the Premises. Tenant shall, before the commencement of any work which might result in any putative lien, give to Landlord written notice of its intention to do so in sufficient time to enable the posting of such notices.

11.3 Security for Contested Claims. If Tenant desires to contest any claim of lien, it shall furnish Landlord adequate security for 150% of the amount of the claim, plus estimated costs and interest, or the bond of a responsible corporate surety in such amount, conditioned upon the discharge of the lien. If a final judgment establishing the validity or existence of a lien for any amount is entered, Tenant shall immediately pay and satisfy such judgment.

11.4 Landlord's Rights. If Tenant is in default in paying any charge for which a mechanics' lien claim and suit to foreclose the lien have been filed, and has not given Landlord security to protect the Premises and Landlord against such claim of lien, Landlord may (but shall not be so required to) pay said claim and any associated costs. The amount so paid, together with reasonable attorneys' fees incurred in connection therewith, shall be immediately due and payable from Tenant to Landlord. Interest shall accrue on such amount from the dates of Landlord's payments at the Maximum Lawful Rate.

ARTICLE 12 ADVERTISING MEDIA

12.1 Approved Advertising. Tenant shall erect signs in accordance with the provisions of the sign criteria labeled Exhibit E. Tenant hereby receives Landlord's consent to affix a sign to a lower corner of the door or front window of the Premises, showing the name, address and telephone number of Tenant. Any and all signage pertaining to Tenant's business must be approved by all necessary public agencies prior to installation. Any signage currently on the Premises will be considered new signage as of the Commencement Date, and therefore, must receive the proper approval (from Landlord and all appropriate governmental agencies) to remain on the Premises.

12.2 Landlord's Consent Required. Tenant shall not affix or maintain any signs, advertising placards, names, insignia, trademarks, descriptive material or any other such item or items except with the prior written approval of Landlord as to size, type, color, location, copy, medium, structure and aesthetic qualities on any of the glass panes and supports of the show windows, doors and the exterior walls nor within twenty-four (24) inches of any window of the Premises.

12.3 Advertising Outside Premises. No advertising medium shall be utilized by Tenant which can be heard or experienced outside the Premises, including but not limited to flashing lights, searchlights, loudspeakers, phonographs, radios or televisions. Tenant shall not display, paint or place any handbills, bumper stickers or other advertising devices on any vehicle parked in the parking area of the Pier Retail/Restaurant Area, nor shall Tenant distribute, or cause to be distributed, in the Pier Retail/Restaurant Area or on the Property, any handbills or other advertising devices without the prior written consent of Landlord. Landlord may enter upon the Premises to remove any non-conforming signs, etc. Tenant shall not decorate, paint, alter, install canopies, devices, fixtures, antennas or attachments to the exterior or roof of the Premises.

ARTICLE 13 FIXTURES AND PERSONAL PROPERTY; PAYMENT OF TAXES.

13.1 Removable Trade Fixtures. Any Removable Trade Fixtures shall remain the property of Tenant and Landlord agrees that Tenant shall have the right to remove any and all of its Removable Trade Fixtures which it may have stored or installed in the Premises, provided Tenant is not in breach or violation of any of its duties or obligations under the terms of this Lease. Nothing in this Article shall be deemed or construed to permit Tenant to remove such Removable Trade Fixtures without the immediate replacement thereof with similar property of comparable or better quality, if such removal renders the Premises unsuitable for conducting the type of business specified in Exhibit B. Tenant shall, at its expense, immediately repair any damage to the Premises caused by the removal of any such trade fixtures, signs, and other personal property. Upon expiration or termination of this Lease, Tenant shall leave the Premises in a neat and clean condition, free of debris. All Removable Trade Fixtures installed in or attached to the Premises by Tenant must be new when so installed or attached.

13.2 Improvements and Tenant's Work. All Improvements to the Premises by Tenant, including but not limited to mechanical systems, light fixtures, floor coverings and partitions, but excluding Removable Trade Fixtures, shall become the property of Landlord upon expiration or termination of this Lease.

13.3 Taxes on Improvements and Fixtures. Tenant shall pay before delinquency, any and all taxes, assessments, license fees and public charges levied, assessed or imposed upon its business operation, Removable Trade Fixtures, leasehold improvements, merchandise and other personal property in, on or upon the Premises. In the event any of such items of property are assessed with the property of Landlord, then such assessment shall be equitably allocated between and paid by Landlord and Tenant, and any portion of such assessment levied on the property of Landlord shall be paid to Landlord as Additional Rent. Landlord shall determine the basis of prorating any such assessments and such determination shall be binding upon both Landlord and Tenant.

13.4 Notice of Possessory Interest; Payment of Taxes and Assessments. City is a public entity, and as such, Landlord's underlying fee and reversionary interest in the subject property is, or may be, exempt from property tax assessments. **In accordance with California Revenue and Taxation Code Section 107.6(a), Landlord hereby informs Tenant that by entering into this Lease a possessory interest in Tenant subject to property taxes may be created, and if so, Tenant or other party in whom the possessory interest is vested may be subject to the payment of property taxes levied on such interest.**

In the event the Landlord shall no longer be exempt from property tax assessments and Tenant is not separately assessed for its possessory interest and Improvements on the Premises, Tenant shall, as Additional Rent, pay (or, if Landlord is assessed and pays, shall pay to Landlord) that portion of any assessment levied against or upon the Pier Retail/Restaurant Area or Landlord's interest therein that represents the value of the Tenant's leasehold interest and the value of the Improvements of the Premises that would have been assessed and levied upon the Premises had it

been assessed as such possessory interest. The amount of any tax or excise payable by or assessed against Tenant shall be paid by Tenant before it becomes delinquent.

Landlord and Tenant recognize and acknowledge that there may be changes in the current real property tax system and that there may be imposed new forms of taxes, assessments, charges, levies or fees placed on, or levied in connection with the ownership, leasing, occupancy or operation of the Pier Retail/Restaurant Area or the Premises. Any new or increased tax, assessment, charge, levy or fee which is imposed or increased as a result of or arising out of any change in the structure of the real property tax system or any limitation on the real property taxes which can be assessed on real property including, but not limited to, any and all taxes, assessments, charges, levies and fees assessed or imposed due to the existence of this Lease (including any surcharge on the income directly derived by Landlord therefrom) or for the purpose of funding special assessment districts of the type funded by real property taxes, shall also be included within the meaning of "taxes". With respect to any general or special assessment which may be levied against or upon the Premises or the Pier Retail/Restaurant Area and which under the laws then in force may be evidenced by improvement or other bonds, or may be paid in periodic installments, there shall be included within the meaning of "taxes" with respect to any tax fiscal year only the amount currently payable on such bond for such tax fiscal year, or the periodic installment for such tax fiscal year. With respect to any tax fiscal year only the amount currently payable on such bond for such tax fiscal year, or the periodic installment for such tax fiscal year. During any part of the Term which shall be less than a full tax fiscal year, Taxes applicable to the Premises shall be prorated on a daily basis between Landlord and Tenant so that Tenant shall pay only the Taxes attributable to the portion of the tax fiscal year occurring within the term of this Lease. In the event that any Taxes are payable after the end of a tax fiscal year, Landlord may nevertheless collect Taxes applicable to the Premises from Tenant as set forth above (in a tax fiscal year) and treat Tenant's payments as payments on account of Taxes payable after the tax fiscal year.

ARTICLE 14 ASSIGNING, MORTGAGING, SUBLETTING, CHANGE IN OWNERSHIP

14.1 Prohibition Against Transfer. Tenant acknowledges that as a government entity, Landlord must make many of its lease decisions in public, and therefore has unique concerns regarding the composition of tenants. Tenant further acknowledges that given the unique "attraction park" nature of the property, the importance of the Harbor and Pier areas in bringing revenues to the City, and the importance of the Harbor and Pier areas to the image of Redondo Beach, Landlord has further unique concerns regarding the composition of tenants. Accordingly, Tenant agrees that Tenant shall not have the power to transfer or assign this Lease, sublet the Premises, enter into license or concession agreements, or change ownership (such transactions are hereinafter individually and collectively referred to as a "Transfer"), without first obtaining the written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion.

14.2 Restrictions on Transfer. If Tenant desires to apply for Landlord's consent for a Transfer to anyone (a "Transferee"), Tenant shall give written notice ("Transfer Notice") to Landlord at least 60 days before the effective date of any such proposed Transfer. The Transfer Notice shall state (a) whether Tenant proposes to assign the Lease, sublet the Premises, enter into

a license or concession agreement or change ownership, (b) the proposed effective date of the Transfer, (c) the identity of the proposed Transferee, (d) all other material terms of the proposed Transfer, (e) in detail the type of business operation the proposed Transferee intends to conduct on the Premises and (f) Tenant's warranty and representation that Tenant is not in breach or violation of any of its obligations or duties under this Lease (or, if there is such a breach or violation, a statement identifying such breach or violation). The Transfer Notice shall be accompanied by a copy of the proposed agreement documenting the Transfer, or if none, a copy of any offers, draft agreements, letters of commitment or intent and other documents pertaining to the proposed Transfer. In addition, the Transfer Notice shall be accompanied by the proposed Transferee's income statements and balance sheets covering the preceding 36-month period, and each shall be certified as accurate by the Transferee.

If Landlord consents to the proposed Transfer, Tenant may thereafter promptly affect a Transfer in accordance with the terms of Tenant's Transfer Notice. If Landlord consents to the proposed Transfer and Tenant does not consummate the proposed Transfer within 30 days after receipt of Decision Notice, the provisions of the first paragraph of this Section 14.2 shall again apply. Any Transfer without Landlord's prior written consent shall be immediately void and shall constitute a default hereunder.

14.3 No Release from Liability. No Transfer, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of Tenant's obligations under this Lease, from its covenants and obligations hereunder during the Term. Tenant shall, promptly upon demand, reimburse Landlord for Landlord's reasonable attorneys' fees and administrative expenses incurred in conjunction with the processing and documentation of any requested Transfer.

14.4 Transferees's Obligations. Each Transfer to which Landlord has consented shall be evidenced by a written instrument in form satisfactory to Landlord, and executed by Tenant and the Transferee. Each such Transferee shall agree in writing for the benefit of Landlord to assume, be bound by, and perform the terms, covenants and conditions of this Lease to be performed, kept or satisfied by Tenant, including the obligation to pay to Landlord all amounts coming due under this Lease. One fully executed copy of such written instrument shall be delivered to Landlord. Failure to obtain in writing Landlord's prior consent or otherwise comply with the provisions of this Article 14 shall prevent any Transfer from becoming effective.

14.5 Assignee's or Subtenant's Rent. Upon the effective date of any Assignment, the Minimum Monthly Rent shall be increased to the highest of (i) the rentals payable by any assignee or subtenant pursuant to such Assignment or Subletting, (ii) an amount equal to the total of the Minimum Monthly Rent, as adjusted under Section 7.3 hereof, plus Percentage Rental, required to be paid by Tenant pursuant to this Lease during the twelve (12) month period immediately preceding such Assignment, or (iii) an amount equal to the Minimum Monthly Rent as adjusted under Section 7.3 hereof, but using as the numerator of the fraction described therein the CPI as of the effective date of such Assignment. In no event shall the Minimum Monthly Rent after such Assignment be less than the Minimum Monthly Rent during the period immediately preceding.

14.6 Further Restrictions. Tenant shall not, without the prior written consent of Landlord (which consent may be granted or withheld in Landlord's sole discretion), mortgage, encumber or

hypothecate this Lease or any interest herein. Tenant shall not permit the Premises to be used by any party other than Tenant or a permitted Transferee. Any of the foregoing acts without such consent shall be void and shall, at the option of Landlord, terminate this Lease. For purposes of this Article 14, if Tenant is a partnership, a limited liability company or other association other than a corporation, any withdrawal(s) or change(s) of a Principal Owner or if Tenant is a corporation, any transfers cumulating 25% or more of its stock, shall constitute a voluntary Transfer and shall be subject to the provisions hereof. This Lease shall not, nor shall any interest of Tenant herein, be assignable by operation of law without the written consent of Landlord.

ARTICLE 15 TENANT'S CONDUCT OF BUSINESS

15.1 Continuous Operation. Tenant covenants to open for business with the general public adequately staffed with workers, merchandise and fixtures in accordance with the Use of Premises to which it is restricted under this Lease. From and after the date Tenant opens for business, Tenant shall continuously (except for reasonable temporary periods necessary for maintenance, repairs, installation of equipment and tenant improvements) and uninterruptedly conduct within the Premises the business which it is permitted to conduct under this Lease except while the Premises are untenable by reason of fire or other casualty. Tenant shall at all times keep and maintain within and upon the Premises an adequate staff of workers and stock of merchandise and trade fixtures to service and supply the usual and ordinary demands of its customers, and shall keep the Premises in a neat, clean and orderly condition. Tenant shall continuously, actively and diligently operate its business in the entire Premises in a high grade and reputable manner throughout the term of this Lease, maintaining in the Premises an adequate staff of employees and a full and complete stock of merchandise. The Premises shall be personally supervised by competent personnel who have power to act on behalf of Tenant. In general, Tenant shall employ its best business judgment, efforts and abilities to operate Tenant's business in an efficient and businesslike manner. It is expressly understood and agreed that Landlord does not consider Minimum Monthly Rent in itself a fair and adequate rental for the Premises and would not have entered into this Lease unless Tenant had obligated itself to pay Monthly Percentage Rent, which Landlord expects to supplement the Minimum Monthly Rent to provide fair and adequate rental return. It is the intent of Landlord and Tenant that Tenant produce the maximum Gross Sales possible during the Term. Therefore, if Tenant fails to continuously operate its business in accordance with the terms of this Lease, fails to keep the required store hours, or vacates the Premises prior to the expiration of the term hereof, Tenant shall pay Monthly Percentage Rent in an amount not less than Default Monthly Percentage Rent for each Month during which such failure or vacation has occurred, notwithstanding that for each such Month Tenant also submits a Monthly Statement. In addition, Landlord shall have the right to treat any of such events as a material default and breach of this Lease.

15.2 Hours of Operation. Recognizing that it is in the interests of both Tenant and Landlord to have regulated hours of business for all of the Pier Retail/Restaurant Area, if Tenant conducts a retail business, then Tenant shall remain open for business during the Minimum Hours of Operation. Landlord retains the right (but not the obligation) to change the Minimum Hours of Operation to those hours, if any, other businesses in the Pier Retail/Restaurant Area are normally open for business. Tenant shall adequately illuminate its window displays, exterior signs and exterior advertising displays continuously during all Minimum Hours of Operation as determined

in Landlord's sole and absolute discretion. The foregoing provisions shall be subject to the hours of operation prescribed by any governmental regulations or labor union contracts to which the Tenant's business is subject. Tenant's failure to keep the Premises open for business during the Minimum Hours of Operation shall be conclusively deemed for any and all purposes to be a violation or breach of a condition, covenant or obligation of this Lease which cannot afterward be cured or performed, but which may be enforced by Landlord by an action for specific performance, in addition to any other remedies available to Landlord.

15.3 Non-Competition. Because Monthly Percentage Rent is a material consideration of this Lease, and in order to achieve maximum sales volume, Tenant, any affiliate and any Guarantor of the Lease, (and their respective officers, directors, and stockholders or partners) shall not directly or indirectly own, operate, manage or have any interest in the profits of any similar store or business (unless in operation on the date of this Lease and identified in the Rider, Exhibit G) within a radius of three (3) miles from the perimeter of the Pier Retail/Restaurant Area. Without limiting Landlord's remedies, if Tenant violates any provision of this Section, Landlord may, at its option, include the gross sales of such other competing stores or businesses in the Gross Sales transacted in the Premises for the purpose of computing Monthly Percentage Rent due hereunder, as though the sales of such competing stores or businesses had actually been made from the Premises. If Landlord so elects, all of the provisions of Article 7 hereof shall be applicable to all records pertaining to such competing stores or businesses. Any competing stores or businesses existing as of the date of this Lease and specified in the Rider that would violate this Non-Competition section may continue to be operated, managed, conducted and owned in the same manner and location as on the date of this Lease.

ARTICLE 16 REPAIRS AND MAINTENANCE

16.1 Tenant's Maintenance. In addition to the duties, restrictions and obligations of Tenant in Section 4.2 above, Tenant shall, at its own cost and expense, repair, replace and maintain in good and tenantable condition (a) the Premises and every part thereof (except that portion of the Premises to be maintained by Landlord as hereinafter provided), (b) the utility meters, lines, pipes and conduits, all fixtures, air conditioning equipment and heating equipment and other equipment or fixtures exclusively serving the Premises, located within and without the Premises regardless of whether (i) such equipment or fixtures are installed or owned by Landlord or Tenant as part of any equipment system or (ii) are attached to the exterior of or installed on the roof of the Premises by Tenant or Landlord; (c) the storefront or storefronts and all signs, locks and closing devices, window sashes, casements or frames, doors and door frames, floor coverings (including carpeting, terrazzo or other special flooring). Tenant shall perform all such items of repair, maintenance, alteration, improvement or reconstruction as may at any time or from time to time be required by a Governmental Agency having jurisdiction over the Premises. Tenant shall contract with a service company, acceptable to Landlord, for the monthly maintenance of the heating, ventilating and air conditioning equipment exclusively serving the Premises, and shall furnish to Landlord a copy of the service contract within ten (10) days after Tenant opens the Premises to the public for business, and shall furnish to Landlord a copy of any subsequent contract entered into by Tenant from time to time during the Term. Tenant shall promptly replace at its own expense any broken glass, both exterior and interior, with glass of the same kind, size and quality and shall cause the exterior of the Premises to be painted not later than the end of every third Lease Year in accordance with the

specifications required by the "Design Criteria" adopted by Landlord for the Pier Retail/Restaurant Area. Tenant shall make no adjustment, alteration or repair of any part of the sprinkler or sprinkler alarm system within or outside the Premises without Landlord's consent in its sole discretion.

16.2 Landlord's Right to Repair. If Tenant fails to make repairs and/or maintain the Premises or any part thereof in a manner reasonably satisfactory to Landlord, Landlord shall have the right to elect to make such repairs or perform such maintenance on behalf of and for the account of Tenant after five (5) days' notice of such election. No notice shall be required in the event of an emergency. The cost of such work shall be paid by Tenant as Additional Rent promptly upon receipt of a bill therefor.

16.3 Surrender of Premises. Upon expiration or termination of the Lease, Tenant shall deliver the Premises to Landlord in good order, condition and state of repair, ordinary wear and tear excepted. Upon request of Landlord, Tenant shall execute and deliver to Landlord in recordable form a quitclaim deed for the Premises.

16.4 Landlord's Maintenance. Subject to the foregoing provisions, Landlord shall keep and maintain in good and tenantable condition and repair the structural integrity of the pilings upon which support the Premises and of the roof, exterior bearing walls (excluding the interior of all walls and the exterior and interior of the store fronts, all windows, doors and plate glass and interior ceilings) and structural parts of the Premises, the main trunk lines, pipes and conduits outside the Premises for the furnishing to the Premises of various utilities (except to the extent that the same are the obligations of the appropriate utility company). Notwithstanding the foregoing, Landlord shall not be required to make repairs (a) necessitated by reason of (i) the negligence or omission of Tenant or anyone claiming under Tenant, (ii) the failure of Tenant to perform or observe any conditions or agreements in this Lease, or (iii) alterations, additions, or Improvements made by Tenant or anyone claiming under Tenant or (b) casualties for which Landlord is not required to (and does not) carry insurance or for insured casualties for which available insurance proceeds are not sufficient to pay the costs of such repair. Landlord shall have no liability to Tenant for failure to make repairs unless (i) Tenant has previously notified Landlord in writing of the need for such repairs and (ii) Landlord has failed to commence and complete said repairs within a reasonable period of time following receipt of Tenant's written notification. Tenant shall be responsible for all damage resulting from any delays in making required repairs occasioned by Tenant's failure to give prompt notice as Landlord's obligation to repair is conditioned thereon.

As used in this Section, "exterior walls" shall not include storefronts, plate glass, window cases or window frames, doors or door frames, security grills or similar enclosures. Landlord shall be under no obligation to make any repairs, alterations, renewals, replacements or Improvements to and upon the Premises or the mechanical equipment exclusively serving the Premises at any time except as expressly provided in this Article. If Landlord fails to begin making such repairs to the Premises or perform such maintenance of the Premises as it is obligated to do by the terms hereof within a reasonable time after Landlord's receipt of written notice, Tenant's sole right and remedy for such failure on the part of Landlord shall be, after further written notice to Landlord, to cause such repairs to be made or such maintenance to be performed to the Premises in a first class workmanlike manner and in compliance with all applicable governmental, insurance and warranty requirements and the standards set forth in this Lease. Upon completion of such repair

or maintenance Tenant must submit to Landlord its invoice for the actual, direct costs and expenses of the repairs or maintenance, which Landlord shall pay promptly after demand, provided that the costs and expenses shall not exceed the reasonable cost of such repairs or maintenance. Tenant hereby releases Landlord from, and agrees that Tenant shall be liable for, any damages resulting from Tenant's failure to properly perform any repairs or maintenance which Tenant elects to perform under this Section 16.4.

16.5 Landlord's Entry. Upon reasonable notice by Landlord, Tenant shall permit Landlord or its authorized representatives to enter the Premises at all times during normal business hours for purposes of inspection. Tenant shall permit Landlord or any person authorized by Landlord to enter upon the Premises and make any necessary repairs to the Premises or to perform Landlord's maintenance required of Landlord under Section 16.4 and to perform any work therein (i) which may be necessary to comply with any laws, ordinances, rules or regulations of any public authority, of any insurer of the Premises, or of any rating bureau or insurance underwriters of Landlord, or (ii) that Landlord may deem necessary to prevent waste or deterioration in connection with the Premises if Tenant does not make or cause such repairs to be made or performed promptly after receipt of written demand from Landlord, or (iii) that Landlord may deem necessary to perform remodeling, construction or other work incidental to any portion of the Pier Retail/Restaurant Area or the pilings and other structures supporting the Pier Retail/Restaurant Area, including but not limited to work on the premises of another tenant adjacent to the Premises or to enforce any provision of this Lease or to cure any default of Tenant. Landlord shall use its best efforts not to interfere unreasonably with Tenant's business during the conduct of any such work. If such work of Landlord unreasonably interferes with the ability of Tenant to conduct its business on the Premises as required by this Lease, during the period of such unreasonable interference the Minimum Monthly Rent shall be partially abated in proportion to the amount of such unreasonable interference; and in the event such work fully prevents Tenant from conducting its business as required, the Minimum Monthly Rent shall be fully abated during such period, and such interference shall not be claimed by Tenant as constituting a constructive eviction by Landlord; provided, however, that the Minimum Monthly Rent shall not be reduced to a level lower than the amount of the Business Interruption Insurance required to be provided by Tenant in Section 9.4.8. Nothing herein contained shall imply any duty on the part of Landlord to do any such work which, under any provision of this Lease, Tenant may be required to do, nor shall it constitute a waiver of Tenant's default in failing to perform such work. No exercise by Landlord of any rights herein reserved shall entitle Tenant to any damage for any injury or inconvenience occasioned by the exercise of such rights. In the event Landlord makes any repairs pursuant to subsections (i) or (ii), Tenant shall pay the cost thereof to Landlord as Additional Rent, promptly upon receipt of a bill therefor.

16.6 Display. Landlord and its authorized representatives may enter the Premises at any time during business hours for the purpose of exhibiting the Premises to prospective developers, lenders, assignees, or master leaseholders. During the final six (6) months of the term of this Lease, Landlord may exhibit the Premises to prospective tenants.

ARTICLE 17 RECONSTRUCTION

17.1 Damage or Destruction by Casualty. In case of any damage to or destruction of the Improvements on the Pier Retail/Restaurant Area or the Common Area or the Improvements on the Premises, or any part thereof, and subject to the next sentence, if the insurance proceeds available to Landlord, if any, on account of such damage or destruction to the Premises are sufficient for the purpose, Landlord shall within a reasonable period of time commence and complete the restoration, replacement or rebuilding of the Improvements, together with such alterations and additions, or variations from the original plans for the exterior elevations (including materials selection and color) or the size, bulk and scale of the Improvements and such alterations or changes as are required by then current building codes (such restoration, replacement, rebuilding, alterations and additions, together with any temporary repairs and property protection pending completion of the work being herein called "Restoration"). If the Improvements on the Premises are damaged during the last three (3) years of the Lease Term, or if the insurance proceeds collected with respect to such Improvements are not sufficient to complete Restoration, or if there are no insurance proceeds for the Improvements, or if Landlord elects not to undertake Restoration of the Improvements, then Landlord shall have the right to notify Tenant of such election and this Lease shall terminate as to the Premises. Tenant shall repair and restore Tenant's betterments, trade fixtures, equipment, inventory or other installations or Improvements of Tenant in, on or about the Premises, and such Improvements as Tenant is required to insure, and/or repair and maintain under this Lease.

17.2 Termination Upon Substantial Damage. Notwithstanding anything to the contrary contained in this Lease, Landlord may, at its option, terminate this Lease upon thirty (30) days' notice to Tenant (said notice to be given not later than one hundred (100) days after the later of the occurrence of any damage or destruction or written notification from Tenant to Landlord of such occurrence) if: (i) the Premises, the Pier Retail/Restaurant Area or the Common Area shall be damaged or destroyed and Landlord's architect shall certify in writing that the extent of the damage or destruction is twenty-five percent (25%) or more of the replacement value of any of the respective Premises, Pier Retail/Restaurant Area or the Common Area (excluding the replacement value of trade fixtures, equipment, inventory or other installations or Improvements not permanently affixed to the real estate) immediately prior to the occurrence of the damage or destruction, or (ii) the damage or destruction is such that, in Landlord's judgment, restoration cannot be completed within one hundred twenty (120) days of the commencement thereof regardless of the cost of such restoration or repair. The effective date of the termination shall be the date of the occurrence of the damage or destruction.

17.3 Commencement of Restoration. If the Premises shall be damaged or destroyed, and either the provisions of Section 17.2 shall not apply, or the provisions of Section 17.2 shall apply but Landlord shall not have elected to terminate this Lease, Landlord and Tenant shall commence their respective obligations of repair and restoration set forth in Section 17.1 as soon as practicable, and shall prosecute the same to completion with all due diligence.

17.4 No Abatement of Rent. During the period of any damage, repair or restoration provided for in Section 17.1, the Minimum Monthly Rent for the Premises shall not be abated in any way except if the Premises is not repaired or restored within six months from the date of the damage or destruction and such is due to the fact that Landlord failed to prosecute its repairs and restoration with all due diligence, then Minimum Monthly Rent for the Premises shall abate from

the sixth month date after the date of such damage or destruction until that date upon which the Premises is repaired and restored, or such earlier date on which it should have been repaired and restored if Tenant had prosecuted its repairs and restoration with all due diligence; provided, that Tenant shall not be liable for any Minimum Monthly Rent to the extent that Landlord is paid benefits for such the loss of Minimum Monthly Rent from the Business Interruption Insurance required to be provided by Tenant in Section 9.4.8. Tenant shall continue or cause to be continued the operation of the businesses in the Premises during any such period to the extent reasonably practicable. Tenant's obligation to pay all other amounts payable under this Lease shall continue. Tenant shall not be entitled to any abatements or reductions or to any compensation, damage or offset for loss of the use of the whole or any part of the Premises and/or any inconvenience or annoyance occasioned by any damage, destruction, repair or restoration.

17.5 Remedies Limited. As a material inducement to entering into this Lease, Tenant irrevocably waives and releases its rights under the provisions of Section 1932(2) and 1933(4) of the California Civil Code, it being the intent of the parties hereto that the express terms of this Lease shall control under any circumstances in which those provisions might have otherwise applied. Said Sections whose effect are being waived presently provide as follows:

Section 1932: "The hirer of a thing may terminate the hiring before the end of the term agreed upon:...2. When the greater part of the thing hired, or that part which was and which the letter had at the time of the hiring reason to believe was the material inducement to the hirer to enter into the contract, perishes from any other cause than the want of ordinary care of the hirer."

Section 1933: "The hiring of a thing terminates:...4. By the destruction of the thing hired."

ARTICLE 18 **COMMON AREAS**

18.1 Use of Common Areas. Subject to the provisions of Section 18.4, Tenant and its employees and invitees are authorized, empowered and privileged to non-exclusive use of the Common Areas during the Term. Tenant hereby acknowledges that, as of the date of this Lease, there is no parking area within the Pier Retail/Restaurant Area which will be part of the Common Area. Landlord reserves the right to repair, change, modify, or otherwise alter the Common Area. Further, Landlord expressly reserves the right to establish, modify and enforce reasonable rules and regulations governing the Common Area.

18.2 Common Area Maintenance. Landlord shall maintain and operate, or cause to be maintained and operated (except as hereinafter provided with reference to cost of maintenance), the Common Areas at all times for the benefit and use of the customers and patrons of Tenant, and of other tenants, owners and occupants of the land constituting the Pier Retail/Restaurant Area. All Common Area Expenses shall be at the sole cost and expense of Landlord and shall not, except for the Tenant's Monthly Expense Share, be charged to Tenant except as otherwise provided for in this Lease. If Landlord at any time hereafter determines, in Landlord's sole and absolute judgment, that the best interests of the Pier Retail/Restaurant Area will be served by having the Common Areas or any part thereof operated and maintained by a person, firm or corporation other than Landlord, Landlord may select a person, firm or corporation to operate and maintain all or any such part of the Common Areas and may negotiate and enter into a contract therefor with such

person, firm or corporation on such terms and conditions and for such time as Landlord, in Landlord's sole and absolute judgment, shall deem reasonable and proper both as to service and cost. Landlord shall keep, or cause to be kept, the Common Areas in a neat, clean and orderly condition, properly lighted, landscaped and insured, and shall repair any damage to the facilities thereof.

18.3 Control of Common Areas. Landlord shall at all times have the right and privilege of determining the nature and extent of the Common Areas within the Pier Retail/Restaurant Area, including surface, underground or multiple-deck, and of making such changes therein which in Landlord's sole and absolute discretion are deemed to be desirable and for the best interest of all persons using the Common Areas. The exercise of Landlord's discretion shall include but shall not be limited to the location and relocation of entrances and exits, the installation and location of prohibited areas, and the design and location of landscaped areas.

Tenant and its employees, customers, suppliers, invitees and patrons shall abide by the Pier Retail/Restaurant Area and Parking Rules and Regulations, as set forth in Exhibit F, as the same may be amended by Landlord from time to time in Landlord's sole and absolute discretion. Landlord and its successors and assigns, shall at all times during the Term have sole and exclusive control of the Common Areas, and may at any time during the Term exclude and restrain any person from use or occupancy thereof, excepting customers, suppliers, invitees, employees and patrons of Tenant, and other tenants of Landlord who make use of said areas in accordance with the Pier Retail/Restaurant Area and Parking Rules and Regulations established by Landlord with respect thereto. The right of Tenant hereunder in and to the Common Areas shall at all times be subject to the rights of Landlord and other tenants of the Pier Retail/Restaurant Area to use the same in common with Tenant. It shall be the duty of Tenant to keep all of said areas free and clear of any obstructions created or permitted by Tenant or resulting from Tenant's operation.

If, in the opinion of Landlord, unauthorized persons are using any of said areas by reason of the presence of Tenant in the Premises, Tenant, upon demand of Landlord, shall enforce Landlord's right to exclude such persons by appropriate proceedings. Nothing herein shall affect the right of Landlord at any time to remove any such unauthorized persons from said areas or to restrain the use of any of said areas by unauthorized persons.

Landlord shall not be liable for any damage to motor vehicles, or for loss of property from within such motor vehicles, of Tenant, its customers, suppliers, invitees, employees or patrons, unless caused by the gross negligence of Landlord, its agents, servants or employees.

18.4 Parking. Tenant hereby acknowledges that Landlord built, owns and operates two (2) parking structures adjacent to the Redondo Beach Pier Area, known as the "Pier Parking Structure" and the "Plaza Parking Structure". Said parking structures are to service the general public; including, but not limited to, customers of the Redondo Beach Pier Area and customers of Tenant. Tenant acknowledges that at no time will Tenant share in the revenues from said parking structures, nor will Tenant, its agents, employees, customers, licensees and sub-tenants receive free parking, unless granted by Landlord, in its sole discretion. Tenant, its agents, employees, customers, licensees and sub-tenants agree to comply with the fees for parking automobiles in the parking structures; said fees shall be set by the City Council of Landlord at its sole discretion. Landlord reserves the right to change entrances, exits, traffic lanes and the boundaries and

locations of said parking structures. If at any time Landlord elects to close all or a portion of said parking structures for repair, Tenant will waive any and all claims against Landlord for such closure.

Employees and suppliers of Tenant and the other tenants of Landlord shall park their automobiles in certain designated non-exclusive automobile parking areas which may from time to time be designated for employees and suppliers of the Pier Retail/Restaurant Area. Landlord at all times shall have the right to designate the particular parking area, if any, to be used by any or all of such employees or suppliers and any such designation may be changed from time to time. Tenant shall furnish Landlord with the license numbers of Tenant and its employees within fifteen (15) days after the Commencement Date and Tenant shall thereafter notify Landlord of any changes within five (5) days after such change occurs. All parking in parking areas owned or operated by Landlord shall be subject to the charges, fees and the Pier Retail/Restaurant Area and Parking Rules and Regulations pertaining to employees and suppliers promulgated from time to time by City. If special charges and fees are allowed to employees and suppliers, and Tenant or its employees or its suppliers fail to park their cars in designated parking areas, then Landlord may charge Tenant for the charges and fees for general parking each day or partial day per car parked in any areas other than those designated. All amounts due under the provisions of this Section shall be payable by Tenant within ten (10) days after demand therefor. Tenant acknowledges that employee, supplier, customer and patron parking may not be available during certain evening and early morning hours.

ARTICLE 19 BANKRUPTCY; INVOLUNTARY TRANSFERS

19.1 Election to Assume Lease. In the event an order for relief shall be entered against or come into existence as to Tenant under Chapter 7 or Chapter 11 or Chapter 13 of the U.S. Bankruptcy Code, and the Trustee or Debtor-In-Possession shall elect to assume this Lease for the purpose of assigning this Lease or otherwise, such election and assignment may only be made if all of the terms and conditions of Sections 19.2 and 19.3 are satisfied. If such Trustee shall fail to elect to assume this Lease within sixty (60) days after the order for relief, or such additional time as the Bankruptcy Court authorizes, then this Lease shall be deemed rejected and immediately canceled and terminated. Landlord shall be thereupon immediately entitled to possession of the Premises without further obligation to Tenant or Trustee. Landlord's right to be compensated for damages in such bankruptcy proceeding shall survive.

19.2 Conditions of Assumption. In the event that a Petition for reorganization or adjustment of debts is filed concerning Tenant under Chapters 11 or 13 of the Bankruptcy Code, or a proceeding is filed under Chapter 7 of the Bankruptcy Code and is converted to Chapters 11 or 13, the Trustee or Tenant, as Debtor-In-Possession ("DIP"), whether DIP under Chapter 11 or 13, must elect to assume this Lease within sixty (60) days from the date of the filing of the Petition under Chapters 11 or 13, or within such additional time as the Bankruptcy Court may authorize, or the Trustee or DIP shall be deemed to have rejected this Lease. No election by the Trustee or DIP to assume this Lease, whether under Chapters 7, 11 or 13, shall be effective unless each of the following conditions, which Landlord and Tenant acknowledge are commercially reasonable in the context of a bankruptcy proceeding of Tenant, have been satisfied, and Landlord has so acknowledged in writing:

(a) Landlord has not terminated this Lease pursuant to the provisions established herein prior to the filing of the Petition.

(b) The Trustee or the DIP has cured, or has provided Landlord adequate assurance (as defined below) that:

(i) Within ten (10) days from the date of such assumption the Trustee will cure all monetary defaults under this Lease; and

(ii) Within thirty (30) days from the date of such assumption the Trustee will cure all non-monetary defaults under this Lease.

(c) The Trustee or the DIP has compensated, or has provided to Landlord adequate assurance (as defined below) that within ten (10) days from the date of assumption Landlord will be compensated for any monetary loss incurred by Landlord arising from the default of Tenant, the Trustee, or the DIP as recited in Landlord's written statement of monetary loss sent to the Trustee or DIP. The term "monetary loss" shall include all of Landlord's attorney fees and costs incurred in monitoring Tenant's bankruptcy case and in representing Landlord's interests in such case.

(d) The Trustee or the DIP has provided Landlord with adequate assurance of the future performance of each of Tenant's Trustee's or DIP's obligations under this Lease; provided, however, that:

(i) The Trustee or DIP shall also deposit with Landlord, as security for the timely payment of rent, an amount equal to three (3) months' rent (as adjusted pursuant to Section 19.2(d)(iii) below) and other monetary charges accruing under this Lease; and

(ii) If not otherwise required by the terms of this Lease, the Trustee or DIP shall also pay in advance on the date Minimum Monthly Rent is payable one-twelfth (1/12th) of Tenant's annual obligations under this Lease for maintenance, common area charge, real estate taxes, insurance and similar charges.

(iii) From and after the date of the assumption of this Lease, the Trustee or DIP shall pay as Minimum Monthly Rent an amount equal to the sum of the Minimum Monthly Rent otherwise payable hereunder, plus the highest amount of the annual Monthly Percentage Rent paid by Tenant to Landlord within the five (5) year period prior to the date of Tenant's Petition under the Bankruptcy Code, which amount shall be payable in advance in equal monthly installments on the date Minimum Monthly Rent is payable.

(iv) If the Trustee or DIP assumes this Lease, and does not assign it, then the obligations imposed under this Lease upon the Trustee or DIP shall continue thereafter. If the Trustee or DIP assumes and assigns this Lease, then the obligations imposed under this Lease upon Trustee or DIP shall be released in accordance with Bankruptcy Code Section 365(l) and any amendments or replacements of such section, but such obligations shall continue thereafter upon the assignee(s).

(e) The assumption of the Lease will not:

(i) Breach any provision in any other lease, mortgage, financing agreement or other agreement by which Landlord is bound relating to the Pier Retail/Restaurant Area; or

(ii) Disrupt, in Landlord's sole judgment, the tenant mix of the Pier Retail/Restaurant Area or any other attempt by Landlord to provide a specific variety of retail stores in the Pier Retail/Restaurant Area which, in Landlord's sole judgment, would be most beneficial to all of the tenants in the Pier Retail/Restaurant Area and would enhance the image, reputation, and profitability of the Pier Retail/Restaurant Area.

(f) For purposes of this Section 19.2, Landlord and Tenant acknowledge that, in the context of a bankruptcy proceeding of Tenant, at a minimum "adequate assurance" shall mean:

(i) The Trustee or the DIP has and will continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure Landlord that the Trustee or DIP will have sufficient funds to fulfill the obligations of Tenant under this Lease, and to keep the Premises stocked with merchandise and properly staffed with sufficient employees to conduct a fully operational, actively promoted business on the Premises; and

(ii) The Bankruptcy Court shall have entered an Order segregating sufficient cash payable to Landlord and/or the Trustee or DIP shall have granted a valid and perfected first lien and security interest and/or mortgage in property of Tenant, Trustee or DIP acceptable as to value and kind to Landlord, to secure Landlord the obligation of the Trustee or DIP to cure the monetary and/or non-monetary defaults under this Lease within the time periods set forth above. Notwithstanding the foregoing provisions, Tenant shall have the right to assign or otherwise Transfer this Lease or the entire (but not part of) the Premises, to its parent corporation or to a wholly owned subsidiary; provided, however, that (A) Tenant shall also remain primarily liable for all obligations under this Lease, (B) the Transferee shall, prior to the effective date of the Transfer, deliver to Landlord instruments evidencing such Transfer and its agreement to assume and be bound by all of the terms, conditions and covenants of this Lease to be performed by Tenant, all in form acceptable to Landlord, (C) Tenant shall not be in default under this Lease, and (D) Tenant's right to make such Transfer is expressly conditioned on, and shall remain in effect only as long as, the Transferee maintains its relationship as parent corporation or wholly owned subsidiary of Tenant.

19.3 Adequate Assurance. If the Trustee or DIP has assumed this Lease pursuant to the terms and conditions of Section 19.1 or 19.2 herein, for the purpose of transferring Tenant's interest under this Lease or the estate created thereby, to any other person, such interest or estate may be so transferred only if Landlord shall acknowledge in writing that the intended Transferee has provided "adequate assurance of future performance" as defined in this Section 19.3 of all of the terms, covenants and conditions of this Lease to be performed by Tenant. For purposes of this Section 19.3, Landlord and Tenant acknowledge that, in the context of a bankruptcy proceeding

of Tenant, at a minimum "adequate assurance of future performance" shall mean that each of the following conditions have been satisfied, and Landlord has so acknowledged in writing:

(a) The Transferee has submitted a current financial statement audited by a certified public accountant which shows a net worth and working capital in amounts determined to be sufficient by Landlord to assure the future performance by such Transferee of Tenant's obligation under this Lease;

(b) The Transferee, if requested by Landlord, shall have obtained guarantees in form and substance satisfactory to Landlord from one or more persons who satisfy Landlord's standards of creditworthiness;

(c) The Transferee has submitted in writing evidence, satisfactory to Landlord, of substantial retailing experience in Pier Retail/Restaurant Areas of comparable size to the Pier Retail/Restaurant Area and in the sale of merchandise and services permitted under this Lease; and

(d) Landlord has obtained all consents or waivers from any third party required under any lease, mortgage, financing arrangement or other agreement by which Landlord is bound to permit Landlord to consent to such Transfer.

19.4 Occupancy Charges. When, pursuant to the Bankruptcy Code, the Trustee or DIP shall be obligated to pay reasonable use and occupancy charges for the use of the Premises or any portion thereof, such charge shall not be less than the Minimum Monthly Rent as defined in this Lease and other monetary obligations of Tenant for the payment of maintenance, common area charges, real estate taxes, Service Assessments, insurance and similar charges.

19.5 Consent. Neither Tenant's interest in this Lease, nor any lesser interest of Tenant herein, nor any estate of Tenant hereby created, shall pass to any trustee, receiver, Transferee for the benefit of creditors, or any other person or entity, or otherwise by operation of law under the laws of any state having jurisdiction of the person or property of Tenant unless Landlord shall consent to such Transfer in writing. No acceptance by Landlord of rent or any other payments from any such trustee, receiver, Transferee, person or other entity shall be deemed to have waived the need to obtain Landlord's consent for any transfer of Tenant's interest under this Lease.

19.6 Insolvency. In the event the estate of Tenant created hereby shall be taken in execution or by other process of law, or if Tenant or any guarantor of Tenant's obligations hereunder shall be adjudicated insolvent pursuant to the provisions of any present or future insolvency law under any state law, or if any order for relief is entered against, or comes into existence as to the guarantor or if an involuntary petition is commenced against the guarantor under the U.S. Bankruptcy Code, or any similar provision of another country, or any similar provision in any future federal U.S. Bankruptcy Code, or any similar provision of another country, or if a Receiver or Trustee of the property of Tenant or any guarantor shall be appointed under any state law by reason of Tenant's or the guarantor's insolvency or inability to pay its debts as they become due and otherwise, or if any Transfer shall be made of Tenant's or the guarantor's property for the benefit of creditors under state law; then and in such event Landlord may, at its option, terminate this Lease and all rights of Tenant hereunder by giving Tenant written notice of the election to so terminate within thirty (30) days after the occurrence of such event.

19.7 Other Laws. The provision of this Article 19 concerning the rights of Landlord, and the obligations of Trustee, Tenant, Debtor, Receiver, DIP and assignee are in addition to such rights and obligations provided by law, including those applicable provisions of the Bankruptcy Code. Nothing contained in this Article 19 shall limit or reduce in any manner whatsoever such rights and obligations which are otherwise provided by law.

ARTICLE 20 DEFAULTS BY TENANT; REMEDIES; TERMINATION AND SURRENDER OF POSSESSION

20.1 Events of Default. The occurrence of any of the following shall constitute a default by Tenant and a breach of this Lease:

(a) Failure or refusal to pay any amount of Minimum Monthly Rent, Monthly Percentage Rent, Additional Rent or any other sums payable by Tenant hereunder when due, or the failure or refusal to submit a Monthly Statement or Annual Statement when due; or

(b) If Tenant shall be given, in any twelve (12) consecutive calendar month period, three or more notices under clause (a) above; or

(c) Failure or refusal to occupy and operate the Premises in accordance with Article 4 or Article 15; or

(d) Any Principal Owner or general partner of Tenant terminates or materially alters its relationship with Tenant without the prior written consent of Landlord; or

(e) Maintenance, commission or permission on the Premises of waste, nuisance, or use of the Premises for an unlawful purpose or failure or refusal to maintain and repair the Premises as required by this Lease; or

(f) Any Transfer contrary to the provisions of Article 14; or

(g) Understatement of Gross Sales by more than six percent (6%); or

(h) Failure to remain open for business as required by Article 15, on any occasion during a given year of the Lease Term in which Tenant has received two (2) or more notices pursuant to subsection (b) of Section 20.2; or

(i) Failing or refusing to perform fully and promptly any express or implied covenant or condition of this Lease.

20.2 Notices. Following the occurrence of any of the defaults specified in subsection (a) through (i) of Section 20.1, Landlord shall give Tenant, or any subtenant, a written notice specifying the nature of the default and the provisions of this Lease breached and demanding that

Tenant, or any subtenant, either fully cure each such default within the time period specified in the corresponding subsections below or quit the Premises and surrender the same to Landlord:

(a) For nonpayment of Minimum Monthly Rent, Monthly Percentage Rent, Additional Rent, or any other sums payable by Tenant hereunder, or for failure to submit a Monthly Statement or Annual Statement, five (5) days;

(b) For breach of Article 4 or Article 15, three (3) days;

(c) For any default described in subsections (d) through (h) of Section 20.1, Landlord shall give Tenant or any subtenant a written notice specifying the nature of the default and the provisions of this Lease breached and Landlord shall have the right, but not the obligation and in addition to all other rights set forth herein, to demand in said notice that Tenant quit the Premises within five (5) days; and

(d) For failure to perform any other covenant or condition of this Lease, a reasonable period to cure such default not to exceed twenty (20) days; provided, however, that if such default cannot be cured within said time period, the cure period shall be extended if Tenant so notifies Landlord in writing of Tenant's need for additional time to cure, commences cure of the default within said time period, and thereafter diligently and in good faith continues with and actually completes said cure within a reasonable period of time.

To the extent permitted by California law, the time periods provided in this Section 20.2 for cure of Tenant's defaults under this Lease or for surrender of the Premises shall be in lieu of (not in addition to) any similar time periods prescribed by California law as a condition precedent to the commencement of legal action against Tenant for possession of the Premises.

20.3 Additional Assurances. At any time following the occurrence of any of the defaults specified in Section 20.1, Landlord, at its option, may request that within ten (10) days of Landlord's request, Tenant shall provide current financial statements for all Guarantors of this Lease.

20.4 Landlord's Rights and Remedies. Should Tenant fail to cure any default or quit the Premises within the time periods specified in Section 20.2, Landlord may exercise any of the following rights without further notice or demand of any kind to Tenant or any other person, except as required by applicable state law. Landlord has the remedy described in California Civil Code Section 1951.4 (a lessor may continue the lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations); together with the following rights, which do not limit Landlord in the exercise of any other right or remedy Landlord may have on account of such default:

(a) The right of Landlord to terminate this Lease and Tenant's right to possession and to reenter the Premises, to take possession thereof and remove all persons therefrom, following which Tenant shall have no further claim thereon. A notice given in connection with unlawful detainer proceedings specifying a time within which to cure a default

shall terminate Tenant's right to possession if Tenant fails to cure the default within the time specified in the notice; or

(b) The right of Landlord, without terminating this Lease, to reenter the Premises and take possession of all Improvements, additions, Alterations, equipment and fixtures therein and occupy the whole or any part thereof for and on account of Tenant and to collect any unpaid rentals and other charges, which have become payable, or which may thereafter become payable and to remove any persons in possession thereof; or

(c) The right of Landlord, even though it may have reentered the Premises, in accordance with subsection (b) of this Section, to elect to terminate this Lease and Tenant's right to possession of the Premises; or

(d) The right of Landlord to enjoin any act or omission.

If Landlord reenters the Premises under the provisions of subsection (b) above, Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to pay any rental or other charges thereafter accruing, or Tenant's liability for damages under any of the provisions hereof, by any such reentry or by any action, in unlawful detainer or otherwise, to obtain possession of the Premises, unless Landlord shall have notified Tenant in writing that it has elected to terminate this Lease. The service by Landlord of any notice pursuant to the unlawful detainer statutes of this state and the surrender of possession pursuant to such notice shall not (unless Landlord elects to the contrary by a written notice to Tenant at the time of or subsequent service of such notices) be deemed to be a termination of this Lease. If Landlord enters or takes possession of the Premises, Landlord shall have the right, but not the obligation, to remove therefrom all or any part of the personal property located therein and to place the same in storage at a public warehouse, all at the sole expense and risk of Tenant.

20.5 Landlord's Damages. If Landlord elects to terminate possession pursuant to the provisions of subsection 20.4 (a), (b) or (c) above, Landlord may recover from Tenant damages, the following:

(i) The worth at the time of award of any unpaid rental which had been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rental which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rental for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, any costs or expenses incurred by Landlord in (a) retaking possession of the Premises, including

reasonable attorneys' fees, (b) maintaining or preserving the Premises after such default, (c) preparing the Premises for reletting to a new tenant, including repairs or alterations to the Premises for such reletting, (d) leasing commissions, or (e) any other costs necessary, incidental or appropriate to relet the Premises; plus

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of this State.

As used in subsections (i) and (ii) above, the "worth at the time of award" is computed by allowing interest at the Maximum Lawful Rate. As used in subsection (iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

For purposes of this Article only, the term "rental" shall be deemed to be the Minimum Monthly Rent as adjusted by Section 7.3, the average Monthly Percentage Rental payable by Tenant during the twelve months of the Term preceding Landlord's termination of this Lease, and all other sums required to be paid by Tenant pursuant to the terms of this Lease. All such sums, other than the Minimum Monthly Rent, shall, for the purpose of calculating any amount due under the provisions of subsection (iii) above, be computed on the basis of the average monthly amount thereof accruing during the immediately preceding sixty (60) month period, except that if it becomes necessary to compute such rental before such a sixty (60) month period has occurred then such rental shall be computed on the basis of the average monthly amount hereof accruing during such shorter period.

Even though Tenant has breached this Lease and abandoned the Premises, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession, and Landlord may enforce all its rights and remedies under this Lease, including the right to recover the rent as it becomes due under this Lease. Tenant's right to possession shall not be deemed to have been terminated by Landlord except pursuant to Section 20.4. The following do not constitute a termination of Tenant's right to possession:

- (i) Acts of maintenance or preservation or efforts to relet the Premises;
- (ii) The appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease.

Any sum accruing to Landlord or Tenant under the terms and provisions of this Lease which shall not be paid when due shall bear interest at the Maximum Lawful Rate from the date when the sum becomes due and payable by the terms and provisions hereof until paid.

20.6 Fixtures and Personal Property. Without limiting Landlord's rights under Article 13, in the event of default, all of Tenant's Removable Trade Fixtures, furniture, equipment, Improvements, additions, alterations, and other personal property shall remain on the Premises and in that event, and continuing during the length of said default, Landlord shall have the right, subject to the superior rights of any third party owners, lessors or lienholders of such property, to take the

exclusive possession of same and to use the same, rent or charge free, until all defaults are cured or, at its option, at any time during the Term, to require Tenant to remove the same.

20.7 No Waiver. The waiver by Landlord of any breach of any term, covenant or condition herein shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, or of any right of Landlord to a forfeiture of the Lease by reason of such breach, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. No term, covenant or condition of this Lease shall be deemed to have been waived by Landlord unless such waiver be in writing signed by Landlord.

Notwithstanding any other provision of this Article, any written notice, other than as specifically set forth in this Article, required by any statute or law now or hereafter in force is hereby waived by Tenant to the fullest extent waivable under law.

The rights and remedies given to Landlord in this Article shall be in addition and supplemental to all other rights or remedies which Landlord may have under laws then in force.

20.8 Termination and Surrender of Possession. Upon any termination of this Lease, whether by expiration of the term hereunder, cancellation pursuant to an election provided for herein, forfeiture, or otherwise, Tenant shall immediately cease doing business in the Premises and peaceably quit and immediately surrender possession of the Premises to Landlord, with all Improvements, apparatus, fixtures and alterations (except trade fixtures and furniture) in a good operating condition and in the same condition of order and repair in which they were required by the provisions of this Lease to be kept throughout the term, subject to ordinary wear and tear after the last required repair or maintenance, and shall be the property of Landlord without payment therefor. Tenant shall repair at its own expense any damage and defacement to the Premises caused by its removal of its trade fixtures, furniture and equipment.

Notwithstanding anything in this Lease to the contrary, any of Tenant's trade fixtures, furniture and equipment which are not removed from the Premises by the time herein required shall become the property of Landlord and Landlord may thereafter either (i) retain all or any part of the same as Landlord's property without payment therefor to Tenant, or (ii) cause all or any part of the same to be removed from the Premises and disposed of, but the cost of any such removal and disposition and the cost of repairing any damage caused by such removal shall be borne by Tenant.

20.9 Self Help. If Tenant shall default in the performance of any covenant on its part to be performed by virtue of any provisions of this Lease, Landlord may, at Landlord's option, after any notice and the expiration of any period with respect thereto as required pursuant to the applicable provisions of this Lease, perform the covenant for the account of Tenant, and the costs incurred by Landlord shall be immediately due and payable by Tenant to Landlord, on demand, as Additional Rent. If Landlord, at any time, is compelled to pay or elects to pay any sum of money or do any acts which would require the payment of any sum of money by reason of the failure of

Tenant to comply with any provision of this Lease, after any notice and the expiration of any grace period with respect thereto as required pursuant to the applicable provisions of this Lease, or if Landlord is compelled to incur any expense, or elects to incur any expense, including reasonable attorneys' fees, in enforcing or attempting to enforce the terms of this Lease, whether or not judicial or other action is actually instituted or in instituting, prosecuting or defending any action or proceeding, including non-judicial proceedings such as arbitration or mediation, instituted by reason of any default of Tenant hereunder, the sum or sums so paid by Landlord with all interest, costs, and damages shall be immediately due and payable by Tenant to Landlord, on demand, as Additional Rent.

20.10 Limitation on Setoffs, Counterclaims. Minimum Monthly Rent, Monthly Percentage Rent and Additional Rent due to Landlord hereunder shall be absolutely net to Landlord, so that this Lease shall yield to Landlord the full amount of the installments of Minimum Monthly Rent, Monthly Percentage Rent and Additional Rent throughout the Term, and shall be paid without assertion of any counterclaim, set off, deduction or defense and without abatement, suspension, deferment, diminution or reduction. Under no circumstances or conditions, whether now existing or hereafter arising, or whether beyond the present contemplation of the parties, shall Landlord be expected or required to make any payment of any kind whatsoever or be under any obligation or liability hereunder, except as herein expressly set forth. Except as otherwise expressly provided herein, this Lease shall continue in full force and effect, and the obligations of Tenant hereunder shall not be released, discharged or otherwise affected, by reason of: (a) any restriction or prevention of or interference with any use of the Premises or the Pier Retail/Restaurant Area or any part thereof; (b) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other proceeding relating to Landlord, or any action taken with respect to this Lease by any trustee or receiver of Landlord with respect to this Lease by any trustee or receiver of Landlord, or by any court, in any proceeding; (c) any claim which Tenant has or might have against Landlord; (d) any failure on the part of Landlord to perform or comply with any of the terms hereof or of any other agreement with Tenant; or (e) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, in each case, whether or not Tenant shall have notice or knowledge of any of the foregoing. Except as otherwise expressly provided in this Lease, the obligations of Tenant shall be independent covenants and agreements separate from and not conditioned on the covenants and agreements of Landlord. Tenant hereby waives, to the full extent permitted by applicable law, all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Lease or the Premises or any part thereof, or to any abatement, suspension, deferment, diminution or reduction of Minimum Monthly Rent, Monthly Percentage Rent or Additional Rent.

20.11 Interest. Any amounts or sums due Landlord under this Lease not paid when due shall bear interest from such date until the date actually paid at the Maximum Lawful Rate.

ARTICLE 21 DEFAULTS BY LANDLORD; REMEDIES

If Landlord shall neglect or fail to perform or observe any of the terms, covenants, or conditions contained in this Lease within 60 days after written notice of default or, if more than 60 days are required because of the nature of the default, if Landlord shall fail to proceed diligently to cure such default after written notice thereof, then Landlord shall be liable to Tenant for any

and all damages sustained by Tenant as a result of Landlord's breach. Notwithstanding the foregoing, it is expressly understood and agreed that (a) any money judgment resulting from any default or other claim arising under this Lease shall be satisfied only out of the current rents, issues, profits and other income Landlord receives from its operation of the Pier Retail/Restaurant Area, net of all current operating expenses, liabilities, reserves and debt service associated with said operation ("Net Income" for purposes of this Article 21 only), (b) no other real, personal or mixed property of Landlord, wherever located, shall be subject to levy on any such judgment obtained against Landlord, (c) if such Net Income is insufficient to satisfy such judgment, Tenant will not institute any further action, suit, claim or demand, in law or in equity, against Landlord for such deficiency, and (d) such neglect or failure shall not constitute consent by Landlord for Tenant to perform or observe such terms, covenants or conditions at Landlord's expense. Tenant hereby waives, to the extent permitted under law, any right to satisfy said money judgment against Landlord except from Net Income.

If this Lease or the rentals due from Tenant hereunder are assigned to any Lender, and Tenant is given written notice thereof, including the post office address of the Lender, then Tenant shall give written notice to the Lender, specifying the default in reasonable detail, and affording the Lender a reasonable opportunity to make performance for and on behalf of Landlord. If and when the Lender has made performance on behalf of Landlord, such default shall be deemed cured.

ARTICLE 22 EMINENT DOMAIN

22.1 Taking Resulting in Termination. If any of the Pier Retail/Restaurant Area is taken under the power of eminent domain by any public or quasi-public authority, Landlord shall have the right to terminate this Lease as of the date Tenant is required to vacate a portion of the Premises, upon giving notice in writing of such election within thirty (30) days after receipt by Tenant from Landlord of written notice that said Pier Retail/Restaurant Area have been so appropriated or taken. In the event of such termination, both Landlord and Tenant shall thereupon be released from any liability thereafter accruing under this Lease. Immediately after learning of any appropriation or taking, Landlord shall give Tenant notice thereof in writing.

22.2 Award. If this Lease is terminated as provided above, Landlord shall be entitled to the entire award or compensation in the condemnation proceedings, whether for a total or partial taking or for diminution in the value of the leasehold or for the fee; but the rental and other charges for the last month of Tenant's occupancy shall be prorated as of the time that Tenant's possession under this Lease is terminated by such taking, and Landlord agrees to refund to Tenant any rent or other charges paid in advance. Tenant agrees not to make any claim for any portion of the award of compensation or damages for such taking, and Tenant hereby assigns and quitclaims to Landlord any portion of such award, including, but not limited to, any claim Tenant has (or may claim to have) for the value of Tenant's leasehold interest which is in excess of the rent reserved to Landlord hereunder. Notwithstanding the foregoing, Tenant retains, and may assert, any claim it may have under applicable law to receive compensation or damages (provided an award based on such claim does not diminish the award or claim of Landlord): (i) for its fixtures and personal property that it is entitled to remove pursuant to this Lease, (ii) for relocation benefits or assistance or (iii) for loss of goodwill to its business.

22.3 Partial Taking. If either (i) both Landlord and Tenant elect not to terminate this Lease under Section 22.1, or (ii) none of the Premises is appropriated under the power of eminent domain by any public or quasi-public authority, then Tenant shall remain in the remaining portion of the Premises, and Landlord shall, at Landlord's cost and expense, as soon as reasonably possible, restore the Premises on the land remaining to a complete unit of like quality and character as existed prior to such appropriation or taking; provided, however, that Landlord shall have no obligation to so restore the Premises at a cost or expense in excess of the award of compensation or damages received by Landlord due to such taking. After such restoration, the Minimum Monthly Rent provided for herein shall be reduced on an equitable basis, taking into account the relative value of the portion taken as compared to the portion remaining. Tenant hereby waives any statutory rights of termination which may arise by reason of any partial taking of the Premises under the power of eminent domain.

22.4 Transfer under Threat of Taking. For the purposes of this Article only, a voluntary sale or conveyance under threat and in lieu of condemnation shall be deemed an appropriation or taking under the power of eminent domain.

ARTICLE 23 ATTORNEYS' FEES

If at any time after the date hereof either Landlord or Tenant shall institute any action or proceeding against the other relating to the provisions of this Lease or any default hereunder, the unsuccessful party in such action or proceeding shall reimburse the successful party for all reasonable expenses of attorneys' fees, costs and disbursements incurred therein by the successful party, including but not limited to any such fees, costs or disbursements incurred on any appeal from such action or proceeding. All such fees, costs or disbursements shall be recoverable as items of cost by the successful party, whether or not such action proceeds to final judgment or determination.

ARTICLE 24 SALE OR MORTGAGE BY LANDLORD

24.1 Sale or Mortgage. Landlord may, at any time, without the consent of Tenant, sell, purchase, exchange, transfer, assign, lease, or convey (collectively, "Sale"), or encumber, pledge, mortgage or hypothecate an interest in Landlord, the Lease, the Premises, and/or any portion of or interest in the Pier Retail/Restaurant Area.

24.2 Landlord's Successor. For the purposes of this Article, "Landlord's Successor" shall mean any person or entity that succeeds to all of Landlord's interest in the Premises, the Pier Retail/Restaurant Area, or in this Lease through a Sale.

24.3 Release on Sale. Provided that Landlord's successor expressly assumes Landlord's duties and covenants under this Lease, from and after a Sale, Landlord shall be released from all liability toward Tenant and Tenant's successors and assigns arising from this Lease because of any act, occurrence or omission of Landlord occurring after such Sale.

ARTICLE 25 MASTER DOCUMENTS AND LOAN CONSIDERATIONS

25.1 Subordination. This Lease is and shall be subordinate to the Master Documents and to any encumbrance now of record or recorded after the date of this Lease affecting the Pier Retail/Restaurant Area or any part thereof and/or the land upon which the Pier Retail/Restaurant Area is constructed. Such subordination is effective without any further action of Tenant. On Tenant's behalf and on behalf of all persons claiming through and under Tenant, Tenant agrees that Tenant shall from time to time on request from Landlord execute and deliver any documents or instruments that may be required by Landlord's Lender to effectuate any subordination. If Tenant fails to execute and deliver any such documents or instruments, Tenant irrevocably constitutes and appoints Landlord as Tenant's special attorney-in-fact to execute and deliver any such documents or instruments on Tenant's behalf.

25.2 Attornment. If Landlord conveys in a Sale all of its rights and duties in and to the Lease, the Premises, and/or the Pier Retail/Restaurant Area, or if an interest in Landlord or Landlord's equity of redemption or other interest in the Lease, the Premises and the Pier Retail/Restaurant Area under a mortgage, deed of trust, pledge or security agreement is foreclosed judicially or nonjudicially, upon the request of Landlord's lawful successor, Tenant shall at the election of Landlord's successor attorn to said successor, provided said successor accepts the Premises subject to this Lease. The foregoing notwithstanding, in accepting the Premises subject to this Lease, said successor shall not be bound by (i) any prepayment of more than one month's rental (except for payments under Section 31.1) or (ii) any amendment of this Lease made after the later of the Commencement Date or such date as the successor's lien or interest first arose, unless said successor shall have consented to such amendment, and shall not be liable for any act or omission of the prior Landlord or have any liability for any security deposits unless it shall have been physically delivered to the new Landlord, or be subject to any offset which shall theretofore have accrued to Tenant from the prior Landlord. Tenant shall upon request of any purchaser, mortgagee or other person acquiring an interest in the Pier Retail/Restaurant Area execute and deliver an instrument or instruments confirming its attornment. Notwithstanding the foregoing, upon the request of the holder of any encumbrance, this Lease shall be prior and superior to the lien of any specified encumbrance. With respect to any encumbrance granted or entered into after the date of this Lease, Tenant's obligation to attorn to any purchaser, whether upon foreclosure of any encumbrance or otherwise, and to recognize such purchaser as Landlord under this Lease is conditioned upon such purchaser upon the foreclosure of the encumbrance agreeing to recognize this Lease if Tenant is not in default in the performance of any of the terms and conditions on Tenant's part to be kept and performed under this Lease.

25.3 Notice to Holder of Encumbrance. Tenant agrees that, provided the holder of any Encumbrance shall have notified Tenant in writing of its address, Tenant will give such holder, by certified mail, a copy of any notice of default given by Landlord.

25.4 Confirmation and Recordation. At Landlord's request, Tenant agrees to execute a Lease Confirmation in substantially the same form as Exhibit H attached. The parties agree to execute, and Landlord may record, a short form memorandum of this Lease, in substantially the form of Exhibit J attached, pursuant to Government Code Section 37393.

25.5 Estoppel Certificate. At any time and from time to time on not more than ten (10) days' written notice from Landlord, Tenant shall execute and deliver to Landlord a Tenant's

Estoppel Certificate substantially in form as attached hereto as Exhibit D. Unless Tenant shall have notified Landlord in writing within said ten-day period of any qualifications tenant may have to the statements in the Tenant's Estoppel Certificate ("Tenant's Qualification Notice"), anyone participating with Landlord in any transaction referred to in Section 24.1 shall have the right to rely on the accuracy of such statements. If Landlord shall not have received Tenant's Qualification Notice, Tenant's failure to execute and deliver the Tenant's Estoppel Certificate within said ten-day period shall be deemed to make conclusive and binding upon Tenant (for the benefit of Landlord and anyone participating with Landlord in any such transaction) the statements contained in the Tenant's Estoppel Certificate as true and correct, without exception and Landlord is hereby appointed attorney-in-fact to execute and deliver the Tenant's Estoppel Certificate without exception on behalf of Tenant.

ARTICLE 26 QUIET POSSESSION

Landlord agrees that Tenant, upon paying the rental and performing the covenants and conditions of this Lease, may quietly have, hold and enjoy the Premises during the Term without hindrance by Landlord or by anyone claiming by, through or under Landlord, subject, however, to the provisions of Article 16, and subject to any mortgages, master leases, reciprocal easement agreements, other agreements and encumbrances to which this Lease is subordinate.

ARTICLE 27 TENANT'S ASSOCIATION SHARE FOR ADVERTISING AND PROMOTION

Tenant acknowledges that Landlord is a member of the "Pier Association", an association of owners and ground lessees organized and operating for the purpose of carrying out such common or general advertising or promotional activities or programs for the benefit of the Pier Area of which the Pier Retail/Restaurant Area is a part, and that as such a member of the Pier Association, Landlord is required to contribute to the Pier Association an amount equal to 2/10ths of one percent (0.2%) of the gross sales of the Pier Retail/Restaurant Area ("Landlord's Association Share"). Tenant agrees to pay Monthly to Landlord an amount equal to 0.2% of Gross Sales of Tenant ("Tenant's Association Share") in addition to payments to Landlord on account of Minimum Monthly Rent, Monthly Percentage Rent and Tenant's Monthly Expense Share. Landlord agrees that Landlord shall remit all payments of Tenant's Association Share to the Pier Association as part of Landlord's Association Share, and that Landlord shall not retain any of Tenant's Association Share for its own account. In the event that Landlord shall no longer be a required or agree to pay Landlord's Association Share, the obligation of Tenant to pay Tenant's Association Share shall cease (or during the period of any suspension of Landlord's Association Share, shall be suspended). Likewise, should the contribution to the Pier Association change from its current 0.2% of gross sales, Tenant's obligation to pay Tenant's Association Share shall change in an equal manner. Tenant's Association Share for each Month during the Term shall be due and payable on the date that the Monthly Statement for that Month is required to be submitted to Landlord (i.e., on the 10th day of the Month for the Gross Sales of the preceding Month; see Article 7). If Tenant fails to submit the pertinent Monthly Statement, Gross Sales for the pertinent Month shall be equivalent to the Gross Sales used to calculate Default Monthly Percentage Rent for the purposes of Article 7, and subject to increases as also provided in that Article.

ARTICLE 28 **CAPTIONS AND TERMS**

The captions contained in this Lease are for convenience only, are not a part of this Lease and do not in any way limit or amplify the actual terms and provisions of this Lease.

If more than one (1) person or entity is named in and executes this Lease as Tenant, then the word "Tenant" wherever used in this Lease is intended to refer to all such persons or corporations, and the liability of such persons or entities for compliance with and performance of all the terms, covenants and provisions of this Lease shall be joint and several. The masculine pronoun used herein shall include the feminine or the neuter as the case may be, and the use of the singular shall include the plural.

ARTICLE 29 **NOTICES**

Wherever in this Lease it is required or permitted that notice or demand be given or served by either party to this Lease upon the other, such notice or demand shall be in writing and shall be deemed to have been duly given three business days after being mailed by certified or registered mail, postage prepaid, immediately upon personal service, or on the next business day if delivered by FedEx or another reputable overnight delivery service, and addressed to the parties at the addresses provided in the Summary.

Either party may change the address for such notices by giving written notice thereof to the other party in the manner specified above. The foregoing method of service or personal service of notice upon the addressee shall be exclusive and Tenant hereby waives, to the fullest extent allowed by law, the right to any other method of service required by any statute or law now or hereafter in force.

Notwithstanding anything to the contrary contained within this Article 29, any notices Landlord is required or authorized to deliver to Tenant in order to advise Tenant of alleged violations of Tenant's covenants contained in Article 12 (with respect to improper advertising media and/or signs), Article 16 (failure of Tenant to properly repair and/or maintain the Premises), and/or Article 18 (improper parking of Tenant and Tenant's employees' automobiles) must be in writing but shall be deemed to have been duly given or served upon Tenant by delivering a copy of such notice to one (1) of Tenant's managing employees at the Premises during normal business hours and by delivery of a copy of such notice to Tenant in the manner specified above.

ARTICLE 30 **OBLIGATIONS OF SUCCESSORS**

The parties hereto agree that, except as otherwise specified, all of the provisions hereof shall bind and inure to the benefit of the parties hereto, and their respective heirs, legal representatives, successors and assigns.

ARTICLE 31 **SECURITY DEPOSIT**

31.1 Payment. Upon execution of this Lease, Tenant shall deposit with Landlord the Security Deposit, which shall be held by Landlord without liability or interest as security for the faithful performance by Tenant of all of its obligations under this Lease. The Security Deposit

shall not be considered an advance payment of rent or of any other sum due hereunder or as a measure of damages in case of a default by Tenant. The Security Deposit shall not be considered as a trust fund, and Tenant expressly acknowledges and agrees that Landlord is not acting as a trustee or in any fiduciary capacity in controlling or using Tenant's Security Deposit. Landlord, at its option, may maintain the Security Deposit separate and apart from Landlord's general and/or other funds, or may commingle the Security Deposit with Landlord's general and/or other funds. The Security Deposit shall not be mortgaged, assigned, transferred or encumbered by Tenant without the prior written consent of Landlord and any such act on the part of Tenant shall be without force and effect and shall not be binding upon Landlord. Concurrently with any adjustment to Minimum Monthly Rental, Tenant shall add to the Security Deposit held by Landlord so that the Security Deposit shall always be equal to the Minimum Monthly Rental.

31.2 Application. If any of the rental herein reserved or any other sum payable by Tenant to Landlord shall be overdue and unpaid or paid by Landlord on behalf of Tenant, or if Tenant shall fail to perform any of its obligations under this Lease, then Landlord may, at its option and without prejudice to any other remedy which Landlord may have under this Lease, use and apply the entire Security Deposit, or so much thereof as may be necessary, to compensate or reimburse Landlord for Minimum Monthly Rent, Additional Rent, loss or damage or expense sustained by Landlord, and Tenant shall immediately upon demand restore said Security Deposit to the original sum deposited. If Tenant complies with all obligations and promptly pays all rentals and all other sums payable by Tenant to Landlord as and when due, said Security Deposit (or any balance thereof) shall be refunded in full to Tenant without interest at the expiration or termination of the Lease Term and after the removal of Tenant and surrender of possession of the Premises to Landlord.

In the event of bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit shall be deemed to be applied first to the payment of rental and other charges due Landlord for the earliest periods prior to the filing of such proceedings.

31.3 Transfer of Landlord's Interest. If Landlord transfers Landlord's interest in the Premises, Landlord may deliver the funds deposited by Tenant under this Article to Landlord's transferee or assignee, and in such event, Landlord shall be discharged from any further liability with respect to such Security Deposit. This Section shall also apply equally to any subsequent transfer of Landlord's interest in the Premises.

ARTICLE 32 BROKERS

Landlord and Tenant each represent and warrant to the other that no real estate broker or finder other than the Broker(s) specified in the Summary has been involved in this transaction. Tenant agrees to indemnify and hold Landlord harmless from any claim, liability, loss or expense for any broker's commission, finder's fee, acquisition fee or like payment asserted against Landlord or Tenant by virtue of a contract or agreement made by Tenant. If no Broker is identified in the Summary, there shall be no obligation on the part of Landlord hereunder to pay any fees or commissions to a broker.

ARTICLE 33 MISCELLANEOUS

33.1 Relationship of the Parties. Nothing contained in this Lease shall be deemed or construed as creating a partnership or joint venture between Landlord and Tenant or between Landlord and any other party, or cause Landlord to be responsible in any way for the debts or obligations of Tenant or any other party.

33.2 Severability. If any provision of this Lease shall be determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Lease and all such other provisions shall remain in full force and effect. It is the intention of the parties hereto that if any provision of this Lease is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

33.3 Warranty of Authority. If Tenant hereunder is a corporation or partnership, the persons executing this Lease on behalf of Tenant hereby covenant and warrant that (i) their execution of this Lease is duly authorized by all necessary corporate or partnership proceedings; (ii) Tenant is a valid and subsisting corporation or partnership, duly formed under the laws of its state of formation and is duly qualified to do business in this state, (iii) all franchise, corporate and/or partnership taxes have been paid to date, and (iv) Tenant will file when due all future tax returns, forms, reports, fees and other documents necessary to comply with applicable laws.

33.4 Entire Agreement. This Lease contains all conditions, covenants and agreements between Landlord and Tenant relating in any manner to the Pier Retail/Restaurant Area and to the rental, use and occupancy of the Premises and the other matters set forth in this Lease. No prior or contemporaneous agreement or understanding pertaining to the Pier Retail/Restaurant Area or the Premises shall be valid or of any force or effect, and the conditions, covenants and agreements of this Lease cannot be altered, changed, modified, or added to, except in writing signed by Landlord and Tenant. Landlord and Tenant intend that this Lease supersedes all such prior or contemporaneous agreements and that this Lease constitutes the final, exclusive and complete embodiment of their agreement. This Lease shall supersede the Prior Lease, which shall be terminated and of no further force or effect after the Commencement Date of this Lease, except for such provisions which survive the expiration or termination of the Prior Lease. No representation, inducement, understanding or anything of any nature whatsoever, made, stated or represented on Landlord's behalf, either orally or in writing (except this Lease), has induced Tenant to enter into this Lease. Specifically, but without limitation, Tenant acknowledges that Tenant has relied solely on its own investigation and business judgment in its determination to enter into this Lease, that any statements which may have been made by any representative of Landlord concerning the success of Tenant's business and/or the Pier Retail/Restaurant Area and/or the extent of Tenant's sales or profits are based upon that representative's expectations and are not to be considered as promises, covenants or guarantees of success, that the success of Tenant's business and the Pier Retail/Restaurant Area are based upon many factors, including certain factors not within the control of Landlord and certain factors which are within the control of Tenant and that Tenant is not in any way entitled to the benefits of any agreements between Landlord and other tenants which agreements may differ from the terms of this Lease.

33.5 Construction. All of the provisions hereof shall be construed as covenants and not as conditions. Although the printed provisions of this Lease were drawn by Landlord, the parties hereto agree that this circumstance alone shall not create any presumption, canon of construction or implication favoring the position of either Landlord or Tenant. The parties agree that any deletion of language from this Lease prior to its mutual execution by Landlord and Tenant shall not be construed to have any particular meaning or to raise any presumption, canon of construction or implication, including but not limited to any implication that the parties intended thereby to state the converse or opposite of the deleted language.

33.6 Right to Lease. Landlord reserves the absolute right to create such other tenancies in the Pier Retail/Restaurant Area as Landlord, in the exercise of its sole discretion, shall determine. Tenant does not rely on the fact, nor does Landlord represent, that there shall be any specific occupants or number of occupants of space in the Pier Retail/Restaurant Area after the Commencement Date.

33.7 Governing Law. The laws of the state of California shall govern the validity, performance and enforcement of this Lease.

33.8 Waiver or Consent Limitation. No waiver of any default hereunder shall be implied from any omission by either party to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver, and then only for the time and to the extent therein stated. The acceptance by Landlord of rent or other payments with knowledge of the breach of any of the covenants of this Lease by Tenant shall not be deemed a waiver of any such breach. One or more waivers of any breach of any covenant, term or condition shall not be construed to be a waiver of any other covenant, terms or conditions, or a waiver of further breach of the same covenants, terms or conditions.

33.9 Force Majeure. For purposes of this Lease, neither Landlord nor Tenant as the case may be, nor any successor in interest, shall be considered in breach of, or default in, its obligations to construct, improve, repair, restore or make other physical improvements under this Lease as a result of the enforced delay in the performance of such obligations where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; government restrictions or priority; unusually severe weather; inability to secure necessary labor, materials or tools; acts of the other party; acts or failure to act of any public or governmental agency or entity; or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause if notice by the party claiming such extension is given to the other party within thirty (30) days after the commencement of the cause and shall continue for a reasonable period, not to exceed 6 months, during which time the party suffering such delay shall exert its best efforts to cure or eliminate the cause of such delay or prevention. If, however, notice by the party claiming such extension is sent to the other party more than thirty (30) days after the commencement of the cause, the period shall commence to run only thirty (30) days prior to the giving of such notice. Nothing contained herein shall be construed to permit delay in the payment of rents or other

monetary obligations, or in the submission of notices, plans, Monthly Statements, Annual Statements or other documentation as may otherwise be required.

33.10 Waiver of Rights of Redemption. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event Tenant is evicted or dispossessed for any cause or in the event Landlord obtains possession of the Premises by reason of the violation by Tenant of any of the terms, covenants and conditions of this Lease or otherwise. The rights given to Landlord herein are in addition to any rights that may be given to Landlord by any statute or otherwise.

33.11 Labor Disputes. Tenant shall perform or cause Tenant's contractor to perform all work in the making and/or installation of any repairs, alterations or Improvements in a manner so as to avoid any labor dispute which causes or is likely to cause stoppage or impairment of work or delivery services in the Pier Retail/Restaurant Area. In the event there shall be any such stoppage or impairment as the result of any such labor dispute or potential labor disputes, Tenant shall immediately undertake such action as may be necessary to eliminate such dispute or potential dispute, including but not limited to: (i) removing all parties in dispute from the job site until such time as the labor dispute no longer exists, (ii) seeking an injunction to remove such parties from the Pier Retail/Restaurant Area, and (iii) filing appropriate unfair labor practice charges in the event of a union jurisdictional dispute.

33.12 Additional Assurances. Each of the parties agrees that it will execute such other documents or instruments as may be necessary to carry out and effectuate the purpose and terms of this Lease.

33.13 Gender and Person. Whenever the context of this Lease requires, the neuter, masculine or feminine genders shall each include the others; the singular shall include the plural and the plural shall include the singular; the conjunctive shall include the disjunctive and the disjunctive shall include the conjunctive.

33.14 Counterparts. This Lease and the documents, instruments and agreements executed in connection herewith may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

33.15 Time of Essence. Time is of the essence in the performance of this Lease.

33.16 Franchise. If Tenant is to operate a franchise location, Tenant shall, at the request of Landlord, supply Landlord with any and all information related to Tenant's relationship to franchisor; including, but not limited to, any financial reports required by franchisor, and a copy of Tenant's franchise license or other document displaying the ability to use franchisor's name, product, logo, etc. Tenant shall also furnish Landlord with the appropriate information to contact a representative at the office of franchisor with respect to any issue. Landlord may request this information to be supplied prior to signing this Lease.

33.17 Exhibits Incorporated. All exhibits attached hereto and referred to herein are incorporated in this Lease and are expressly made a part hereof.

33.18 Nondiscrimination. Tenant shall not discriminate against any person or class of persons by reason of sex, race, color, creed, ancestry, national origin, age, physical handicap, or medical condition, and shall make its accommodations and services available to all persons on a nondiscriminatory basis. Tenant hereby agrees that in all matters affecting this Lease, it will comply with all applicable federal, state and local laws and regulations prohibiting discrimination of any kind.

33.19 Independent Contractor. This Lease is by and between Landlord and Tenant and is not intended and shall not be construed to create the relationship of agent, servant, employee, or representative of Landlord by Tenant.

33.20 No Conflict of Interest. No member, official, officer, employee, agent, or representative of Landlord shall be personally liable to Tenant, or any successor in interest, in the event of any default or breach by Landlord or for any amount which may become due to Tenant or successor or on any obligations under the terms of this Lease. No member, official or employee of City shall have any personal interest, direct or indirect, in this Lease nor shall any such member, official or employee participate in any decision relating to the Lease which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested. Tenant warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Lease.

34. Acknowledgment, Release and Waiver

TENANT HEREBY ACKNOWLEDGES that the subject Premises located at 142 and 144 International Boardwalk Redondo Beach, California 90277 are subject to pending lawsuits (“Pending Lawsuits”) filed against the City that may invalidate or modify this Lease without advance notice. If the lease is invalidated or modified as the result of the Pending Lawsuits, Tenant shall not be entitled to seek damages, equitable relief, or any other type of relief from the City. Notwithstanding the above, Tenant agrees to enter into this Lease.

TENANT HEREBY RELEASES, WAIVES, DISCHARGES AND CONVENANTS NOT TO SUE the City of Redondo Beach, its officials, employees and agents with regard to any and all liability or potential liability to Tenant, its owners, directors, officers, employees, agents, assigns, heirs, and next of kin for any loss or damage, and any claims or demands of any kind resulting from the Pending Lawsuits or any impact or potential impact the lawsuits may have on Tenant or this Lease.

TENANT FURTHER EXPRESSLY AGREES THAT THE FOREGOING ACKNOWLEDGEMENT, RELEASE and WAIVER is intended to be as broad and inclusive as is permitted by the law of the State of California and that if any portion thereof is held invalid, it is agreed that the remaining terms shall, notwithstanding, continue in full legal force and effect.

IN WITNESS WHEREOF, Landlord has by motion duly adopted by the City Council, caused this Lease to be signed by its Mayor and attested by its City Clerk, and by Tenant caused these presents to be subscribed and have duly executed this Lease, all on the day and year first above written.

"LANDLORD"
CITY OF REDONDO BEACH,
a chartered municipal corporation

William C. Brand
Mayor

ATTEST:

APPROVED:

Eleanor Manzano
City Clerk

Diane Strickfaden
Risk Manager

APPROVED AS TO FORM:

Michael W. Webb
City Attorney

"TENANT"
TONY TRAN, AN INDIVIDUAL
DBA MINI CHINESE RESTAURANT

By _____
Tony Tran

If Tenant is a CORPORATION, the authorized officers must sign on behalf of the corporation and indicate the capacity in which they are signing. The Lease must be executed by the president or vice-president and the secretary or assistant secretary, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which event, a certified copy of the bylaws or a certified copy of the resolution, as the case may be, must be attached to this Lease.

EXHIBIT A

PREMISES FLOOR PLAN AND SITE PLAN OF PIER RETAIL/RESTAURANT AREA

Floor Plan

204 Fisherman's Wharf
Redondo Beach, CA 90277

283 Square feet

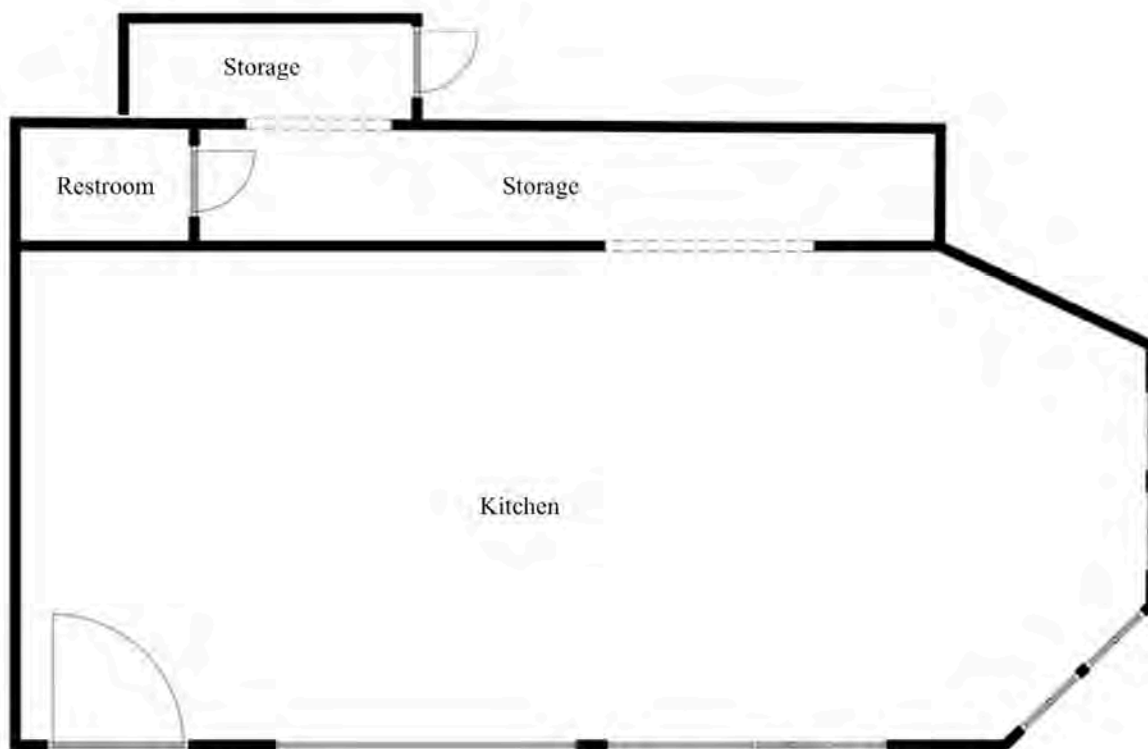




EXHIBIT B

DESCRIPTION OF PREMISES, TRADE NAME AND USE OF PREMISES

Description: Space located at 204 Fisherman's Wharf, Redondo Beach, California, 90277, consisting of approximately 283 square feet of space.

Trade name and use of Premises: Take out restaurant selling Chinese and American cuisine, including corn on the cob, but excluding hot dog on a stick or fresh lemonade.

EXHIBIT C

LEASE GUARANTY

THIS LEASE GUARANTY ("**Guaranty**") is made by **Guarantor** _____, in favor of the **CITY OF REDONDO BEACH, a chartered city and municipal corporation** ("**Landlord**"), in connection with that certain lease dated as of _____ (the "**Lease**") pursuant to which Landlord is to lease to _____ ("**Tenant**") those premises generally referred to as _____ Fisherman's Wharf, Redondo Beach, California 90277 (the "**Premises**").

A. Landlord requires this Guaranty as a condition to its execution of the Lease and the performance of the obligations to be performed under the Lease by Landlord.

B. Guarantor has agreed to provide this Guaranty to induce Landlord to enter into the Lease with Tenant and perform its obligations under the Lease.

In consideration of Landlord's agreement to execute the Lease and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor does hereby agree with Landlord as follows:

1. The Lease is hereby incorporated into and made a part of this Guaranty by this reference.

2. Guarantor hereby unconditionally guarantees, as a primary obligor and not as a surety, without deduction by reason of setoff, defense or counterclaim, the full and punctual payment of all sums of rent and other amounts payable under the Lease and the full and punctual performance of all terms, covenants and conditions in the Lease to be kept, performed and/or observed by Tenant. Guarantor's obligations under this Guaranty are continuing and unconditional.

3. Guarantor hereby agrees that, without the consent of or notice to Guarantor and without affecting any of the obligations of Guarantor hereunder: (a) the Lease may be extended and any other term, covenant or condition of the Lease may be amended, compromised, released or otherwise altered by Landlord and Tenant, and Guarantor does guarantee and promise to perform all the obligations of Tenant under the Lease as so extended, amended, compromised, released or altered; (b) any guarantor of or party to the Lease may be released, substituted or added; (c) any right or remedy under the Lease may be exercised, not exercised, impaired, modified, limited, destroyed, or suspended; (d) Landlord or any other person may deal in any manner with Tenant, any guarantor, any party to the Lease or any other person; (e) Landlord may permit Tenant to holdover the Premises beyond the Lease Term; and (f) all or any part of the Premises or of Tenant's rights or liabilities under the Lease may be sublet, assigned or assumed. Without in any way limiting the foregoing, Guarantor agrees not to unreasonably withhold its consent to any sublease, assignment of the Lease or other modification of the Lease which is agreed to by Landlord and Tenant.

4. Guarantor hereby waives and agrees not to assert or take advantage of: (a) any right to require Landlord to proceed against Tenant, or any other guarantor or person or to pursue any other security or remedy before proceeding against Guarantor; (b) any defense based on the genuineness, validity, regularity or enforceability of the Lease; (c) any right or defense that may arise by reason of the incapacity, lack of authority, death or disability of Tenant or any other person; and (d) any right or defense arising by reason of the absence, impairment, modification, limitation, destruction or cessation (in bankruptcy, by an election of remedies, or otherwise) of the liability of Tenant, of the subrogation rights of Guarantor or of the right of Guarantor to proceed against Tenant for reimbursement. Without limiting the generality of the foregoing, Guarantor hereby waives any and all benefits of the provisions of Sections 2809, 2810 and 2845 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

5. Guarantor hereby waives and agrees not to assert or take advantage of (a) any right or defense based on the absence of any or all presentments, demands (including demands for performance), notices (including notices of any adverse change in the financial status of Tenant, notices of any other facts which increase the risk to Guarantor, notices of non-performance and notices of acceptance of this Guaranty) and protests of each and every kind; (b) the defense of any statute of limitations in any action under or related to this Guaranty or the Lease; (c) any right or defense based on a lack of diligence or failure or delay by Landlord in enforcing its rights under this Guaranty or the Lease.

6. Guarantor hereby waives and agrees not to assert or take advantage of any right to (a) exoneration if Landlord's actions shall impair any security or collateral of Guarantor; (b) any security or collateral held by Landlord; (c) require Landlord to proceed against or exhaust any security or collateral before proceeding against Guarantor; (d) require Landlord to pursue any right or remedy for the benefit of Guarantor. Without limiting the generality of the foregoing, Guarantor hereby waives any and all benefits of the provisions of Sections 2819, 2849 and 2850 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

7. Guarantor shall not, without the prior written consent of Landlord, commence, or join with any other person in commencing, any bankruptcy, reorganization or insolvency proceeding against Tenant. Guarantor's obligations under this Guaranty shall in no way be affected by any bankruptcy, reorganization or insolvency of Tenant or any successor or assignee of Tenant or by any disaffirmance or abandonment of the Lease or any payment under this Guaranty by a trustee of Tenant in any bankruptcy proceeding including, without limitation, any impairment, limitation, or modification of the liability of Tenant or the estate of Tenant in bankruptcy, or of any remedy for the enforcement of Tenant's liability under the Lease resulting from the operation of any present or future provision of any federal or state bankruptcy or insolvency law or other statute or from the decision of any court. Guarantor shall file in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law all claims which Guarantor may have against Tenant relating to any indebtedness of Tenant to Guarantor and will assign to Landlord all rights of Guarantor thereunder. Landlord shall have the sole right to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Landlord the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to Landlord all of

Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled; provided, however, that Guarantor's obligations hereunder shall not be satisfied except to the extent that Landlord receives cash by reason of any such payment or distribution. If Landlord receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty.

8. Until all the Tenant's obligations under the Lease are fully performed, Guarantor: (a) shall have no right of subrogation or reimbursement against the Tenant by reason of any payments or acts of performance by Guarantor under this Guaranty; (b) subordinates any liability or indebtedness of the Tenant now or hereafter held by Guarantor to the obligations of the Tenant under, arising out of or related to the Lease or Tenant's use of the Premises; and (c) acknowledges that the actions of Landlord may affect or eliminate any rights of subrogation or reimbursement of Guarantor as against Tenant without any liability or recourse against Landlord. Without limiting the generality of the foregoing, Guarantor hereby waives any and all benefits of the provisions of Section 2848 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

9. Prior to the execution of this Guaranty and at any time during the Term of the Lease upon ten (10) days prior written notice from Landlord, Guarantor agrees to provide Landlord with a current financial statement for Guarantor and financial statements for Guarantor for the two (2) years prior to the current financial statement year to the extent not previously delivered to Landlord. Guarantor's financial statements are to be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Guarantor, audited by an independent certified public accountant. Guarantor represents and warrants that all such financial statements shall be true and correct statements of Guarantor's financial condition.

10. The liability of Guarantor and all rights, powers and remedies of Landlord hereunder and under any other agreement now or at any time hereafter in force between Landlord and Guarantor relating to the Lease shall be cumulative and not alternative and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to Landlord by law.

11. This Guaranty applies to, inures to the benefit of and binds all parties hereto, their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns. This Guaranty may be assigned by Landlord voluntarily or by operation of law.

12. This Guaranty shall constitute the entire agreement between Guarantor and the Landlord with respect to the subject matter hereof. No provision of this Guaranty or right of Landlord hereunder may be waived nor may any guarantor be released from any obligation hereunder except by a writing duly executed by an authorized officer, director or trustee of Landlord. The waiver or failure to enforce any provision of this Guaranty shall not operate as a waiver of any other breach of such provision or any other provisions hereof. No course of dealing between Landlord and Tenant shall alter or affect the enforceability of this Guaranty or Guarantor's obligations hereunder.

13. Guarantor hereby agrees to indemnify, protect, defend and hold Landlord harmless from and against, all losses, costs and expenses including, without limitation, all interest, default

interest, post-petition bankruptcy interest and other post-petition obligations, late charges, court costs and attorneys' fees, which may be suffered or incurred by Landlord in enforcing or compromising any rights under this Guaranty or in enforcing or compromising the performance of Tenant's obligations under the Lease.

14. The term "**Landlord**" whenever hereinabove used refers to and means the Landlord in the foregoing Lease specifically named and also any assignee of said Landlord, whether by outright assignment or by assignment for security, and also any successor to the interest of said Landlord or of any assignee of such Lease or any part thereof, whether by assignment or otherwise. The term "Tenant" whenever hereinabove used refers to and means the Tenant in the foregoing Lease specifically named and also any assignee or subtenant of said Lease and also any successor to the interests of said Tenant, assignee or sublessee of such Lease or any part thereof, whether by assignment, sublease or otherwise including, without limitation, any trustee in bankruptcy and any bankruptcy estate of Tenant, Tenant's assignee or sublessee.

15. If any or all Guarantors shall become bankrupt or insolvent, or any application shall be made to have any or all Guarantors declared bankrupt or insolvent, or any or all Guarantors shall make an assignment for the benefit of creditors, or any or all Guarantors shall enter into a proceeding for the dissolution of marriage, or in the event of death of any or all Guarantors, notice of such occurrence or event shall be promptly furnished to Landlord by such Guarantor or such Guarantor's fiduciary. This Guarantee shall extend to and be binding upon each Guarantor's successors and assigns, including, but not limited to, trustees in bankruptcy and Guarantor's estate.

16. Any notice, request, demand, instruction or other communication to be given to any party hereunder shall be in writing and sent by registered or certified mail, return receipt requested in accordance with the notice provisions of the Lease. The Tenant shall be deemed Guarantor's agent for service of process and notice to Guarantor delivered to the Tenant at the address set forth in the Lease shall constitute proper notice to Guarantor for all purposes. Notices to Landlord shall be delivered to Landlord's address set forth in the Lease. Landlord, at its election, may provide an additional notice to Guarantor at the address provided under Guarantor's signature below.

17. If either party hereto participates in an action against the other party arising out of or in connection with this Guaranty, the prevailing party shall be entitled to have and recover from the other party reasonable attorneys' fees, collection costs and other costs incurred in and in preparation for the action. Guarantor hereby waives any right to trial by jury and further waives and agrees not to assert or take advantage of any defense based on any claim that any arbitration decision binding upon Landlord and Tenant is not binding upon Guarantor.

18. Guarantor agrees that all questions with respect to this Guaranty shall be governed by, and decided in accordance with, the laws of the State of California.

19. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

20. Time is strictly of the essence under this Guaranty and any amendment, modification or revision hereof.

21. If more than one person signs this Guaranty, each such person shall be deemed a guarantor and the obligation of all such guarantors shall be joint and several. When the context and construction so requires, all words used in the singular herein shall be deemed to have been used in the plural. The word "person" as used herein shall include an individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

22. If Guarantor is a corporation, each individual executing this Guaranty on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Guaranty on behalf of said corporation, in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the by-laws of said corporation, and that this Guaranty is binding upon said corporation in accordance with its terms. If Guarantor is a corporation, Landlord, at its option, may require Guarantor to concurrently, with the execution of this Guaranty, deliver to Landlord a certified copy of a resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Guaranty.

THE UNDERSIGNED HAS READ AND UNDERSTANDS THE TERMS AND CONDITIONS CONTAINED IN THIS GUARANTY INCLUDING, WITHOUT LIMITATION, ALL WAIVERS CONTAINED IN THIS GUARANTY.

Executed on this _____ day of _____, 20__.

[If Guarantor is a married individual, Guarantor's spouse must sign this Guaranty]

Address of Guarantor:

- *A. If the person(s) signing this Lease on behalf of Tenant [is/are] [an] officers] of a corporation that is incorporated in California, then one of the following conditions must be satisfied: (i) This Lease must be signed by two officers, one being the Chairman of the Board, the Owner or a Vice Owner, and the other one being the Secretary, an Assistant Secretary, the Chief Financial Officer or an Assistant Treasurer; or (ii) if clause (i) above is not satisfied, or if this Lease is signed by one person acting in two capacities, then Tenant shall have delivered to Landlord a certified copy of a corporate resolution in form acceptable to Landlord authorizing the signatory(ies) to execute this Lease.
- B. If the person(s) signing this Lease on behalf of Tenant [is/are] [an] officers] of a corporation

EXHIBIT D

TENANT ESTOPPEL CERTIFICATE

The undersigned, as Tenant under that certain Lease (the "Lease"), made and entered into as of April 6, 2021 by and between City of Redondo Beach, a chartered city and municipal corporation, as "Landlord," and the undersigned, as "Tenant," for the Premises outlined on Exhibit A attached to this Certificate and incorporated in it by this reference, which Premises are commonly known as Tenant Space number 204, Redondo Beach Fisherman's Wharf, Redondo Beach, California, certifies as follows:

1. The undersigned has commenced occupancy of the Premises described in the Lease. The Commencement Date under the Lease is April 6, 2021. All space and improvements leased by Tenant have been completed in accordance with the provisions of the Lease, and Tenant has accepted and taken possession of the Premises. If any, all contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full.
2. The Lease is in full force and effect as of the date of this Certificate and has not been modified, supplemented, or amended in any way except as follows: _____.
3. The Lease represents the entire agreement between the parties as to the Premises.
4. Minimum Monthly Rent became payable on April 6, 2021.
5. The Term began on April 6, 2021, and expires on April 5, 2026.
6. Except as indicated in paragraph 7 below, no rent has been paid in advance and no security deposit has been deposited with Landlord, except for the Security Deposit in the amount of \$750.00 deposited with Landlord in accordance with the Lease. There are no setoffs or credits against any rent payable under the Lease. No free periods or rental abatements, rebates, or concessions have been granted to Tenant, except as follows: _____.
7. Minimum Monthly Rent in the sum of \$_____ per month has been paid through the month of _____, 20____. Monthly Percentage Rent in the sum of \$_____ per month has been paid through the month of _____, 20____. Tenant's Monthly Expense Share in the sum of \$_____ per month has been paid through the month of _____, 20____. Tenant's Association Share in the sum of \$_____ per month has been paid through the month of _____, 20____. Additional Rent in the sum of \$_____ has been paid through _____, 20____ for the following: _____.
8. As of the date of this Certificate, the undersigned has no defenses or offsets against any of Tenant's obligations under the Lease and there are no uncured defaults of Landlord or any events that (with or without the giving of notice, the lapse of time, or both) constitute a default of Landlord or Tenant under the Lease, except_____.

9. The undersigned has no rights of first refusal or options to (a) purchase all or any portion of the Premises or the Fisherman's Wharf; or (b) renew or extend the Term, except as provided in the Lease.

10. The undersigned has not received nor is it aware of any notification from the Department of Building and Safety, the Health Department, or any other city, county, or state authority having jurisdiction that work is required to be done to the improvements constituting the Premises or the Fisherman's Wharf or that the existing improvements in any way violate existing laws, ordinances, or regulations. Tenant has no actual or constructive knowledge of any processing, use, storage, disposal, release, or treatment of any hazardous or toxic material or substance on the Premises except as follows: _____.

11. The undersigned has no knowledge of any actions, suits, material claims, legal proceedings, or any other proceedings, including threatened or pending eminent domain proceedings, affecting the Premises, at law or in equity, before any court or governmental agency, domestic or foreign. There are no pending actions, voluntary or involuntary, under any bankruptcy or insolvency laws of the United States or any state against Tenant or any guarantor of Tenant's obligations under the Lease.

12. The undersigned has not assigned, sublet, encumbered, pledged, hypothecated, transferred, or conveyed (or suffered any of the preceding) any interest in the Lease or the Premises.

13. The undersigned represents and warrants that to the best of its knowledge all statements contained in this Certificate are true and correct.

14. The undersigned acknowledges that this Certificate may be delivered to any proposed mortgagee, trust deed beneficiary, lessor, lessee, purchaser, or successor-in-interest to Landlord, of all or any portion of the Premises or the Boardwalk. The undersigned acknowledges that it recognizes that if the same is done, the proposed mortgagee, trust deed beneficiary, lessor, lessee, purchaser, or successor-in-interest will be relying on the statements contained in this Certificate in making the lease, purchase, or loan (or in accepting an assignment of the Lease as collateral security), and that receipt by it of this Certificate is a condition of the making of such lease, purchase, or loan. Tenant will be estopped from denying that the statements made in this Certificate by Tenant are true.

15. The undersigned representative of Tenant hereby certifies that they are duly authorized to execute and deliver this Certificate on behalf of Tenant.

Executed at:

Date:

TENANT:

By: _____

Name: Tony Tran, an individual dba Mini Chinese Restaurant

Title:

EXHIBIT E

SIGN CRITERIA

These criteria have been established for the purpose of assuring an outstanding shopping experience and for the mutual benefit of all tenants. Conformance will be strictly enforced; and any installed nonconforming or unapproved signs must be brought into conformance at the expense of the tenant. All criteria contained herein shall conform to all resolutions, ordinances, general policies and rules of the city of Redondo Beach and the city of Redondo Beach Harbor Department (the City's ordinances, resolutions, etc. shall rule in the event of any conflict).

GENERAL REQUIREMENTS

1. Each Tenant shall submit or cause to be submitted to the Landlord for approval before fabrication at least four copies of detailed drawings indicating the location, size, layout, design and color of the proposed signs, including all lettering and/or graphics.
2. All permits for signs and their installation shall be obtained by the tenant or tenant representative prior to installation which have not been done by owner previously
3. Tenant shall be responsible for the fulfillment of all requirements and specifications.
4. All signs shall be constructed and installed at Tenant's expense.
5. All signs shall be reviewed by the Landlord and his designated Project Architect for conformance with this criteria and overall design quality. Approval or disapproval of sign submittal based on esthetics of design shall remain the sole right of the Landlord.
6. Tenant sign contractors to be responsible to obtain all required city and county approvals and permits, including Regional Planning and Building & Safety Division.
7. All Tenants' sign Contractors to be State licensed and shall carry appropriate insurance.

GENERAL SPECIFICATIONS

1. No projections above or below the sign panel will be permitted. Sign must be within dimensioned limits as indicated on the attached drawings.
2. Sign cabinets shall be grey non-illuminated w/white pales face 2'6" x 6" smallest 2'6" x 20" largest. Sizes are determined by store frontage. Tenant is allowed 8" of sign width for every 12" of storefront Typical 15' storefront would have a sign 2'6" x 10'.
3. Letter style will be Century ultra italic (vivid). No florescent colors.
4. Tenant shall be responsible for the cost of installation and maintenance of all signs.

5. The width of the Tenant fascia sign shall not exceed 70% of storefront. The maximum height of the tenant fascia sign shall be 30". Sign shall center on store unless prior approvals are obtained from the Landlord/Developer
6. Tenant's sign contractor shall repair any damages to the Premises caused by his work.

CONSTRUCTION REQUIREMENTS

1. Signs fastening and clips are to be concealed and be of galvanized, stainless aluminum, brass or bronze metals.
2. No labels will be permitted on the exposed surface of signs, except those required by local ordinance which shall be placed in an Inconspicuous location.
3. Tenants shall have identification signs designed in a manner compatible with and complimentary to adjacent and facing storefront and the overall concept of the center.
4. Signs may be illuminated at the tenant's expense to run electrical for the signs. These signs would still meet criteria for size, lettering and color.

MISCELLANEOUS REQUIREMENTS

1. Each tenant shall be permitted to place upon each entrance of its demised premises not more than 200 square inches of decal application lettering not to exceed 6" inches in height indicating hours of business, emergency telephone numbers & etc.
2. Except as proved herein, no advertising placards, banners, pennants names, insignias, trademarks, or other descriptive material, shall be affixed or maintained upon the glass panes and supports of the show windows and doors, or upon the exterior walls of the buildings without the written previous approval of the Landlord.
3. Each tenant who has a non-customer door for receiving merchandise may apply his name on said door in 4" high block letters and in a location as directed by the Project Architect. Letters shall be placed in the middle of the said door. Where more than one tenant uses the same door, each name and address may be applied. Color of letters shall be black. Letter style shall be Century ultra italic, all capital letters. No other rear entry signs will be permitted.
4. All directory lettering will be provided by Landlord.

Landlord's Initials: _____

Tenant's Initials: _____

EXHIBIT F

PARKING FEE SCHEDULE

Per paragraph 18.4 of the lease and City's standard parking rates in effect at the time and adjustable from time-to-time.

RULES AND REGULATIONS

1. The sidewalks, halls, passages, exits, entrances, elevators, escalators and stairways shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress to and egress from their respective premises. The halls, passages, exits, entrances, elevators, escalators and stairways are not for the general public and Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation and interests of the Pier Retail/Restaurant Area and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no agent, employee, contractor, invitee or licensee of any tenant shall go upon the roof of the Premises. Landlord shall have the right at any time, without the same constituting an actual or constructive eviction and without incurring any liability to any tenant therefor, to change the arrangement or location of entrances or passageways, doors or doorways, corridors, elevators, stairs, toilets and other common areas.

2. No sign, placard, picture, name, advertisement or notice visible from the exterior of any tenant's premises shall be inscribed, painted, affixed or otherwise displayed by any tenant on any part of the Premises without the prior written consent of Landlord except that Tenant shall have the right, at its sole cost, to place its name on the door of the Premises. Landlord may adopt and furnish to tenants general guidelines relating to signs inside the Premises. Tenants shall conform to such guidelines. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of any such tenant by a person approved by Landlord. Material visible from outside the Premises will not be permitted.

3. The Premises shall not be used for lodging. Cooking may only be done or permitted on the premises if a restaurant or food preparation use has been approved under this Lease except that private use by any tenant of Underwriters' Laboratory approved equipment for brewing coffee, tea, hot chocolate and similar beverages, for preparation of meals by employees of any such tenant in a manner customary for an employee lounge or lunchroom, and to serve food in connection with meetings or receptions will be permitted, provided that such use is in accordance with all applicable federal, state and municipal laws, codes, ordinances, rules and regulations.

4. Except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be permitted to enter the Premises for the purpose of cleaning the same. No tenant shall cause any unnecessary labor by reason of such tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to any tenant for any loss of property on the premises, however occurring, or for any damage done

to the effects of any tenant by any other employee or any other person. Tenant shall pay to Landlord the cost of removal of any of tenant's refuse and rubbish, to the extent that the same exceeds the refuse and rubbish usually attendant upon the use of tenant's premises.

5. Landlord will furnish each tenant without charge with two (2) keys to each door lock provided in the premises by Landlord. Landlord may make a reasonable charge for any additional keys. No tenant shall have any such keys copied or any keys made. No tenant shall alter any lock or install a new or additional lock or any bolt on any door of its premises. Each tenant, upon the termination of its lease, shall deliver to Landlord all keys to doors in the Premises.

6. Landlord shall designate appropriate entrances and a freight elevator for deliveries or other movement to or from the premises of equipment, materials, supplies, furniture or other property, and tenants shall not use any other entrances or elevators for such purposes. The freight elevator, if any, shall be available for use by all tenants subject to such reasonable scheduling as Landlord in its discretion shall deem appropriate. All persons employed and means or methods used to move equipment, materials, supplies, furniture or other property in or out of the Premises must be approved by Landlord prior to any such movement. Landlord shall have the right to prescribe the maximum weight, size and position of all equipment, materials, furniture or other property brought into the Premises. Heavy objects shall, if considered necessary by Landlord, stand on a platform of such thickness as is necessary properly to distribute the weight. Landlord will not be responsible for loss of or damage to any such property from any cause, and all damage done to the Premises or Common Area by moving or maintaining such property shall be repaired at the expense of tenants.

7. Tenant shall not use or keep in the Premises any kerosene, gasoline or inflammable or combustible fluid or material other than limited quantities thereof reasonably necessary for the operation or maintenance of Tenant's approved equipment, such as approved cooking equipment for a restaurant. Tenant shall not use any method of heating or air conditioning other than that approved by Landlord. Tenant shall not use or keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Pier Retail/Restaurant Area by reason of noise, odors or vibrations, or interfere in any way with other tenants or those having business nearby, nor shall any animals or birds be brought or kept in the Premises. All materials stored in the Premises by Tenant shall be stored in compliance with all applicable laws and shall not exceed the maximum floor load for the Premises as reasonably determined by Landlord.

8. Landlord shall have the right, exercisable without notice and without liability to any tenant, to change the name or street address of the Premises.

9. Except as expressly set forth in the Lease, Landlord establishes the Minimum Hours of Operation as reasonable and usual business hours. If during any other hours or any other days, Tenant desires to have any services or utilities supplied to Tenant, and if Landlord is able to provide the same, Tenant shall pay Landlord such charge as Landlord shall establish from time to time for providing such services or utilities during such hours. Any such charges which such Tenant is obligated to pay shall be deemed to be additional rent under such Tenant's lease.

10. Tenant agrees to cooperate fully at all times with Landlord and to abide by all regulations and requirements which Landlord may prescribe for the proper functioning and protection of the air conditioning system (if any). Tenant agrees not to connect any apparatus device, conduit or pipe to the Premises chilled and hot water conditioning supply lines. Tenant further agrees that neither tenant nor its servants, employees, agents, visitors, licensees or contractors shall at any time enter mechanical installations or facilities of the Premises or adjust, tamper with, touch or otherwise in any manner affect said installations or facilities.

11. Landlord reserves the right to stop service of the elevator, plumbing, ventilating, air conditioning and electric systems, when necessary, by reason of accident or emergency or for repairs, alterations or improvements, in the judgment of Landlord desirable or necessary to be made, until said repairs, alterations or improvements shall have been completed, and shall further have no responsibility or liability for failure to support elevator facilities, plumbing, ventilating, air conditioning or electric service, when prevented from doing so by strike or accident or by any cause beyond Landlord's reasonable control or by laws, rules, orders, ordinances, directions, regulations or requirements of any federal, state, county or municipal authority or failure of gas, oil or other suitable fuel supplied or inability by exercise of reasonable diligence to obtain gas, oil or other suitable fuel. It is expressly understood and agreed that any covenants on Landlord's part to furnish any service pursuant to any of the terms, covenants, conditions, provisions or agreements of Tenant's lease or to perform any act or thing for the benefit of Tenant, shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of a strike or labor trouble or any other cause whatsoever beyond Landlord's control.

12. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Pier Retail/Restaurant Area of any person. In the case of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in Landlord's opinion, Landlord reserves the right to prevent access to the Pier Retail/Restaurant Area during the continuance of the same by such action as Landlord may deem appropriate, including closing doors.

13. The directory of the Pier Retail/Restaurant Area will be provided for the display of the name and location of Tenant the expense of such Tenant. Periodic revisions and updating shall be provided by Landlord without charge.

14. No curtains, draperies, blinds, shutters, shades, screens or other coverings, hangings or decorations shall be attached to, hung or placed in, or used in connection with any window of the Premises without the prior written consent of Landlord. In any event, with the prior written consent of Landlord, such items shall be installed on the inside of the window. Tenants shall keep window coverings closed when the effect of sunlight (or the lack thereof) would impose unnecessary loads on the Premises' heating or air conditioning system (if any).

15. Tenant shall ensure that the doors of its Premises are closed and locked and that all water faucets, water apparatus and utilities are shut off before Tenant or Tenant's employees leave the premises so as to prevent waste or damage, and for any default or carelessness in this regard, Tenant shall compensate for all injuries sustained by other tenants or occupants of the Pier

Retail/Restaurant Area or Landlord.

16. Except with the prior written consent of Landlord, no tenant shall sell at retail newspapers, magazines, periodicals, theater or travel tickets or any other goods or merchandise to the general public in or on the Premises, nor shall any tenant carry on or permit or allow any employee or other person to carry on the business of stenography, typewriting, printing or photocopying or any similar business in or from the Premises for the service or accommodation of occupants of any other portion of the Pier Retail/Restaurant Area, nor shall the premises of any tenant be used for manufacturing of any kind, or any business activity other than that specifically provided for in the tenant's lease.

17. Tenant shall not install any radio or television antenna, satellite dish, loudspeaker, or other device on the roof or exterior walls of the Premises. No television or radio or recorder shall be played in such a manner as to be audible outside the Premises and cause a nuisance to any other tenant.

18. There shall not be used in any space, either by Tenant or others, any hand trucks except those equipped with rubber tires and side guards or such other material handling equipment as Landlord approves. No other vehicles of any kind shall be brought by any tenant into the Pier Retail/Restaurant Area or kept in or about its premises.

19. Each tenant shall store all its trash and garbage within its premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage, without being in violation of any law or ordinance governing such disposal. All garbage and refuse disposal shall be made only through entryways and elevators provided for such purposes and at such times as Landlord shall designate.

20. Canvassing, soliciting, distribution of handbills or any other written material and peddling in the Pier Retail/Restaurant Area are prohibited, and each tenant shall cooperate to prevent the same.

21. The requirements of tenants will be attended to only upon application in writing to Landlord. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

22. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the agreements, covenants, conditions and provisions of any lease of Premises.

23. Landlord reserves the right to make such other rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Pier Retail/Restaurant Area and for the preservation of good order therein.

24. All construction projects and tenant improvement work must conform to the City's Municipal Code.

29. Tenant agrees that all employees will park in the rear of the parking structure and that the westward parking spaces are to be reserved for customers.

30. Tenant agrees to limit the sale of beer and alcohol to:

- Prior to 10:30 AM: No beer or alcohol sales.
- 10:30 AM – 12:00 PM: Alcohol sold only with food orders.
- After 12:00 PM: Beer sales will be limited to a maximum size of a 16 oz. container.
- If alcohol is to be served in a disposable container, the container must contain a printed logo or brand of Tenant.

31. Tenant shall display and enforce signage indicating that a “no shirt, no shoes, no service” policy is in effect.

EXHIBIT G

LEASE RIDER
(if applicable)

EXHIBIT H

LEASE CONFIRMATION

TO:

DATED: April 6, 2021

Re: Lease dated April 6, 2021 by and between CITY OF REDONDO BEACH a chartered city and municipal corporation as Landlord, and Tony Tran, an individual dba Mini Chinese Restaurant as Tenants (the "Lease") for those premises generally referred to as 204 Fisherman's Wharf, Redondo Beach, CA 90277 (the "Premises").

Please acknowledge that the Commencement Date of the Lease is April 6, 2021 and that the Expiration Date of the Lease is April 5, 2026.

Very truly yours,

Agent for "Landlord"

Tenant hereby confirms the information set forth above, and further acknowledges that Landlord has fulfilled its obligations under the above-referenced Lease.

By:
Its:

By:
Its:

EXHIBIT I

TENANT IMPROVEMENTS
(if applicable)

EXHIBIT J

Recording requested by
and when recorded return to:

CITY OF REDONDO BEACH
415 Diamond Street
Redondo Beach, CA 90277
Attn: City Clerk

No Recording Fee
Exempt pursuant to Government Code § 6103

▪

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into as of April 6, 2021, by and between the CITY OF REDONDO BEACH, a chartered municipal corporation, hereinafter referred to as the "Landlord" and Tony Tran, an individual, dba Mini Chinese Restaurant hereinafter referred to as "Tenant."

RECITALS

A. Landlord and Tenant have entered in a Lease (hereinafter, "Lease") dated April 6, 2021, for certain premises which are located on real property which is legally described in **Exhibit A** attached hereto and incorporated herein by reference (the "Premises"). Copies of the Lease and Addendum are available for public inspection at Landlord's office at 415 Diamond Street, Redondo Beach, CA 90277.

B. The Lease, as amended, provides that a short form memorandum of the Lease shall be executed and recorded in the Official Records of Los Angeles County, California.

NOW, THEREFORE, the parties hereto certify as follows:

1. Landlord, pursuant to the Lease, has leased the Premises to the Tenant upon the terms and conditions provided for therein, generally for the purposes of: take out restaurant selling Chinese and American cuisine and corn on the cob but excluding hot dogs on sticks and fresh lemonade.

2. Unless earlier terminated, the term of the Lease shall expire on April 5, 2026.

3. This Memorandum is not a complete summary of the Lease, and shall not be used to interpret the provisions of the Lease.

IN WITNESS WHEREOF, Landlord and Tenant caused these presents to be subscribed, all as of the day and year first above written.

CITY OF REDONDO BEACH

William C. Brand
Mayor

ATTEST:

Eleanor Manzano
City Clerk

APPROVED AS TO FORM:

Michael W. Webb
City Attorney

TONY TRAN, AN INDIVIDUAL
DBA MINI CHINESE RESTAURANT

Tony Tran

State of California }
 } ss.
County of Los Angeles }

On _____, 20__, 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)

State of California }
 } ss.
County of Los Angeles }

On _____, 20__, 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)



Administrative Report

H.14., File # 21-2239

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL
From: TED SEMAAN, PUBLIC WORKS DIRECTOR

TITLE

APPROVE PLANS AND SPECIFICATIONS FOR THE CITYWIDE SLURRY SEAL PROJECT, PHASE 2, JOB NO. 41140 AND AUTHORIZE THE CITY CLERK TO ADVERTISE THE PROJECT FOR COMPETITIVE BIDS

EXECUTIVE SUMMARY

The Citywide Slurry Seal Program is a multi-year project, included in the City's current capital budget. This project is the second phase of the program and includes the streets authorized by the City Council in September 2020 as part of the three-year work plan. The streets as shown on the attached map.

The plans and specifications for the project are ready for competitive bidding and are available for review at the Plans and Specifications Review Area located behind the Engineering permit counter at City Hall. The Engineer's cost estimate for the Citywide Slurry Seal Project is \$1,205,000. Construction is expected to begin in Summer 2021 and take forty-five (45) working days to complete.

BACKGROUND

The Citywide Slurry Seal Program is an on-going Capital Improvement Program that applies crack seal, slurry seals and refreshed striping and pavement markings to the City's streets. The program increases the life of the existing pavement thereby reducing the frequency of more expensive rehabilitation methods. This project supports the City's Strategic Plan goal to assess, prioritize, and plan for park/open space acquisition and for reconstruction of major City facilities and infrastructure.

In January 2018, the City Council gave direction to set the budget scenario a goal of improving the City's PCI to 75 within 10 years to determine the City's budget for street maintenance projects. The City has worked towards achieving the goal of a PCI 75 by 2027 through the construction of capital improvement projects, including the Citywide Slurry Seal Program, and the City's crews performing smaller maintenance projects.

Every three years the City surveys the condition of roadway pavement for all of its streets and prepares a report that helps prioritize future street rehabilitation projects to comply with the requirements of GASB 34. The City relies on the assistance of a specialized engineering consultant to perform this work.

On September 15, 2020, City Council discussed the triennial Citywide Pavement Management Survey Report (2020 Citywide PMS Report) and approved the streets that were recommended, Pavement Management City Wide Option A, for both rehabilitation and slurry seal treatment for the next three years, see attached map. The [2020 Citywide PMS Report](https://www.redondo.org/civicax/filebank/blobdload.aspx?t=41804.86&BlobID=38918) <<https://www.redondo.org/civicax/filebank/blobdload.aspx?t=41804.86&BlobID=38918>> on the City's Engineering webpage, and the three year workplan is presented in Appendix E of that report. The plans and specifications for the Citywide Slurry Seal Project - Phase 2 have been prepared in accordance with the City Council approved streets for slurry seal treatment in 2021.

The plans and specifications are ready for City Council approval and authorization for competitive bidding. The Engineer's cost estimate for the Citywide Slurry Seal Project, Phase 2 is \$1,205,000. The bidding process is anticipated to be complete in May with a contract award by the City Council. Construction on this project is expected to begin in Summer 2021 with a project duration of forty-five (45) working days.

COORDINATION

The project has been coordinated with the Streets and Engineering Divisions in the Public Works Department.

FISCAL IMPACT

The Engineer's cost estimate for this project is \$1,205,000, which is within the current FY 20-21 CIP budget. Residential Street Rehabilitation Project Funds will be used to fund underlying street repairs, as necessary.

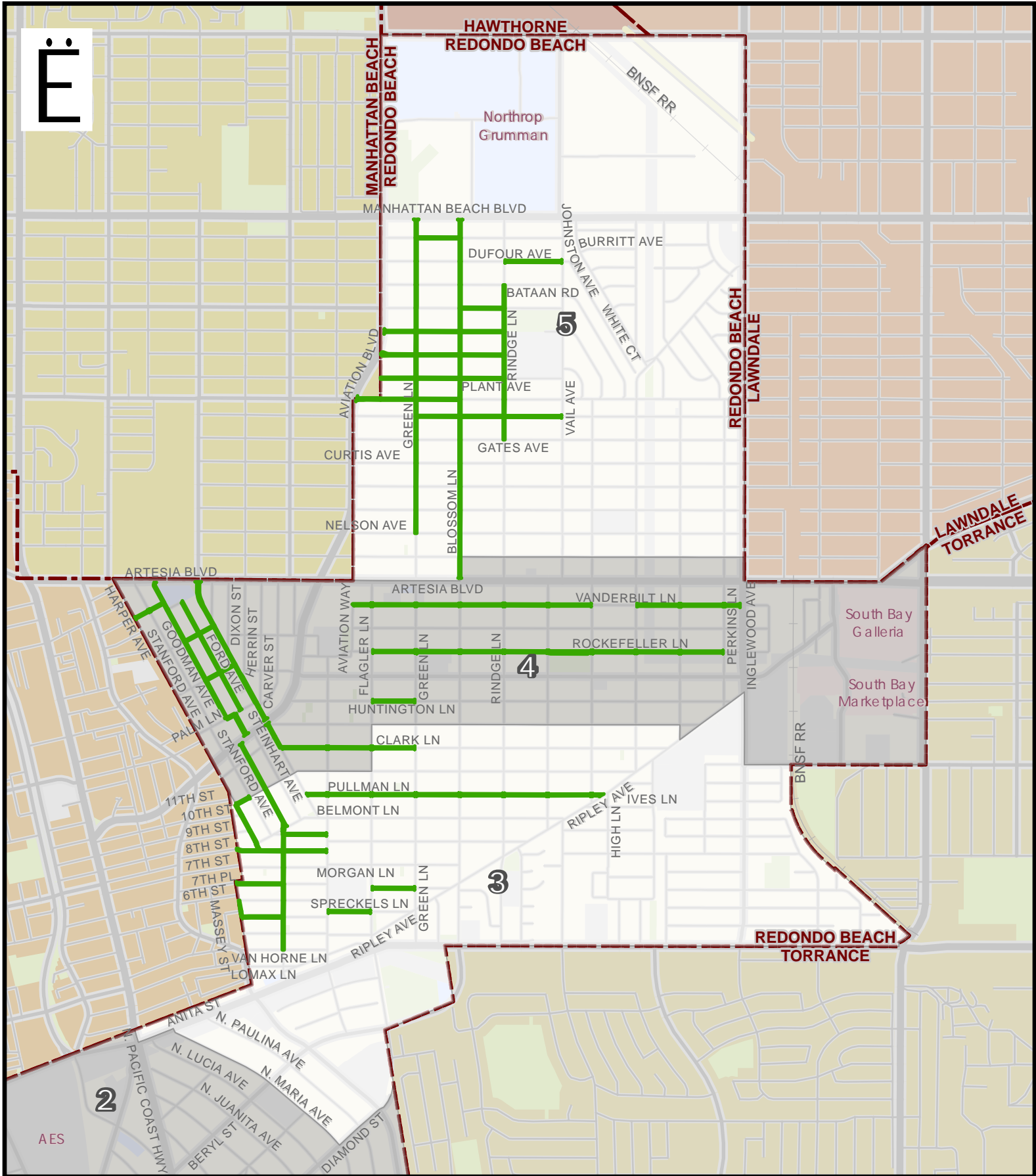
<u>Funding</u>		<u>Expenditures</u>	
Measure R (Local) Res. Rehab	\$ 268,000	Construction Estimate	\$ 980,000
Measure R (Local) Slurry	\$ 120,000	Contingency	\$ 125,000
Trash Hauler Impact	\$ 817,000	CM & Inspection	\$ 100,000
Total	\$1,205,000	Total	\$1,205,000

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

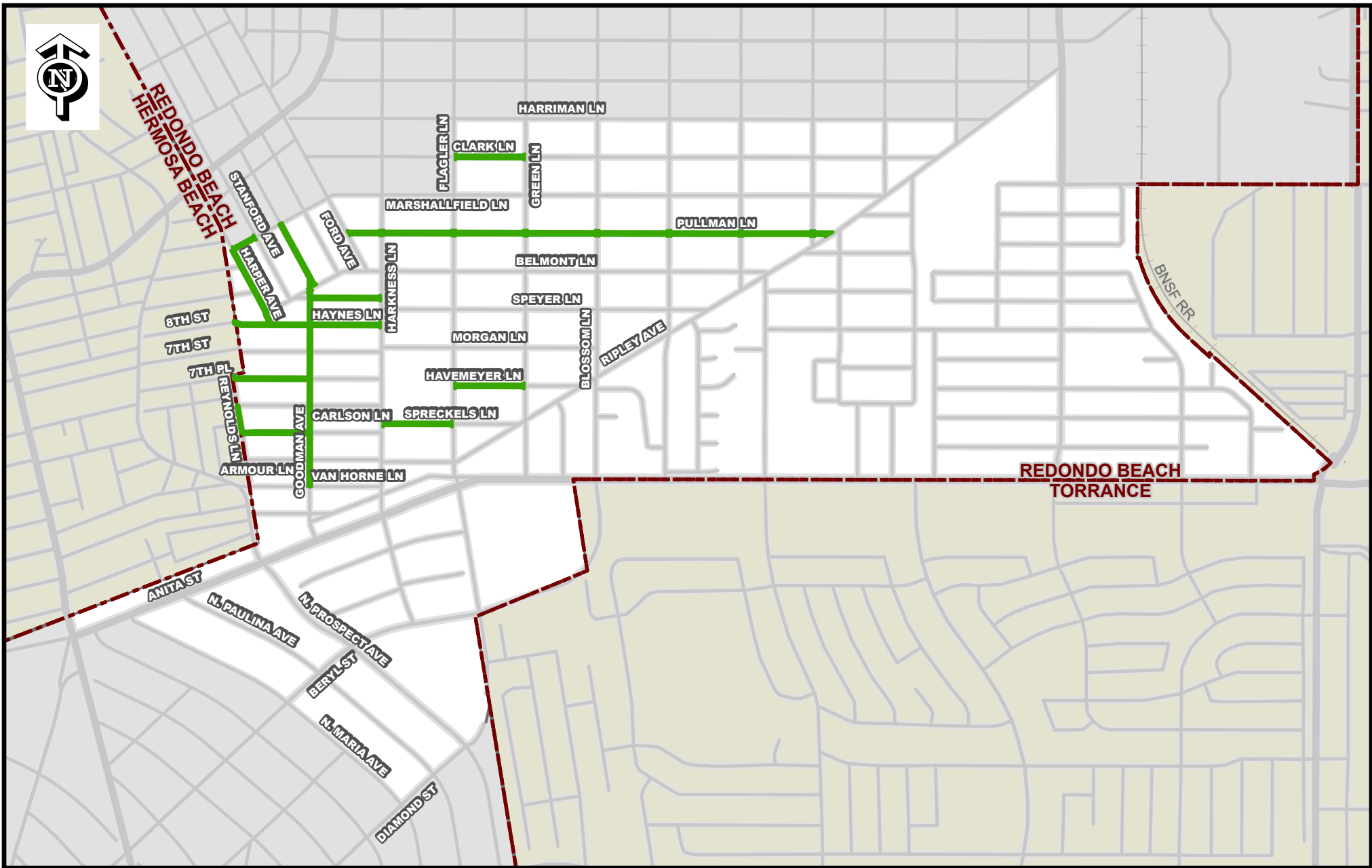
1. Project Maps - Citywide Slurry Seal, Phase 2
2. Pavement Management City Wide Rehabilitation & Slurry Seal Map - 2021-23



Citywide Slurry Seal Project, Phase 2
Job No. 41140

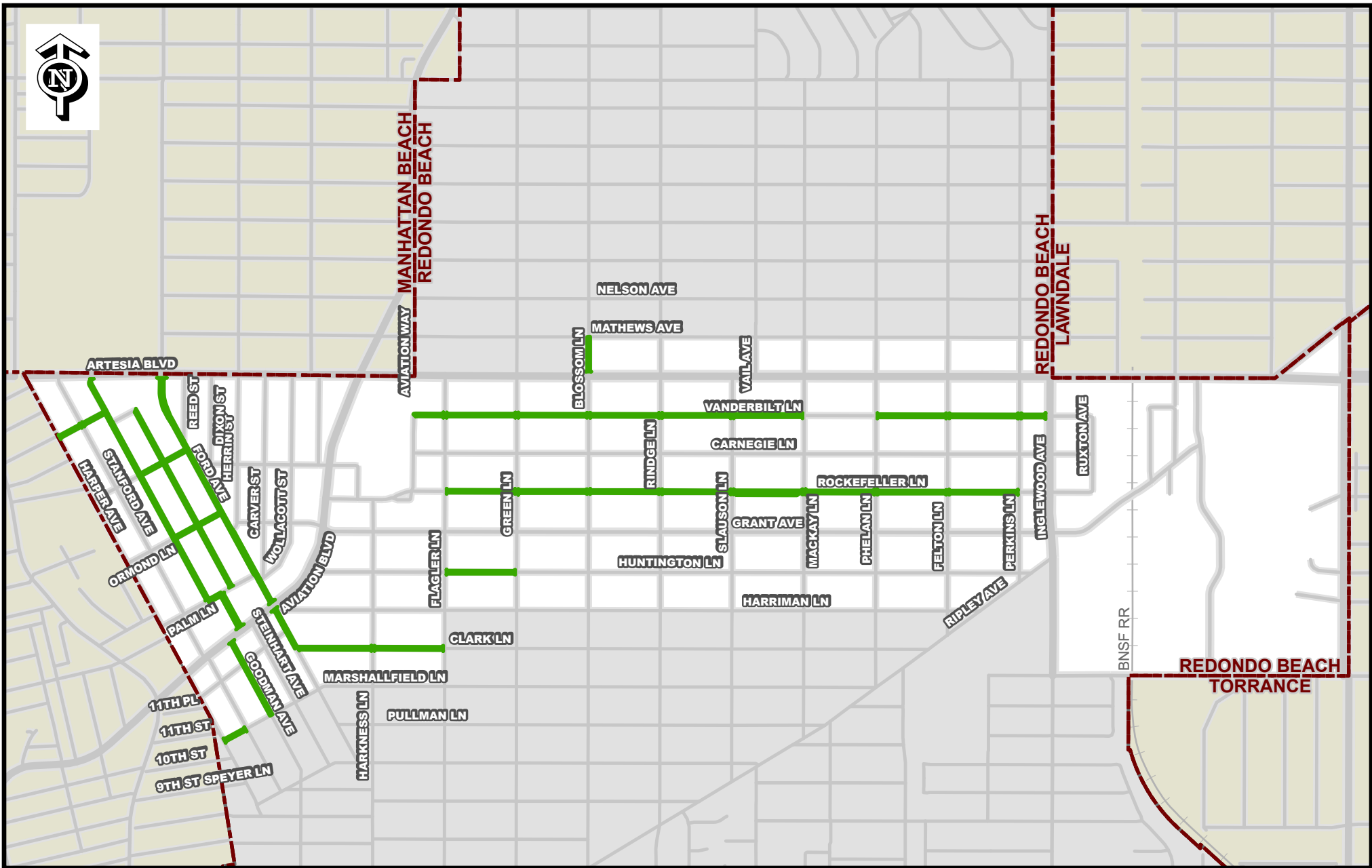
Slurry Seal 2021






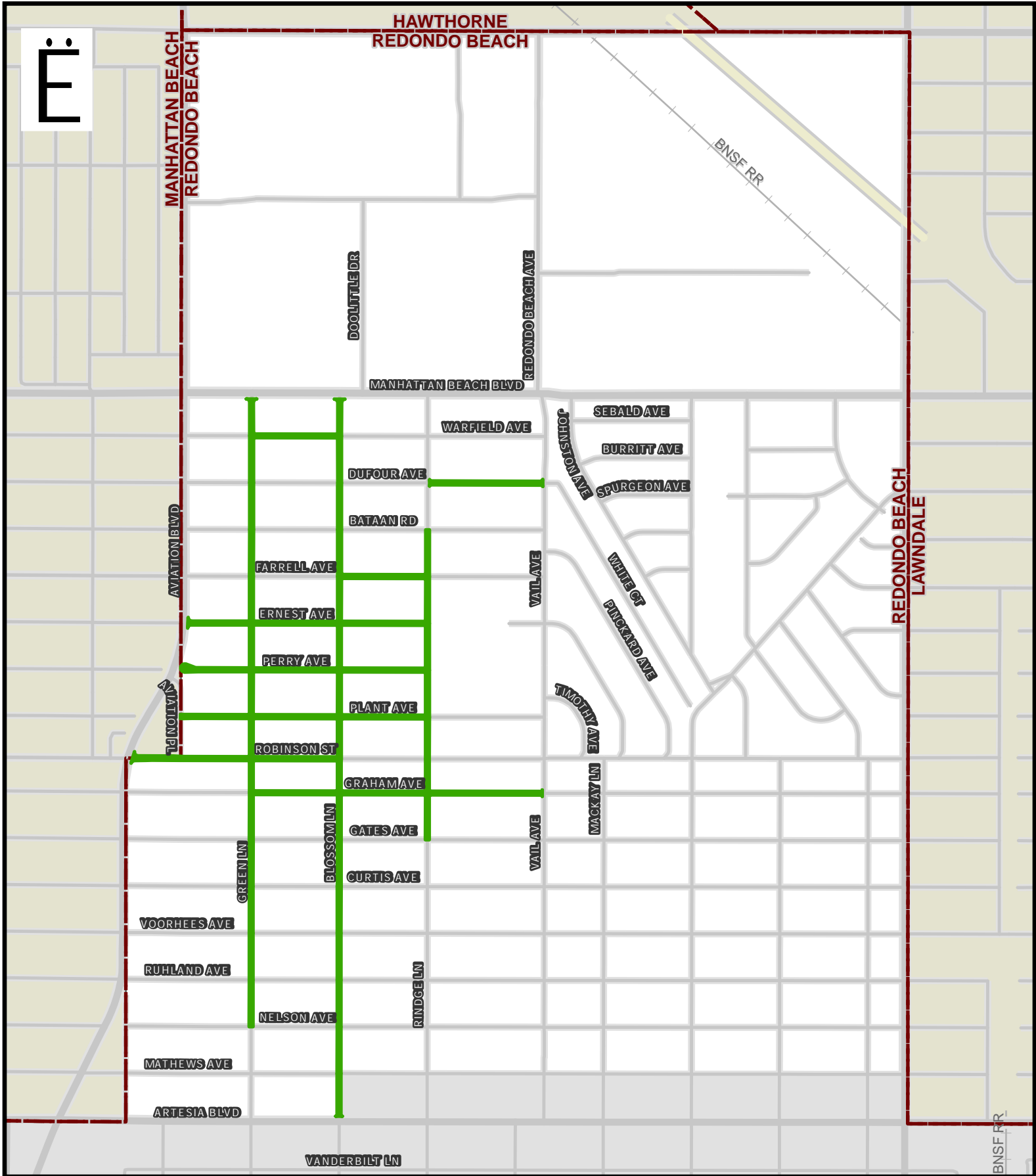
Council District 3
Citywide Slurry Seal Project, Phase 2, Job No. 41140

 Slurry Seal 2021



Council District 4
Citywide Slurry Seal Project, Phase 2, Job No. 41140

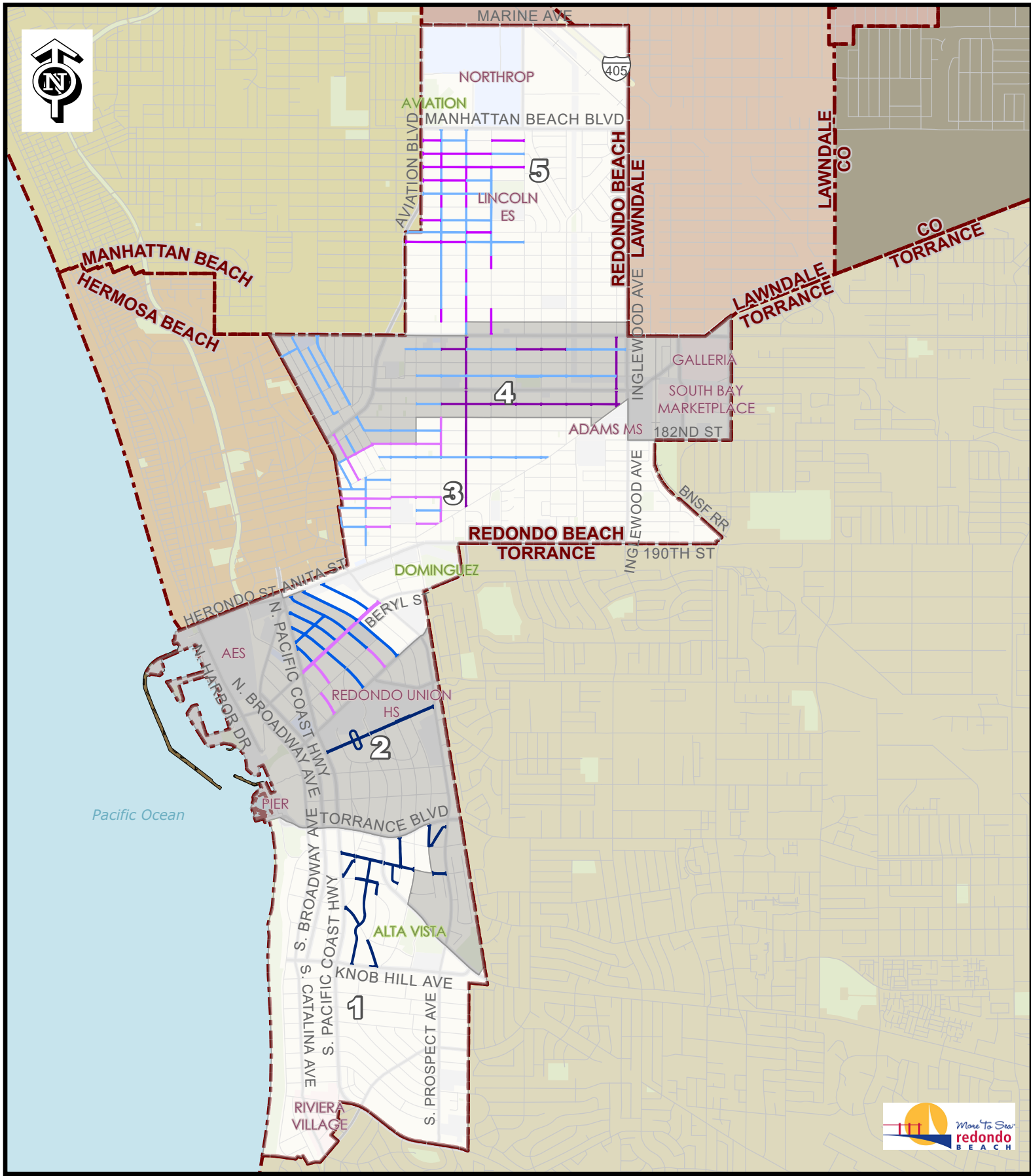
 Slurry Seal 2021









Council District 5
Citywide Slurry Seal Project, Phase 2, Job No. 41140

Slurry Seal 2021





Pavement Management City Wide Option A

- | | | |
|----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
|  Residential Street Rehabilitation 2021 |  Residential Street Rehabilitation 2023 |  Slurry Seal 2022 |
|  Residential Street Rehabilitation 2022 |  Slurry Seal 2021 |  Slurry Seal 2023 |



Administrative Report

H.15., File # 21-2242

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL
From: TED SEMAAN, PUBLIC WORKS DIRECTOR

TITLE

ACCEPT AS COMPLETE THE RESIDENTIAL STREET REHABILITATION PROJECT, CYCLE 2, PHASE 1 & 2, JOB NO. 40190, AND AUTHORIZE THE CITY ENGINEER TO FILE A NOTICE OF COMPLETION FOR THE PROJECT WITH THE LOS ANGELES COUNTY RECORDER AND RELEASE THE FINAL RETENTION PAYMENT OF \$226,502.13 TO PALP INC., DBA EXCEL PAVING COMPANY, UPON EXPIRATION OF THE 35-DAY LIEN PERIOD AFTER SAID RECORDATION AND NO CLAIMS BEING FILED UPON THE PROJECT

EXECUTIVE SUMMARY

On August 20, 2019, the City Council awarded Palp Inc., dba Excel Paving Company, a public works contract for \$4,688,777 for construction of the Residential Street Rehabilitation Project, Cycle 2, Phases 1 & 2, Job No. 40190. During construction staff issued four (4) change orders for additional street reconstruction work, site preparation and grading for the Emergency Pallet Housing Project, and reconciling final bid quantities for a total of (\$158,734.44), bringing the final contract amount to \$4,530,042.56, a 3.4% savings over the awarded bid amount.

The project is now complete and ready to for City Council acceptance and authorization to release the final retention amount of \$226,502.13 to the contractor upon expiration of the 35-day lien period and there being no claims filed.

BACKGROUND

The Residential Street Rehabilitation Project is an on-going Capital Improvement Program that resurfaces and repairs residential streets. The project increases the life of the existing pavement and improves the ride of the streets. This project supports the City's Strategic Plan goal to assess, prioritize, and plan for park/open space acquisition and for reconstruction of major City facilities and infrastructure.

On May 7, 2019, the City Council approved the Residential Street Rehabilitation, Cycle 2, Phases 1 & 2 project plans and specifications and authorized the City Clerk to advertise the project for competitive bids.

On July 18, 2019, six (6) bids were received and publicly opened in the City Clerk's office. After reviewing the bids, Palp Inc., dba Excel Paving Company with a bid amount of \$4,688,777 was found to be the lowest responsible bidder.

On August 20, 2019, the City Council awarded Palp Inc., dba Excel Paving Company, a public works contract for \$4,688,777 for construction of the Residential Street Rehabilitation Project, Cycle 2, Phases 1 & 2, Job No. 40190. During construction staff issued four (4) change orders for additional street reconstruction work, site preparation and grading for the Emergency Pallet Housing Project, and reconciling final bid quantities for a total of (\$158,734.44), bringing the final contract amount to \$4,530,042.56. A map showing the streets and areas where work was completed is attached to this report.

The project is now complete and ready for City Council acceptance and authorization to release the final retention amount of \$226,502.13 to the contractor upon expiration of the 35-day lien period and there being no claims filed.

COORDINATION

This project has been fully coordinated with the Public Works Engineering and Maintenance Divisions.

FISCAL IMPACT

Funding

State Gas Tax (SB-1)	\$2,140,550
TDA Article 3	\$ 82,255
Measure M (Local)	\$ 763,950
CIP Funds	\$ 866,645
Measure R (Local)	\$ 811,690
Disaster Recovery Fund	\$ 141,475

Total \$4,806,565

Expenditures

Excel Paving	\$4,530,043
KOA Corp. (Inspection)	\$ 175,920
Project Management	\$ 100,602

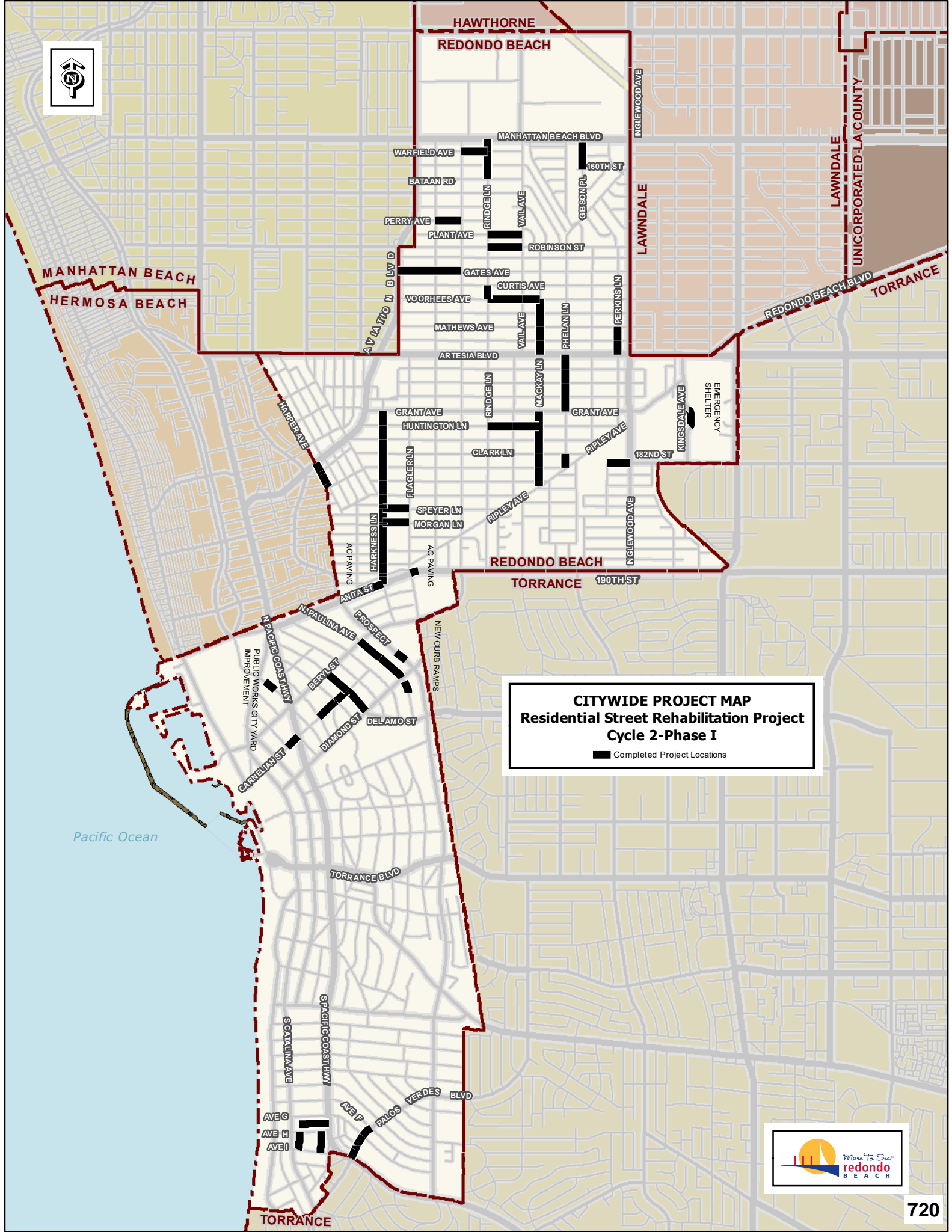
Total \$4,806,565

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENT:

1. Map of work performed under this project



CITYWIDE PROJECT MAP
Residential Street Rehabilitation Project
Cycle 2-Phase I
■ Completed Project Locations





Administrative Report

H.16., File # 21-2273

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL

From: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT
DIRECTOR

TITLE

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2104-032, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO RDR PROPERTIES, LLC

APPROVE THE 2ND AMENDMENT TO THE MASTER LEASE BETWEEN THE CITY OF REDONDO BEACH AND RDR PROPERTIES, A CALIFORNIA LLC, FOR THE LEASEHOLD COMMONLY KNOWN AS THE REDONDO PIER APPROACH LOCATED AT 100 FISHERMAN'S WHARF TO MODIFY THE CALCULATION OF PERCENTAGE RENT FOR SPACES 100 "I" AND 100 "J" FISHERMAN'S WHARF

EXECUTIVE SUMMARY

In 2008, the City executed a lease with RDR Living Trust for the area commonly referred to as the Redondo Pier Approach and/or the Redondo Landing. The lease was amended in 2012 and subsequently assigned to RDR Properties in 2015. RDR Properties is seeking a Second Amendment to the lease to modify the percentage rent applicable to the two basement spaces located at 100 "I" and 100 "J" Fisherman's Wharf.

The proposed lease amendment would modify the percentage rent calculation for the basement spaces from a 3.5% share of all gross revenues to a 12% share of all rent collected by RDR Properties from any tenant occupying the spaces. The basement rent may be comprised of base rent, percentage rent, or a combination of both. The basement spaces have been vacant for several years and the modification to the percentage rent structure is expected to enhance the marketability and occupancy of the spaces.

BACKGROUND

In 2008, the City executed a lease with RDR Living Trust for the area commonly referred to as the Redondo Pier Approach and/or the Redondo Landing. The lease was amended in 2012 and subsequently assigned to RDR Properties in 2015. The leasehold is approximately 30,000 square feet split into 14 spaces on three levels, primarily occupied by retail shops and restaurants.

The basement level of the leasehold is comprised of two spaces - 100 "I" and 100 "J" Fisherman's Wharf - both of which are fully improved nightclub spaces that have been used consistently for that

purpose since the building was constructed in 1972. The spaces have been vacant for several years, with the last two tenants to occupy the spaces being The Boogie in space 100 “I” and BriXton South Bay in space 100 “J”.

To improve the marketability of the two basement spaces, RDR Properties requested the City consider two separate actions: (i) approval of a Master Conditional Use Permit (CUP) that would apply a consistent set of operating conditions to both spaces; and (ii) an amendment to the RDR Master Lease to modify the percentage rent calculation applicable to the spaces. With regard to the CUP, the Harbor Commission took up the matter at their March 8, 2021 meeting and unanimously approved the Master CUP.

RDR Properties is now requesting the City Council approve a Second Amendment to the Master Lease to modify the percentage rent applicable to the basement spaces. Under the terms of the Master Lease, the City is entitled to collect a percentage rent of 3.5% of gross sales from any tenant occupying a basement space(s). The proposed amendment would modify the amount and method of calculation of percentage rent payable to the City by changing the 3.5% share of all gross revenues to a 12% share of all rent collected by RDR Properties from any tenant occupying the spaces. The rent collected by RDR may be comprised of base rent, percentage rent, or a combination of both. More specifically, the Amendment would establish a new defined term - Basement Subtenant Rent - which defines the rent subject to the 12% calculation.

The term of the lease with RDR Properties is for 55 years with two options to extend the lease an additional 11 years. The Lease was executed in 2008 and thus, if both options are exercised by RDR, the expiration date for the Master Lease is 2074. The proposed Lease Amendment would fix the percentage rent for the basement spaces at 12% for 30 years - at which time the City will have the option to exercise its percentage rent renegotiation rights.

COORDINATION

The Waterfront and Economic Development Department collaborated with the City Attorney’s Office on this report. The City Attorney’s Office has approved the document as to form.

FISCAL IMPACT

The spaces at 100 “I” and 100 “J” have sat vacant for several years - during which time the City has not collected any rental income. RDR Properties has indicated that the current percentage rent structure is an impediment to leasing the spaces and is requesting a modification to the percentage rent structure. It is difficult to assess the fiscal impact to the City of this proposed amendment in the abstract - as there are no current tenants or revenues. Generally, percentage rent structures that apply to gross revenues are more advantageous to the City. However, given the basement spaces have sat vacant for an extended period of time - a decision to shift the rent structure to enhance marketability and the improve the opportunity for occupancy - and thus revenue to the City - would provide a positive fiscal impact to the City’s Uplands Fund.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Resolution No. CC-2104-032

Lease between the City of Redondo Beach and RDR Properties

1st Amendment to the Lease between the City of Redondo Beach and RDR Properties

2nd Amendment to the Lease between the City of Redondo Beach and RDR Properties

RESOLUTION NO. CC-2104-032

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO RDR PROPERTIES, LLC

WHEREAS, Section 2-21.01, Chapter 21, Title 2, of the Redondo Beach Municipal Code provides that any lease of public land owned or controlled by the City of Redondo Beach, or by any department or subdivision of the City, shall be administratively approved by resolution; and

WHEREAS, the City Council shall approve the subject lease only upon the making of certain findings.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the City Council of the City of Redondo Beach approves a Second Amendment to the Lease Agreement ("Second Amendment") with RDR Properties, LLC, a California Limited Liability Company with reference to that certain Lease Agreement dated July 1, 2008, as amended by the First Amendment to Lease Agreement dated November 20, 2012, (collectively referred to as "Lease") between the City and Tenant's predecessor in interest, RDR Living Trust of 1966, for the property commonly known as Redondo Pier Approach, located at 100 Fisherman's Wharf, Redondo Beach, CA 90277, as further detailed in the Second Amendment attached hereto as Exhibit "A" and incorporated herein as set forth in full.

SECTION 2. That the City Council of the City of Redondo Beach hereby finds:

1. The Lease will result in a net economic or other public benefit to the City of Redondo Beach or the general public; and
2. The granting of the Lease is consistent with and will further the fiscal, budgetary and applicable economic development, social, recreational, public safety or other applicable adopted policies of the City; and
3. The Lease, and all land uses and development authorized by the Lease, are consistent with all applicable provisions of the general plan, the Coastal Land Use Plan where applicable, and the applicable zoning ordinances of the City; and
4. The Lease and all land uses and development authorized by the Lease, are consistent with and will carry out the goals, standards and policies of any specific plan applicable to the Lease property; and
5. The Lease and its purposes are consistent with all other applicable provisions of law; and
6. The Lease and all land uses and development authorized by the Lease are consistent with terms of and will further the purposes of the grant from the State and all applicable laws and agreements governing use of the land; and
7. The Lease shall not exceed sixty-six (66) years.

PASSED, APPROVED AND ADOPTED this 6th day of April, 2021.

William C. Brand, Mayor

APPROVED AS TO FORM:

ATTEST:

Michael W. Webb, City Attorney

Eleanor Manzano, CMC, City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF REDONDO BEACH)

I, Eleanor Manzano, City Clerk of the City of Redondo Beach, California, do hereby certify that Resolution No. CC-2104-032 was passed and adopted by the City Council of the City of Redondo Beach, California, at a regular meeting of said City Council held on the 6th day of September, 2016, and there after signed and approved by the Mayor and attested by the City Clerk, and that said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Eleanor Manzano, CMC
City Clerk

EXHIBIT A

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

COPY

BROWN, WINFIELD & CANZONERI, INC.
300 South Grand Avenue, Suite 1500
Los Angeles, California 90071
Attention: Dennis S. Roy, Esq.

MEMORANDUM OF LEASE

This Memorandum of Lease, dated for identification purposes only as of July 1, 2008, is entered into by CITY OF REDONDO BEACH, a chartered municipal corporation ("Landlord") and ROBERT DALE RESNICK, as Trustee of the RDR Living Trust of 1996 ("Tenant").

1. Grant of Lease: Term. For good and valuable consideration received, Landlord leases to Tenant, and Tenant leases from Landlord, that certain real property (the "Property") located in the City of Redondo Beach, County of Los Angeles, State of California, described in Exhibit "A" attached hereto and incorporated herein by this reference, together with all buildings, structures, improvements and fixtures now or hereafter erected thereon during the initial term of the Lease, commencing on the Lease Commencement Date (as defined in the Lease) and expiring, without notice or other action by either party, at 11:50 p.m. Pacific Time, on the day prior to the fifty-fifth (55th) anniversary of the Lease Commencement Date, subject to the terms, conditions, provisions and covenants of that certain Lease Agreement (the "Lease") between the Parties hereto, dated for identification purposes only as of the 1st day of July, 2008. Pursuant to the terms and conditions of the Lease, Tenant has the right to extend the term of the Lease for two (2) separate additional option periods. The first option period shall be a six (6) year period commencing when the initial Term expires. The second option period shall be a five (5) year period commencing when the first option period expires. All of the terms, provisions and covenants of the Lease are incorporated in this Memorandum of Lease by reference as though written out at length herein, and the Lease and this Memorandum of Lease shall be deemed to constitute a single instrument or document.

2. Purpose of Memorandum of Lease. This Memorandum of Lease is prepared for recordation purposes only, and it in no way modifies the terms, conditions, provisions and covenants of the Lease. In the event of any inconsistency between the terms, conditions, provisions and covenants of this Memorandum of Lease and the Lease, the terms, conditions, provisions, and covenants of the Lease shall prevail.

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

The Parties hereto have executed this Memorandum of Lease at the place and on the dates specified immediately adjacent to their respective signatures.

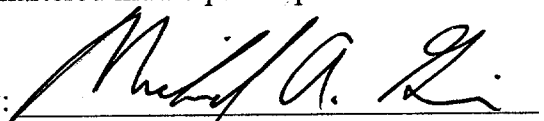
TENANT:

RDR LIVING TRUST OF 1996

By: _____
Robert Dale Resnick, Trustee

LANDLORD:

CITY OF REDONDO BEACH,
a chartered municipal corporation

By:  _____
Michael A. Gin, Mayor

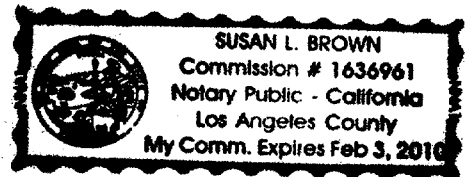
STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On MAY 13, 2008, before me, Susan L. Brown, Notary Public, personally appeared Michael A. Gin, 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: Susan L. Brown (Seal)



STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On _____, before me, _____, 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)

EXHIBIT "A"

PROPERTY

Those certain tidelands and submerged lands in the City of Redondo Beach, County of Los Angeles, State of California, more particularly described as follows:

Beginning at a point on the southerly line of Coral Way (formerly known as Pier Avenue) produced westerly, which bears south $74^{\circ}-42'-35''$ west, a distance of 66.12 feet from the northwest corner of Lot B, Tract 5322, as recorded in Map Book 56, pages 91 and 92, records of said County in said State,
to the westerly line of Harbor Drive; thence south $74^{\circ}-42'-35''$
west a distance of 192.15 feet, thence north $15^{\circ}-17'-25''$
west a distance of 9.00 feet, thence south $74^{\circ}-42'-35''$
west a distance of 24.85 feet, thence south $15^{\circ}-17'-25''$
east a distance of 22.00 feet, thence south $74^{\circ}-42'-35''$
west a distance of 23.79 feet, thence south $15^{\circ}-17'-25''$
east a distance of 67.79 feet, thence north $74^{\circ}-42'-35''$
east a distance of 0.79 feet, thence north $15^{\circ}-17'-25''$
west a distance of 0.79 feet, thence north $74^{\circ}-42'-35''$
east a distance of 240.28 feet, thence north $15^{\circ}-29'-25''$
west along the westerly line of said Harbor Drive a distance of 80.00 feet to the Point of Beginning

Containing therein approximately 11,604 square feet.

COPY

LEASE AGREEMENT

by and between

**City of Redondo Beach,
a chartered municipal corporation**

and

**Robert Dale Resnick,
as Trustee of the
RDR Living Trust of 1996**

Dated July 1, 2008

SUMMARY OF LEASE TERMS

The information provided below is a summary of detailed provisions set forth in this Lease agreement by and between Landlord and Tenant identified below. This summary is intended to provide an overview only and is not intended to alter, limit or expand the provisions set forth at length in the Lease. In the event of any conflict between the information in this summary and the other provision of the Lease, the latter shall control.

LANDLORD: City of Redondo Beach, a chartered municipal corporation

TENANT: Robert Dale Resnick, as Trustee of the RDR Living Trust of 1996

PERMITTED USES: See Article 4

DATE OF LEASE: July 1, 2008

LEASE
COMMENCEMENT
DATE: July 1, 2008

TERM: Fifty-Five (55) years

OPTION TO EXTEND: Yes

Length: First option of six (6) years
Second option of five (5) years

BASE RENT: Seven Thousand One Hundred and Seventy-Seven Dollars and 91/00
(\$ 7,177.91) per month, subject to adjustment

A) CPI Adjustment: Yes _____ No _____, Other X

B) Adjustment Dates: Every five (5) years, commencing on the
fifth (5th) anniversary of the Lease Commencement Date and
continuing every five (5) years thereafter.

ADDITIONAL RENT: Yes X No _____

ADDRESS FOR NOTICES:

To Landlord:

City of Redondo Beach
415 Diamond Street
Redondo Beach, California 90277
Attn: Assistant City Manager
Facsimile: (310) 379-9268

To Tenant:

Robert Dale Resnick, as Trustee of the RDR Living Trust of 1996
c/o RDR Properties
1545 Sawtelle Blvd., Suite 21
Los Angeles, California 90025
Attn: Robert D. Resnick
Facsimile: (310) 459-4497

With a copy to:

Brown, Winfield & Canzoneri, Inc.
300 South Grand Avenue, Suite 1500
Los Angeles, California 90071
Attn: Dennis S. Roy, Esq.
Facsimile: (213) 687-2149

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LEASE AGREEMENT

THIS LEASE AGREEMENT ("**Lease**") is dated for identification purposes and is made and entered into as of the 1st day of July, 2008 ("**Lease Commencement Date**"), by and between the City of Redondo Beach, a chartered municipal corporation ("**Landlord**") and Robert Dale Resnick, as Trustee of the RDR Living Trust of 1996.

RECITALS

A. The State of California has granted to Landlord certain tide and submerged lands on condition the Landlord develop, improve and operate said lands for the promotion and accommodation of commerce and navigation, all as more particularly stated in the "**Tidelands Grant**" which grants to Landlord said lands, a copy of which Tidelands Grant is attached hereto as Exhibit "A" and by this reference incorporated herein.

B. The real property which is the subject of this Lease is located in the City of Redondo Beach, California, and more particularly described on Exhibit "B" attached hereto ("**Leased Land**"). The Leased Land either is subject or is adjacent to property which is subject to the terms and conditions of the Tidelands Grant as set forth in Exhibit "A".

C. Landlord is willing to lease to Tenant, and Tenant is willing to hire from Landlord, the Leased Land, for the term and upon the conditions set forth in this Lease. The Leased Land is currently leased to Tenant pursuant to that certain First Restatement and Amendment of Lease, Redondo Pier Approach, dated January 18, 1988, as amended (the "Existing Lease"). The Existing Lease shall remain in effect until the Lease Commencement Date. Upon the Lease Commencement Date, the Existing Lease shall be deemed superseded and replaced by this Lease.

NOW, THEREFORE, Landlord and Tenant agree as follows:

ARTICLE 1 DEFINITIONS, GRANT AND TERM

1.1 **Definitions.** For the purposes of this Lease, the following definitions shall apply:

"**Additional Rent**" shall mean all sums which are to be paid by Tenant to Landlord pursuant to the terms hereof, specifically excluding Base Rent.

"**Assessments**" shall mean any and all special assessments, levies and charges on the Premises made by any governmental entity, political subdivision, community facilities district, maintenance district, and any like entity.

"**Award**" shall have the meaning ascribed to it in Section 11.2(d).

"**Base Rent**" shall have the meaning ascribed to it in Section 3.1.

"Capital Improvement Fund" shall have the meaning ascribed to it in Section 2.3.

"Claims" shall mean any and all claims, demands, obligations, liabilities, costs, charges and expenses (including reasonable attorneys' fees), interest, fines and penalties.

"Default" shall mean, and a Default shall be deemed to have occurred, when a party breaches any of its obligations, agreements, or duties under this Lease and the other party provides written notice to the breaching party of such breach.

"Development Documents" shall mean all plans, drawings, specifications and documents evidencing governmental approvals or partial approvals; permits; environmental documents (including undertakings to complete appropriate environmental mitigations); soil, engineering and planning studies; working drawings and the like; architects' agreements and construction agreements, pertaining to the Development Plan..

"Development Plan" shall mean the plan described in Exhibit "C".

"Fixtures" shall mean the fixtures, furnishings and equipment, installed in the Improvements.

"Gross Income" shall mean any and all gross rentals, receipts, fees, proceeds and amounts of any kind actually received by Tenant from any portion of the Premises, including without limitation, amounts received from or in respect of any Subleases, concessionaires' income, other agreements for use or occupancy, including but not limited to fixed rentals, minimum rentals, rental computed on the basis of sales or other criteria, temporary rentals, proceeds of business interruption and rental loss insurance applicable to or in replacement of such lost rental income, casualty and disaster award proceeds to the extent, but only to the extent, if any, not used towards restoration of the Premises or payment for debt financing secured by the Premises, parking income, advertisement income and signage rights income. Notwithstanding the foregoing, "Gross Income" shall not include (i) any amounts received by Tenant from any Subtenants, licensees or concessionaires as tenant advances or reimbursements of taxes, insurance or utilities (ii) any refundable security or other like deposits; (iii) proceeds of sale, financing or refinancing of the Premises, or Improvements thereon; (iv) proceeds from a Taking of the Premises or a portion thereof; (v) proceeds from any policies of insurance (other than proceeds of rental interruption insurance as provided above or excess casualty of disaster award proceeds not applied to either loan repayment or restoration of the Premises); (vi) the value of free rent or rental abatements granted to Subtenants; and (vii) taxes, licenses and other like fees or charges collected by Tenant and paid over to taxing or other governmental authorities, late charges and interest payable by Subtenants, interest accruing on investment funds of Tenant, and any damage recoveries of Tenant from any Subtenant or other third parties (except for damage recovery reflecting recovery of rent, net of the out-of-pocket costs of collecting such amount, including reasonable attorneys' fees incurred).

"Hazardous Substance" shall mean any product, waste, material or substance, or any by-product or derivative thereof which is (a) 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); (b) defined as a “hazardous substance” under section 26316 of the California Health and Safety Code, division 20, chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (c) 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 Substance” under section 25281 of the California Health and Safety Code, division 20, chapter 6.7 (Underground Storage of Hazardous Substance); (d) gasoline, oil or petroleum; (e) asbestos; (f) a hydrocarbon or polychlorinated biphenyl; (g) defined as “hazardous” or “extremely hazardous” pursuant to article 11 of Title 22 of the California Administrative Code, division 4, chapter 4, chapter 20; (h) designated as a “hazardous substance” pursuant to section 311 of the Clean Water Act, 33 United States Code section 1251 et seq. (33 U.S.C. § 1321) or listed pursuant to section 307 of the Clean Water Act (33 U.S.C. § 6903); (i) defined as a “hazardous substance” pursuant to section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 United States Code section 9601 et seq. (42 U.S.C. § 9602); (j) defined as a “hazardous waste” pursuant to the Resource Conservation and Recovery Act, 42 United States Code section 6901 et seq. (42 U.S.C. § 6901); (k) found to be a pollutant, contaminant, hazardous waste or hazardous substance in any reported decision of a federal or California state court; or (l) whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises is either (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, or (ii) a basis for potential liability to any governmental agency or third party under any Laws or common law theory.

“Improvements” shall mean all improvements located on the Premises as of the Lease Commencement Date or otherwise constructed on the Premises during the Term, including, without limitation, the improvements described in the Development Plan, the improvements described on Exhibit “C” attached hereto, and any replacements, reconstructions or restorations during the Term.

“Insured Loss” shall mean damage or destruction of the Premises which was caused by an event required to be covered by the insurance described in Article 9, irrespective of any deductible amounts of coverage limits involved.

“Landlord” shall mean the City of Redondo Beach.

“Landlord Indemnified Parties” shall mean Landlord, its officers, employees, elected and appointed officials, volunteers, agents, successors and assigns.

“Landlord’s Interest” shall mean Landlord’s interest in the Premises and Landlord’s rights pursuant to this Lease.

“Law” and “Laws” shall mean the applicable statutes, ordinances, rules, codes, requirements, regulations, and the like, of any governmental authority, whether federal, state, or local, or court.

"Lease Commencement Date" shall mean July 1, 2008.

"Leasehold Estate" shall have the meaning ascribed to it in Section 10.1(d).

"Leased Land" shall have the meanings ascribed to it in Recital B.

"Mortgage" shall mean any mortgage or deed of trust executed by Tenant in favor of a Mortgagee, which mortgage or deed of trust constitutes a lien upon any portion of Tenant's Interest.

"Mortgagee" shall mean any lender who has made a loan to Tenant and who holds a lien upon any portion of Tenant's Interest as security for such loan.

"Partial Taking" shall have the meaning ascribed to it in Section 11.2(c).

"Participation Rent" shall mean all sums which are paid by Tenant to Landlord as set forth on Exhibit "E", which shall be included as Additional Rent.

"Premises" shall mean the Leased Land, the Improvements, and the Fixtures.

"Purchase Agreement" shall have the meaning ascribed to it in Section 10.1(d).

"Qualified Appraiser" shall have the meaning ascribed to it in Section 11.4.

"Renovation Fund" shall have the meaning ascribed to it in Section 2.4.

"Rent" shall mean Base Rent and Additional Rent.

"ROFO" shall have the meaning ascribed to it in Section 10.1(d).

"ROFO Notice" shall have the meaning ascribed to it in Section 10.1(d).

"Security Device" shall mean any mortgage, deed of trust, or other hypothecation of security device.

"Senior Debt Service" shall mean, at any time, all principal, interest, late charges, default interest, prepayment premiums and all other sums then due in respect of the Senior Loan, including, without limitation, any loan fees and closing costs associated with the origination of the Senior Loan.

"Senior Loan" shall mean any and all loans or other financing obtained by Tenant (and approved by Landlord pursuant to Section 15.1) which are secured by Tenant's Interest in the Premises, in whole or in part.

"Senior Mortgage" shall mean the deed(s) of trust securing the obligations of the Senior Loan.

"Senior Mortgagee" shall mean the holder(s) of the Senior Mortgage and the obligations secured thereby.

"Taking" shall have the meaning ascribed to it in Section 11.2(a).

"Taxes" shall mean real and personal property taxes, fees, assessments and charges, water and sewer rates and charges, and other similar governmental charges and impositions, whether general or special, ordinary or extraordinary, which may be levied, assessed, charged or imposed, or may become a lien or charge upon the Premises or any part or parts thereof, or upon Tenant's Interest or Landlord's Interest including, without limitation, possessory interest taxes. Landlord is a public entity, and as such, Landlord's underlying fee and reversionary interest in the subject property is, or may be, exempt from property tax assessments. In accordance with California Revenue and Taxation Code Section 107.6(a) Landlord states that by entering into this Lease a possessory interest in Tenant subject to property taxes may be created. Tenant shall be responsible for the payment of property taxes levied on such interest.

"Tenant" shall mean Robert Dale Resnick, as Trustee of the RDR Living Trust of 1996.

"Tenant Indemnified Parties" shall mean Tenant, its officers, members, employees, agents, successors and assigns.

"Tenant's Interest" shall mean Tenant's Leasehold Estate in the Premises, including all of Tenant's rights pursuant to this Lease.

"Term" shall mean the term of this Lease as set forth in Section 1.3.

"Total Taking" shall have the meaning ascribed to it in Section 11.2(b).

"Transfer Notice" shall have the meaning ascribed to it in Section 10.1(a)(i).

"Uncured Default" shall mean a Default under this Lease which has not been cured by the defaulting party within the cure period applicable thereto.

"Work" shall mean the construction and installation of any Improvements and Fixtures including, without limiting the generality of the foregoing, site preparation, landscaping, installation of utilities, street construction or improvement and grading or filling in or on the Leased Land.

1.2 Grant of Lease. In consideration of the covenants and agreements to be observed and performed by Tenant, and subject to all matters recorded in the Official Records of Los Angeles County, California, Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, the Leased Land (including any Improvements and the Fixtures now or hereafter located thereon).

1.3 Term. The term of this Lease ("**Term**") shall commence on the Lease Commencement Date and expire, without notice or other action by either party, at 11:59 p.m.

Pacific Time, on the day prior to the fifty-fifth (55th) anniversary of the Lease Commencement Date, unless sooner terminated pursuant to the terms of this Lease or extended pursuant to Section 1.4 of this Lease or by other agreement of the parties. Notwithstanding the foregoing, the Term of this Lease shall be subject to adjustment pursuant to the provisions set forth in Section 2.10 below.

1.4 Options to Extend Term.

(a) **Grant of Options.** Landlord hereby grants to Tenant the option to extend the Term of this Lease for two (2) additional option periods. The first option period shall be a six (6) year period commencing when the initial Term expires. The second option period shall be a five (5) year period commencing when the first option period expires. If Tenant elects to exercise either such option, Tenant shall deliver written notice of its election to exercise each such option period to Landlord at least twelve (12) months but not more than forty-eight (48) months prior to the date that such option period would commence. If proper notification of the exercise of an option is not given during such period, such option shall automatically expire. Within forty-five (45) calendar days after receipt of a notice of election to exercise either such option period, Landlord shall notify Tenant of any deficiency in or objection by Landlord to the exercise of such option and shall specify in reasonable detail the reasons Landlord believes such deficiency or objection exists and the actions by Tenant, if any, necessary to render such option exercise effective. If Landlord fails to respond within that forty-five (45) calendar day period Tenant may provide a second written notice of its election to exercise such option and if Landlord fails to respond within fifteen (15) calendar days after delivery of such second notice, the option shall be conclusively deemed to have been effectively exercised and Landlord may not thereafter contest the adequacy or effectiveness of Tenant's election to exercise that option. Options may only be exercised consecutively so that the Term of this Lease shall be without interruption and a later option cannot be exercised unless the prior option has been validly exercised.

(b) **Effect of Default on Options.** Tenant shall have no right to exercise an option granted pursuant to Section 1.4(a) above during any of the following periods:

(i) during any period in which all or a portion of Rent due remains unpaid (provided, that, for purposes of this provision and as provided in Section 12.1(b), Rent which is paid under protest or with a reservation of rights shall be deemed to have been paid); or

(ii) during any period following Tenant's commission of a Default with respect to payment to Landlord of any other monetary obligations under the Lease (provided that, for purposes of this provision and as provided in Section 12.1(b) below, Tenant shall not be deemed to be in Default of any such monetary obligation which has been paid by Tenant under protest or with a reservation of rights) and continuing until said monetary Default is cured; or

(iii) during any period following Tenant's commission of an Uncured Default with respect to a non-monetary obligation under the Lease not subject to (i) or (ii) above and continuing until said non-monetary Default is cured

In addition, in the event Tenant has committed three (3) or more separate and distinct material Defaults (monetary or non-monetary) during the twelve (12) month period immediately preceding the exercise of the option (not including (i) any alleged monetary Default with respect to which Tenant has paid the alleged monetary obligation under protest or with a reservation of rights or (ii) any alleged non-Monetary Default which is the subject of a pending contest pursuant to Section 12.1(b) or which was determined not to be a Default in conjunction with any such prior contest), whether or not the Defaults are cured, then Tenant shall not have the right to exercise such option.

1.5 Quiet Enjoyment. So long as the Tenant has not committed an Uncured Default under this Lease, and except for Landlord's actions in the case of an emergency for the purposes of protecting public health or safety which actions shall be strictly limited in duration and scope so as to minimize to the extent possible any interference with the possession and use of the Premises by Tenant, Tenant may lawfully and peaceably hold, occupy and enjoy the Leased Land without disturbance, interruption or hindrance by Landlord, or any person or entity claiming by or through Landlord. However, Landlord shall in no event be liable in damage or otherwise, nor shall Tenant be released from any obligation hereunder, because of the unavailability, delay, quality, quantity or interruption of any service or amenity, or any termination, interruption or disturbance of services or amenities, or any cause due to any omission, act or neglect of Tenant or its servants, agents, employees, licensees, business invitees, or any person claiming by or through Tenant or any third party except to the extent any of the foregoing are caused by the act, omission or neglect of Landlord in violation of its obligations under this Lease.

1.6 Condition of Leased Land. On the Lease Commencement Date, Tenant shall be deemed to have accepted the Leased Land "AS-IS" without any representation or warranty of Landlord. Tenant acknowledges that it has had the advice of such independent professional consultants and experts as it deems necessary in connection with its investigation and study of the Leased Land, and has, to the extent it deemed necessary, independently investigated the condition of the Leased Land, including the soils, hydrology, seismology, and archaeology thereof, and the Laws relating to the construction, maintenance, use and operation of the Improvements, including environmental, zoning and other land use entitlement requirements and procedures, height restrictions, floor area coverage limitations and similar matters, and has not relied upon any statement, representation or warranty of Landlord of any kind or nature in connection with its decision to execute and deliver this Lease and its agreement to perform the obligations of Tenant. Landlord makes no covenant, warranty or representation as to the suitability of the Leased Land for the uses permitted by this Lease, or respecting the condition of the soil, subsoil or any other condition of the Leased Land, nor does Landlord make any covenant, representation or warranty regarding the suitability of the Leased land for the proposed development, construction of the proposed development, or construction or use of the Improvements.

1.7 Ownership and Removal of Improvements.

(a) **Ownership of Improvements and Fixtures.** Upon any expiration or termination of this Lease, Landlord shall become the owner of all Improvements and Fixtures. During the Term, Tenant shall be the owner of all Improvements and Fixtures as the same may

be altered, replaced, expanded or improved from time to time. Except as otherwise specifically provided in this Lease, Tenant shall not remove or destroy any Improvements from the Leased Land, and, except to replace or repair, Tenant shall not remove or destroy any of the Fixtures; provided, however, that Tenant shall have the right to remove or destroy any Fixtures which, in the reasonable opinion of Tenant, is no longer necessary for the use and operation of the Premises. Upon or at any time within thirty (30) calendar days after the expiration or earlier termination of this Lease, as requested by Landlord, Tenant shall, without charge to Landlord, promptly execute, acknowledge and deliver to Landlord all documents reasonably necessary to (i) confirm Landlord's ownership of the Premises; (ii) assign to Landlord, to the extent assignable, all contracts or warranties designated by Landlord, relating to the construction, operation, management or maintenance of the Premises; and (iii) convey or assign to Landlord, as the case may be, to the extent assignable, all Development Documents and other plans, records, registers, permits, and all other papers and documents, then in Tenant's possession or control, which may be necessary or reasonably appropriate for the proper operation and management of the Premises, and shall deliver all of the foregoing to Landlord.

(b) Removal of Improvements Upon Termination. Ten (10) years prior to the expiration of this Lease, Landlord shall notify Tenant if Landlord elects to have any Improvements removed upon termination. In such case, Tenant shall provide Landlord with a report estimating the costs for removal of any such Improvements upon termination of this Lease. At Landlord's option, Tenant shall establish a funding method approved by Landlord to pay for any such removal of Improvements, and, if a funding method is required by Landlord, (i) any funds then on deposit in the Capital Improvement Fund shall be transferred to such "removal fund" and the Capital Improvement Fund shall be closed, (ii) any unfunded balance of the removal cost shall be funded in ten equal annual installments and once the removal fund is adequate to cover the anticipated expenses of removal no further contributions shall be required to the "removal fund", and (iii) no further capital expenditures (not including any non-capital and ordinary course repair or maintenance expenditures otherwise required under the Lease) shall be required of Tenant during the remaining Term of the Lease.

(c) Tenant's Right to Remove Personal Property. At the expiration or earlier termination of this Lease, Tenant may remove any or all of Tenant's personal property from the Leased Land, so long as (i) such personal property can be removed without material damage to the Improvements (or any such damage resulting from such removal is repaired concurrent therewith), (ii) such personal property is removed within thirty (30) calendar days following such expiration or earlier termination of this Lease, and (iii) all resultant injuries to the Leased Land and the Improvements are promptly and completely remedied and Tenant takes reasonable steps necessary to preserve the appearance of the Leased Land and the Improvements. Any personal property of Tenant remaining on the Leased Land after said thirty (30) calendar day period shall automatically vest and become the sole property of Landlord without any payment by Landlord and without any further action or agreement required including the necessity of a deed, bill of sale, conveyance or other act or agreement of Tenant.

1.8 Surrender of Premises.

(a) Surrender of Lien-Free Title. Upon the expiration or earlier termination of this Lease, Tenant shall deliver the Premises, and every part thereof, to Landlord, in first-class

and broom-clean condition considering the age of the improvements, ordinary wear and tear excepted (provided, however, that such exception for ordinary wear and tear shall not diminish Tenant's obligations hereunder, including, without limitation, the provisions of Article 5 to repair, restore and maintain the Premises in first-class order, condition and repair, considering the age of the improvements), and shall grant and convey all of Tenant's right, title and interest in the Premises to Landlord, in full compliance with all Laws, free and clear of all liens and encumbrances other than (i) those created by Landlord, and (ii) those liens and encumbrances approved in writing by Landlord with the express agreement of Landlord that the same may survive the expiration or earlier termination of this Lease.

(b) **Failure to Surrender.** If Tenant fails to surrender possession of the Premises upon the expiration or earlier termination of the Lease, or any part thereof, as required hereunder, at the expiration or earlier termination of this Lease, Tenant shall indemnify, defend and hold the Landlord Indemnified Parties harmless from and against any and all Claims resulting from or relating to the delay or failure to so surrender, including, without limitation, Claims made by any prospective tenant, founded on or resulting from Tenant's failure to so surrender, and any direct or indirect or consequential damages which the Landlord Indemnified Parties or any of them may incur. Tenant has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Tenant holds over without the consent of Landlord, then the Base Rent shall be increased to one-hundred fifty percent (150%) of the Base Rent applicable immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Landlord to any holding over by Tenant. Notwithstanding anything herein to the contrary, so long as Tenant is exercising commercially reasonable efforts to cause all Subtenants, licensees and concessionaires to vacate the Property, Tenant's liability to Landlord because such Subtenant, licensee or concessionaire refuses to vacate the Property upon the expiration or earlier termination of this Lease shall be limited to the Base Rent applicable to the space where such holdover Subtenant, licensee or concessionaire is located (and, for purposes of such provision, the Base Rent payable hereunder shall be allocated evenly over the Premises based upon the rentable square footage of the Premises). Tenant shall have no obligation to remove any Subtenant, licensee or concessionaire with respect to which Landlord has entered into a non-disturbance agreement providing such Subtenant, licensee or concessionaire a right to possession following the expiration or earlier termination of this Lease.

ARTICLE 2 CONSTRUCTION AND INSTALLATION OF IMPROVEMENTS AND FIXTURES

2.1 Development Program. Tenant shall invest no less than One Million Dollars (\$1,000,000) (the "**Threshold Expenditure Requirement**") in hard/out-of-pocket costs for improvements to the Premises (such improvements to include building facades, exterior common areas and hardscape) in accordance with the development plan attached hereto as Exhibit "C" (the "**Development Plan**"). For purposes of determining satisfaction of the foregoing Threshold Expenditure Requirement, such improvements shall not include any deferred maintenance items or current structural deficiencies unrelated to the Development Plan. Tenant shall use commercially reasonable efforts to obtain all planning, zoning, entitlement, and Coastal Commission entitlement approvals (excluding building and other like permits) within three (3) years following the Lease Commencement Date; provided that such period shall be extended (up

to a maximum of two (2) additional years) due to delays caused by any "Force Majeure" events (as defined in Section 13.3 below) beyond the reasonable control of Tenant. If Tenant fails to obtain all necessary approvals within such three (3) year period (as extended by Force Majeure events (up to a maximum of two (2) additional years)), then Tenant shall have an additional ninety (90) calendar days to obtain, and if not possible then to notify Landlord when Tenant reasonably believes it will obtain, such approvals. Within twelve (12) months following Tenant's receipt of all required approvals referenced herein, Tenant shall prepare detailed drawings suitable for construction and submit such drawings for building permits. Tenant shall commence the Development Plan within one hundred twenty (120) calendar days following Tenant's receipt of all necessary building permits.

2.2 Landlord Improvements. Landlord shall build, or cause to be built, the improvements listed on Exhibit "D" attached hereto (the "**Landlord Improvements**"). The Landlord Improvements shall include, but not be limited to, updated pier streetscape (e.g., paving, lighting, benches, signage, trash cans, landscaping, etc.) and Landlord's best efforts to construct a temporary pavilion area to the south of the Premises (subject to Coastal Commission and any other required third party approvals). Landlord shall complete such Improvements prior to Tenant's completion of the Development Plan improvements to be constructed by Tenant pursuant to Section 2.1 above.

2.3 Capital Improvement Fund. Upon Tenant's completion of the Development Plan improvements, Tenant shall deposit Thirty Thousand Dollars (\$30,000) into a capital improvement fund (the "**Capital Improvement Fund**"). The Capital Improvement Fund and all accumulated interest shall be maintained in an impound account by Tenant. Tenant shall furnish to Landlord an annual accounting statement of the Capital Improvement Fund on or before March 1st of each calendar year. Tenant shall be permitted to use the Capital Improvement Fund for capital expenditures upon prior approval of Landlord's City Manager and/or designee, such approval not to be unreasonably withheld or delayed. Further, in the event Landlord provides Tenant with notice of any capital improvements which are required with respect to an improvement which (i) Tenant has the right and obligation to maintain under this Lease, (ii) has exceeded its useful life, and (iii) relates to an exterior element or structural component of the Premises, and if Tenant fails to complete such improvement within forty-five (45) calendar days following receipt of such notice, then Landlord shall have the right to draw upon the Capital Improvement Fund for the purpose of completing any such necessary capital improvements; provided that Landlord shall not draw upon the Capital Improvement Fund more than once in any twelve (12) month period, and any work on the Premises by or at the direction of Landlord shall be subject to the rights of all Subtenants under their Subleases and shall be performed in a manner that avoids any unreasonable disruption of or interference with any Subtenants. All funds expended from the Capital Improvement Fund shall be fully replenished by Tenant within thirty (30) calendar days following any such withdrawal. The Capital Improvement Fund shall be closed and terminated as provided in Section 1.7 upon Landlord's election to require removal of improvements upon the expiration of this Lease.

2.4 Renovation Fund. Commencing upon the first anniversary of the Tenant's completion of the Development Plan improvements and continuing upon each anniversary thereafter, Tenant shall deposit an amount equal to one percent (1%) of Tenant's first \$1,000,000 in Gross Income for the prior year *plus* one-half of one percent (.5%) of all other Gross Income

in excess of \$1,000,000 for the prior year into a renovation fund (the "**Renovation Fund**"). The Renovation Fund and all accumulated interest shall be maintained in an impound account by Tenant. Tenant shall furnish to Landlord an annual accounting statement of the Renovation Fund on or before March 1st of each calendar year. The Renovation Fund shall be used to provide funds for renovation, enhancement, and construction that is necessary or desirable in the reasonable judgment of Tenant, subject to Landlord's prior approval, which shall not be unreasonably withheld. The purpose of the Renovation Fund is to renovate and upgrade the condition and appearance of the Improvements to a quality that is reasonably comparable to newer projects or renovated projects in the competitive marketplace containing similar types of uses for the Premises, in this case, retail and restaurant facilities. Renovation utilizing the Renovation Fund shall occur between the twenty-fifth (25th) and thirtieth (30th) year of the Lease Term in accordance with a "mid-term" renovation plan and budget to be agreed upon between Landlord's City Manager and/or designee and Tenant. The Renovation Fund shall terminate following completion of the "mid-term" renovation plan contemplated by this Section 2.4 and no further contributions to the Renovation Fund shall thereafter be required.

2.5 Right to Inspect, Audit and Dispute Resolution. Landlord shall, within five (5) years after receipt of the statements required to be delivered by Tenant pursuant to Sections 2.3 and 2.4 above, be entitled to inspect and audit, on reasonable written notice and at the place where such records are maintained within the County of Los Angeles, at Landlord's sole cost and expense and not more than once in any calendar year, and to make and retain copies of, all of Tenant's books, records and accounts relevant to the Capital Improvement Fund and Renovation Fund (collectively the "Funds"). Such audit shall be conducted either by Landlord or by an auditor designated by Landlord. If Landlord determines as a result of such audit that there has been deficiency and/or overpayment in the funding of either Fund then Landlord shall provide written notice to Tenant detailing the deficiency and/or overpayment. Tenant shall have thirty (30) calendar days to object to the calculation of any such deficiency by delivering a reasonably detailed written response to Landlord describing its objection(s). If the parties are unable to obtain a final resolution within thirty (30) calendar days of receipt of Tenant's objections, a mutually agreeable accounting firm having no prior material relationship with either party (the "**Accounting Firm**") shall be retained to resolve any remaining objections. The determination of the Accounting Firm shall be set forth in writing and will be conclusive and binding among the parties. In the event the parties submit any unresolved objections to such Accounting Firm as provided herein, the non-prevailing party, as determined by the Accounting Firm will be responsible for any fees and expenses of the Accounting Firm. Any deficiency in the Funds shall become immediately due and payable and bear interest at the lesser of eight percent (8%) per annum or the maximum applicable rate per annum allowed by law from the date such underpayment should have been made until the date such payment is made; provided, that, in any event, such interest shall not begin accruing more than one (1) year prior to the date of the audit identifying such underpayment (i.e., the period of retroactive interest shall not exceed one (1) year). Any overpayment identified by such audit shall be promptly returned to Tenant without interest thereon.

2.6 Compliance with Laws. Tenant shall cause the Improvements and Fixtures constructed and installed by Tenant to be constructed and installed in accordance with applicable Laws. Upon the written request of Landlord, Tenant shall furnish Landlord with copies of all certificates and approvals relating to any Work performed by or on behalf of Tenant that may be

required by applicable Law or by underwriters and insurers or by any Mortgagee in connection with the construction and installation of the Improvements and Fixtures, which copies Tenant shall certify as true, correct and complete to Tenant's actual knowledge.

2.7 Copies of Development Documents. Within two (2) months after substantial completion of any discrete Improvement project (including, without limitation, the improvements described on Exhibit "C" attached), Tenant shall furnish Landlord with a complete set of Development Documents in Tenant's possession, including (a) permanent, transparent reproductions of the final working drawings, including revisions (if then available) made during construction, and (b) a complete set of specifications, including revisions made during construction, for all Work done on or to the Premises in connection with such Improvement project.

2.8 Tenant's Obligation to Construct Improvements. Tenant shall bear all costs and expenses associated with the design, construction and installation of all Improvements and Fixtures constructed or installed by Tenant, which costs and expenses include, without limitation: (i) utility hook-up and connection fees and all distribution facilities, conduits, pipelines and cables required to distribute utilities and amenities to or within the Premises; (ii) all design, engineering, financing and construction costs; (iii) all costs, fees and expenses incurred in processing and obtaining permits and entitlements; (iv) all environmental approvals, all subdivision approvals, use permits or variances, and all grading, building and like permits required to construct and occupy the Improvements; and (v) all Taxes and Assessments.

2.9 Landlord's Cooperation. Provided that Landlord shall not incur any direct or indirect liability or obligation, Landlord will cooperate with Tenant (and Landlord shall execute applications, certificates and like documents) as shall reasonably be required in Landlord's capacity as owner of the Leased Land to enable and facilitate Tenant's filing for and receipt of all building permits, licenses, variances, permissions and consents necessary to construct, install and operate the Improvements and Fixtures. Nothing in this Section 2.9 shall require Landlord, in its capacity as a governing body, to approve, consent to or otherwise grant any permit or entitlement which may be necessary or useful in conjunction with the Development Plan so long as Landlord is acting in good faith and so long as such refusal and/or denial constitutes a discretionary decision in the ordinary course of Landlord's governing obligations.

2.10 Development Plan Deadline / Modification of Lease Term.

(a) **Failure to Obtain Approvals or Complete Construction.** In the event Tenant (i) fails to obtain all necessary planning, zoning, entitlement, and Coastal Commission approvals along with evidence of adequate financing for the Development Plan within the timeframe set forth in Section 2.1 above, or (ii) fails to execute and complete all work in substantial compliance with the Development Plan (as it may be modified by mutual agreement of Tenant, Landlord and any other applicable governmental agencies granting such approvals) within five (5) years following the Lease Commencement Date, as such date may be extended for Force Majeure events (provided such Force Majeure extension shall not exceed two (2) years), the Term of this Lease, at Landlord's or Tenant's option and sole discretion exercised within six (6) months after the occurrence of such event, shall, except as otherwise provided in Section 2.10(b) below, be modified to expire on September 27, 2036. Subject to the procedures

for exercising an option set forth in Section 1.4 above, in the event the Term of this Lease is modified pursuant to this Section 2.10(a), Tenant shall also have the option to extend the Term of this Lease for one (1) additional five (5) year option period. Tenant shall deliver written notice of such election to Landlord at least twelve (12) months but not more than forty-eight (48) months prior to the date that the option period would commence. If proper notification of the exercise of an option is not given pursuant to Section 1.4, such option shall automatically expire; provided, that, in connection with any exercise of the option Landlord shall notify Tenant of any objection to or deficiency in the Tenant's exercise of such option as provided in Section 1.4 above, and the provisions of such Section shall likewise apply to any exercise of the option set forth in this Section 2.10. Except as expressly provided in Section 2.10(b) below, in the event the Term of this Lease is modified pursuant to this Section 2.10 due to the denial of any necessary consent, permit or approval required to proceed with the Development Plan, Landlord shall be required to reimburse Tenant for the Execution Fee, less the amount of Ten Thousand Dollars (\$10,000), which \$10,000 amount shall be retained by Landlord for reimbursement of costs.

(b) **Failure to Obtain City Approval.** Notwithstanding anything in Section 2.10(a) above to the contrary, in the event that the entitlements required for Tenant to proceed with the Development Plan are not approved by the Landlord (either initially or after a modified Coastal Commission approval which requires the City's concurrence or approval); then, at Landlord's or Tenant's option and sole discretion exercised within six (6) months after the occurrence of such event, (i) Landlord shall be required to reimburse Tenant for the Execution Fee in full, (ii) Landlord shall also be required to reimburse Tenant for the Tenant's documented out-of-pocket expenses for legal, accounting, architectural, engineering, consulting, investigative, and construction services relating to the Development Plan as well as its out of pocket expenses relating to application and permit fees, investigative fees and entitlement fees relating to the Development Plan; provided such reimbursement under (i) and (ii) above shall not exceed Two Hundred and Fifty Thousand Dollars (\$250,000) (comprised of a combination of the Execution Fee and reimbursement of the Tenant costs and expenses described above), and (iii) the Term of this Lease shall be modified to expire on September 27, 2043; provided, that, subject to the procedures for exercising an option set forth in Section 1.4 above, in the event the Term of this Lease is modified pursuant to this Section 2.10(b), Tenant shall also have the option to extend the Term of this Lease for one (1) additional five (5) year option period, subject to the same general provisions concerning manner of exercise and notice set forth in Section 2.10(a) above. For purposes of applying this Section 2.10(b), it shall be conclusively determined that the City has not approved the entitlements required by Tenant if Tenant proposes a project in substantial conformance with the requirements set forth in Exhibit "C" attached hereto and the City disapproves those entitlements. For purposes of this Section 2.10(b), in the event the City conditionally approves the Tenant's proposed project, such conditional approval shall not be deemed a failure of Landlord to approve Tenant's entitlements under this Section.

(c) **Manner of Reimbursement; Modification of Other Lease Terms.** Any reimbursement or payment to Tenant provided for in the preceding Sections 2.10(a) or (b) shall be in the form of rent credits under this Lease. Such rent credits shall be taken by application of such credits to the next Rents due from Tenant to Landlord under the terms of this Lease following occurrence of the events resulting in such reimbursement or payment obligation. In

addition, if the Term of this Lease is modified pursuant to Section 2.10 (a) or (b), then (i) Sections 1.7(b) [Removal of Improvements Upon Termination], 2.1 [Tenant Development Program], 2.3 [Capital Improvement Fund], 2.4 [Renovation Fund], 2.7 [Copies of Development Documents] (except that such Section shall remain operative with respect to the Development Plan improvements, if any, in fact completed), 3.1(c) [Lease Execution Fee], 5.1(c) [Structural Review], Exhibit "C" [Tenant Development Plan], and Section C of Exhibit "E" [Appreciation Rent] of this Lease shall be cancelled and of no further force and effect, and (ii) the Security Deposit required pursuant to Section 3.1(b) shall be reduced to Seven Thousand Five Hundred Dollars (\$7,500).

ARTICLE 3 RENT

3.1 Base Rent.

(a) **Monthly Payment of Base Rent.** Subject to the provisions of Section 3.2 below, base rent ("Base Rent") during the Term shall be a monthly amount equal to Seven Thousand One Hundred and Seventy-Seven and 91/100 Dollars (\$7,177.91). Base Rent shall be due and payable, in advance, on the first (1st) day of each month of the Term of this Lease, provided, however, if the Lease Commencement Date is not the first day of the month, the first payment of Base Rent shall be due on the first date of the Term and shall be prorated for that partial month.

(b) **Security Deposit.** On or prior to the Lease Commencement Date, Tenant shall deposit with Landlord a security deposit in the amount of Twenty-One Thousand Five Hundred and Thirty Four Dollars (\$ 21,534.00) (the "**Security Deposit**"), which is equal to three (3) months' Base Rent, as security for Tenant's faithful performance of its obligations under this Lease. If Tenant fails to pay Rent, or otherwise defaults under this Lease, Landlord may use, apply or retain all or any portion of said Security Deposit for the payment of any amount due Landlord and/or to reimburse or compensate Landlord for any liability, expense, loss or damage which Landlord may suffer or incur by reason thereof. If Landlord uses or applies all or any portion of the Security Deposit, Tenant shall within thirty (30) calendar days after written request deposit monies with Landlord sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the Term of this Lease, Tenant shall, upon written request from Landlord, deposit additional monies with Landlord so that the total amount of the Security Deposit shall be equal to the Base Rent. Within ninety (90) calendar days after the expiration or termination of this Lease, Landlord shall return that portion of the Security Deposit not used or applied by Landlord. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Tenant under this Lease.

(c) **Lease Execution Fee.** Concurrently with the execution of this Lease, Tenant shall deliver to Landlord a one-time fee ("**Execution Fee**") in the amount of Sixty Thousand Dollars (\$60,000). Alternatively, Tenant may opt to make six (6) annual installment payments of \$10,000 each on the Execution Fee beginning on the Lease Commencement Date and continuing through the fifth (5th) anniversary thereof. If Tenant chooses to make installment

payments, all deferred payments shall bear interest at a rate of five percent (5%) per annum from and after the Lease Commencement Date until the date paid.

(d) **No Abatement.** Tenant shall cause payment of Base Rent and all other Rent or charges, as the same may be adjusted from time to time, to be received by Landlord in lawful money of the United States, and, except as expressly provided in this Lease, without abatement, offset or deduction, on or before the date on which it is due under the terms of this Lease. Base Rent and all other Rent and charges for any period during the Term which is less than one (1) calendar month shall be prorated based upon the actual number of days of the calendar month involved. Payment of Base Rent and other Rent and charges shall be made to Landlord at its address stated herein or to such other persons or at such other address as Landlord may from time to time designate in writing to Tenant.

3.2 Adjustments to Base Rent. The Base Rent shall be increased (but not decreased) on the first day of the month following the fifth anniversary of the Lease Commencement Date and on the date that is every five years thereafter (i.e., on the first day of the month following the tenth anniversary, the fifteenth anniversary, the twentieth anniversary, and so forth through the fiftieth anniversary of the Lease Commencement Date and continuing every five years for any option period set forth in Section 1.4) (each such first day of a month being referred to as an "Adjustment Date") as follows: The new monthly Base Rent for each month during the five-year period commencing with the relevant Adjustment Date shall be seventy-five percent (75%) of the average total monthly Rent (inclusive of all Base Rent and Percentage Rent but exclusive of any Appreciation Rent) payable by Tenant during the preceding 5-year period. For example only, if the total Rent (inclusive of all Base Rent and Percentage Rent but exclusive of any Appreciation Rent) payable by Tenant during the preceding 5-year period is \$6,000,000, then the new Base Rent as of the Adjustment Date would be \$75,000: $.75 \times [\$6,000,000 / 60] = \$75,000$.

3.3 Additional Rent. In addition to Base Rent, Tenant shall pay or cause to be paid when due, as Additional Rent, throughout the Term all other additional sums described on Exhibit "E" as Participation Rent which Tenant is obligated to pay pursuant to the provisions of this Lease. Additional Rent shall constitute rent payable hereunder with the same effect as if such rent were part of the Base Rent and, in the event of the nonpayment by Tenant of any such Additional Rent, Landlord shall have the same rights and remedies in respect thereof as Landlord may have in respect of Base Rent.

3.4 Triple Net Lease; Reimbursement of Costs; No Rent Abatement or Reduction. The Rent has been established on the assumption that Landlord will not have to pay any costs or incur any liabilities or obligations of any kind relating to or arising out of the Tenant's improvement of or operation on the Premises during the Term (except for the provision of ordinary and customary municipal services arising from Landlord's role as a governing body and except as expressly set forth in this Lease). Accordingly, except as otherwise specifically set forth herein, Tenant shall promptly pay during the Term all reasonable out-of-pocket third party legal and appraisal expenses incurred by Landlord due to assignment, encumbrance, estoppel and appraisal resulting from Tenant's request for consent or approval. Reimbursement shall be up to a maximum amount to be reasonably determined by the parties before Landlord incurs expenses for the particular event. Landlord shall utilize its best efforts to minimize such expenses, including, if Tenant shall so request, utilization of in-house legal and other services rather than

outside advisors or consultants to the extent such in-house resources are available. Tenant shall not be required to reimburse Landlord's costs related to the negotiation and preparation of this Lease, including all legal, consulting and appraisal costs related thereto, or any other costs incurred by Landlord prior to the Lease Commencement Date. Finally, except as expressly provided in this Lease, Tenant shall not be entitled to any abatement or reduction of Rent.

ARTICLE 4

USE AND COMPLIANCE WITH LAWS

4.1 Use of Premises.

(a) **Compliance with Applicable Laws.** The Premises may be used solely for those uses not expressly prohibited by applicable Laws, including any zoning and planning ordinances.

(b) **Limitations on Uses.** Tenant agrees that with respect to any subleases or other occupancy or operating agreements ("**Subleases**") entered into covering any portion of the Premises from and after the Lease Commencement Date, Tenant shall at all times exercise best efforts, and at no cost or expense to Landlord, to cause such subtenants, licensees or concessionaires ("**Subtenants**") to use such portions of the Premises in accordance with the limitations set forth on Exhibit "F" ("**Limitation of Uses**").

(c) **Use of Tidelands.** If at any time during the Term, or any extension thereof, the terms of this Lease are or become inconsistent with the continuation of the trust under which the Leased Land or any portion thereof are held by Landlord pursuant to the Tidelands Grant, Landlord and Tenant shall use their best efforts to modify the Lease and/or the tenancy contemplated hereunder to correct, resolve, or eliminate such inconsistencies, and if they cannot, then Landlord shall have the right to terminate this Lease upon giving six (6) months written notice to Tenant. Upon such termination, Tenant shall be entitled to the fair market value of the Leasehold Estate, assuming for the purpose of such value that the improvements are capable of being used on the Premises. The value of such Leasehold Estate shall be determined in accordance with the procedures set forth in Section 11.4(c) and shall be based on Tenant's loss of use over the portion of the Term which would have remained but for termination pursuant to this Section 4.1(c).

4.2 Changes in Use. If Tenant or any person claiming under Tenant shall change the use of the Leased Land or the Premises in a manner that violates Section 4.1, at any time during the Term, without the prior written consent of Landlord, such change in use shall constitute a material breach of this Lease and, subject to Article 12 regarding notice and opportunity to cure such breach, Landlord may terminate this Lease as provided in Article 12. Upon any such termination, all right, title and interest to the Premises, including the Improvements and Fixtures, shall vest solely in Landlord, without further cost or expense to Landlord, subject only to the rights of any Senior Mortgagee and other Mortgagees. Tenant agrees to execute all documents, including deeds, reasonably necessary to effect the rights of Landlord hereunder, including the right to have all right, title and interest to the Premises vest solely in Landlord.

4.3 Waste; Nuisance. Tenant shall not use, or permit to be used, the Premises, or any part thereof, in any manner which constitutes a waste, nuisance or unreasonable annoyance or which violates any Laws.

4.4 Environmental Requirements. Tenant shall not use or permit to be used any "Hazardous Substance" in the construction, operation, maintenance or use of the Premises in violation of any applicable Law, rule, regulation, code or ordinance, including, without limitation, any storage, handling, release, emission, discharge, generation, abatement, disposition or transportation of any Hazardous Substance to, from, on or otherwise relating to the Premises. Tenant shall, at its sole cost and expense, comply, and shall expend commercially reasonable efforts to cause each of its employees, agents, contractors, subtenants, invitees and customers to comply, with all applicable Laws, rules, regulations, codes and ordinances relating to any Hazardous Substance, including, without limitation, obtaining and filing all applicable notices, permits, licenses and similar authorizations. Tenant shall not use or store or permit to be used or stored on or in the Premises any Hazardous Substance in violation of any applicable Law.

4.5 Environmental Remediation and Indemnification.

(a) **Hazardous Substance.** If Tenant discovers any Hazardous Substance on the Premises, the presence of which violates any applicable Laws, Tenant shall immediately undertake, at Tenant's sole cost and expense, to remediate the presence of such Hazardous Substance in compliance with applicable Laws to the extent necessary to permit the construction, operation, maintenance and use of the Premises. Notwithstanding the foregoing, Tenant shall not be obligated to remediate the presence of any Hazardous Substance placed on the Premises by Landlord or any agent, employee, contractor or representative of Landlord (which Hazardous Substance shall be remediated by Landlord at its sole expense as required by applicable Laws), or any Hazardous Substance which has migrated onto the Premises from an adjacent property and which is the legal responsibility of such adjacent owner to remediate.

(b) **Indemnification.** Tenant shall indemnify, defend and hold the Landlord Indemnified Parties harmless from and against any and all third-party Claims against Landlord arising directly or indirectly from any breach of this Article 4 by Tenant. The foregoing indemnity includes, without limitation, remediation and disposal of any Hazardous Substance as and to the extent required by the foregoing provisions, and any Landlord Indemnified Party's reasonable consultants' fees and charges, reasonable attorneys' fees and charges, reasonable investigation costs and expenses and other similar costs and expenses incurred by any Landlord Indemnified Party. The obligations of Tenant under this Section 4.5 accruing prior to the expiration or earlier termination of this Lease shall survive the expiration or earlier termination of this Lease.

4.6 Evidence of Compliance. Tenant shall deliver to Landlord, upon Landlord's reasonable request, and at Tenant's sole cost and expense, copies of documents and such other evidence as are normally and customarily issued by governmental authorities with jurisdiction over the Premises to demonstrate proof of compliance with all Laws pertaining to permits and authorizations relating to the Premises generally and to the Improvements specifically.

4.7 Right to Contest. At Tenant's sole cost and expense, Tenant, by appropriate legal proceedings brought in good faith and diligently prosecuted in its name, may contest the validity or applicability to the Premises of any Laws, provided, however, that any such contest shall be maintained without cost to Landlord, and Tenant shall indemnify, defend and hold the Landlord Indemnified Parties and the Premises harmless from and against any and all Claims arising or resulting from Tenant's failure to observe or comply with the contested Laws during the contest. If required in order for Tenant to bring or maintain any such contest, Landlord shall join in any such action or proceeding as the owner of the Premises subject to the indemnification and cost provisions set forth above.

ARTICLE 5 MAINTENANCE AND OPERATION

5.1 Maintenance.

(a) **Tenant's Responsibility.** Subject to the provisions of Article 8 and 11, at all times during the Term, Tenant shall, at its sole cost and expense, keep and maintain all parts of the Premises in first-class order, condition and repair, reasonable wear and tear excepted. Such obligation shall include, without limitation, the obligation to maintain all facilities on or in the Premises in a clean, sanitary, neat, tidy, orderly and attractive condition. It is the intention of the parties hereto that, except as expressly set forth in Section 5.1(d) below, Landlord have no obligation during the Term, in any manner whatsoever, to maintain the Premises, the Improvements located thereon, or the Fixtures therein, whether structural or non-structural, all of which obligations are intended to be that of Tenant.

(b) **Tenant's Rights to Alter Premises.** Nothing in this Section 5.1 defining the duty of maintenance shall be construed as limiting any right given elsewhere in this Lease for Tenant to alter, modify, demolish, remove, repair or replace any portion of the Premises.

(c) **Structural Review.** On or before the seventh (7th) anniversary of the Lease Commencement Date and every seven (7) years thereafter during the Term of the Lease, Tenant shall contract with a reputable licensed and insured structural engineer to perform a complete structural review of the Premises and to determine the viability of the Improvements to perform throughout the remaining Lease Term. Should the review contain tasks necessary to maintain the structural integrity of the Improvements, Tenant shall forthwith begin said improvements (which shall qualify for use of the Capital Improvement Fund as an approved capital expenditure).

(d) **Landlord's Responsibility.** Landlord covenants and agrees to keep in proper maintenance and repair and, if necessary, to replace all pilings, bracings, stringers, decking, and other public improvements on said pier, and to make all necessary and appropriate structural repairs to and, if necessary, to replace the exterior walls, ceiling, and floor of the concrete basement in the Premises. In the event of any damage to or destruction of such improvements to be maintained by Landlord, or in the event Landlord's failure to properly maintain such improvements renders them unusable or inadequate, Tenant's obligation under Article 8 to repair or restore any Tenant improvements shall be suspended until Landlord has completed the required work of repair, replacement or improvement, but only to the extent such

damage, destruction or failure interferes with Tenant's performance of its obligations under Article 8. If Landlord fails to perform such work after written notice from Tenant, then Tenant may bring an arbitration proceeding pursuant to Section 17.4 below, and if it is determined that Landlord is in breach of its obligations hereunder (i) Tenant shall be entitled to recover its past damages resulting therefrom as determined by the arbitrator, including, without limitation, the right to offset any such damages incurred against any Rent otherwise payable by Tenant under the Lease, and (ii) to the extent such ongoing damages are established or provided for by such arbitration, Tenant shall thereafter be entitled to offset such on-going damages against any further Rent payments under this Lease (without reduction or credit to Tenant's damages under (i) above).

5.2 Requirements of Governmental Agencies.

(a) Tenant's Responsibility. At all times during the Term, Tenant, at Tenant's sole cost and expense, shall:

(i) Make all alterations, additions or repairs to the Premises and every part thereof, required by all Laws now or hereafter in effect; and

(ii) Indemnify, defend and hold the Landlord Indemnified Parties and the Premises harmless from and against any and all Claims arising from or relating to Tenant's failure to comply with and perform the requirements of this Section 5.2.

(b) Tenant's Right to Contest. Notwithstanding the provisions of subparagraph (a) above, Tenant may contest any and all such requirements provided that Tenant shall first post with Landlord a bond or other security, in form and amount reasonably acceptable to Landlord, to secure compliance with all such requirements and the obligations of Tenant under subparagraph (a) above if such requirements are determined to be applicable and enforceable.

ARTICLE 6 TAXES AND ASSESSMENTS

6.1 Taxes. Tenant shall pay all Taxes and Assessments during the Term of this Lease at least ten (10) calendar days prior to delinquency. If the right is given to pay any of the Taxes or Assessments which Tenant is herein obligated to pay either in one sum or in installments, Tenant may elect either mode of payment.

6.2 Indemnification. Tenant shall indemnify, defend and hold the Landlord Indemnified Parties harmless from and against any and all Claims resulting from Tenant's failure to pay all such Taxes and Assessments. Subject to the provisions of Section 6.3 below, Tenant shall prevent any such Tax or Assessment from becoming a delinquency lien upon the Premises. Landlord shall in no way be obligated to pay such delinquent Taxes or Assessments, but Tenant authorizes Landlord to make such payment, and, if Landlord makes such payment, it will become immediately due and payable to Landlord by Tenant and shall bear interest at the rate of ten percent (10%) per annum, or the maximum rate permitted by law, whichever rate is lower, from the date of payment by Landlord to the date of repayment by Tenant.

6.3 Tenant's Right to Contest. Tenant shall have the right, at its sole cost and expense, to contest the amount or validity of any Tax or Assessment by appropriate proceedings diligently conducted in good faith. As a condition precedent to Tenant's contesting any Tax or Assessment, Tenant shall (i) comply with all laws, orders, rules and regulations respecting such contest, (ii) give Landlord prior written notice of Tenant's intent to so contest said amount or validity; and (iii) in order to protect Landlord from any sale or foreclosure against the Premises or any part thereof, provide a good and sufficient surety bond or other security deemed reasonably acceptable by Landlord in the amount of such Tax or Assessment plus estimated penalties and interest which may be imposed. Tenant shall bear any and all costs, liabilities or damages, including reasonable attorneys' fees and costs, arising out of such contest. Nothing in this Section relieves, modifies, or extends Tenant's covenant to pay any such Tax or Assessment at the time and in the manner provided in this Article 6 in the event such Tax or Assessment is determined to be due following such contest.

6.4 Landlord's Cooperation in Tenant's Contest. Provided Landlord suffers no unreimbursed out-of-pocket cost or liability in participating in such proceeding, Landlord shall reasonably cooperate (and Landlord shall execute applications, certificates and like documents) with Tenant in any proceedings brought by Tenant to contest the validity or the amount of any Taxes or Assessments or to recover any Taxes or Assessments paid by Tenant. If the provisions of any Law at the time in effect shall require that such proceedings be brought by or in the name of Landlord, then, provided Landlord incurs no cost or liability in doing so, Landlord shall join in any such proceedings or permit the same to be brought in its name. If any such proceedings shall be brought by Tenant, Tenant shall defend, indemnify and hold the Landlord Indemnified Parties harmless from and against any and all Claims arising from the conduct of such proceedings. Landlord shall not object to Tenant's right to contest any Taxes and Assessments solely because the governmental revenues received by Landlord from such Taxes and Assessments may be adversely affected.

6.5 Prorations. Taxes and Assessments shall be prorated at the beginning and end of the Term to reflect periods during tax fiscal years at the commencement and expiration of this Lease for which said taxes are paid during which this Lease is not in effect. All such Taxes and Assessments shall be prorated and allocated between Landlord and Tenant to reflect the dates of commencement and termination.

ARTICLE 7 UTILITIES

7.1 Construction of Utilities; Costs. Tenant shall cause to be constructed all utilities necessary to serve the Premises. All costs associated with bringing utilities to the Premises, including, without limitation, related professional, engineering and consultant fees, service charges, meters, and the costs of connections, including, without limitation, any hook-up fees assessed by any utility company, water district and/or government agency, shall be treated as a cost of construction of the Improvements and Fixtures, and shall be paid by Tenant.

7.2 Contracts with Public Utility. Tenant shall not enter into any contract or agreement binding on Landlord or Landlord's Interest with any government agency, special district or public utility with reference to sewer, water, gas, electricity, telephone, storm drain

and other utility lines, street improvements (including landscaping), street lighting, utility facilities, improvements and/or connections, lines, pipes, distribution systems or easements and the like, without the prior written consent of Landlord, which consent shall not be unreasonably withheld. Copies of such executed contracts or agreements shall be provided to Landlord promptly upon execution. Notwithstanding the foregoing, neither Tenant nor any subtenant shall be prohibited from purchasing electricity from an on-site power station (if applicable).

7.3 Utility Easements. Tenant shall have the right to grant to others in the future nonexclusive utility easements under or through the Leased Land for the purpose of facilitating the development of the Project. All such easements shall be underground, with the right, however, to reasonable surface access for maintenance and repair. Any interference arising as a result of construction of such utility systems and facilities shall be temporary, and all work on the Premises shall proceed expeditiously. In the event the installation or maintenance of such future utility lines in such easements causes any damage to the Premises, or any portion thereof, including but not limited to pavement, curbs, landscaping and sidewalks, Tenant shall repair the same, or cause the same to be repaired, at no cost or expense to Landlord.

Tenant shall not enter into any reciprocal easement agreements, covenants, conditions and restrictions, operating covenants or other similar types of agreements relating to the Premises which would survive the expiration or earlier termination of this Lease, without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. Landlord shall respond in writing to Tenant's request for consent as quickly as practicable and in no event later than within forty-five (45) calendar days after Landlord's receipt thereof. The failure of Landlord to respond in writing to Tenant's request within said forty-five (45) day period shall be deemed to constitute Landlord's approval of the same; provided, however, that in the event Landlord reasonably requests additional information and/or documentation from Tenant regarding Tenant's request, said forty-five (45) day period shall be extended by the amount of time it takes Tenant to provide such information and/or documentation to Landlord. In the event Landlord disapproves Tenant's request, such disapproval shall be accompanied by a detailed explanation of the reasons underlying such disapproval. Any dispute between Landlord and Tenant as to whether Landlord unreasonably withheld its consent shall be subject to the arbitration provisions set forth in Section 17.4 of this Lease.

ARTICLE 8

ALTERATION, DAMAGE OR DESTRUCTION

8.1 Alteration of Improvements. Except as may be required by applicable Law, Tenant may not alter or modify the structural components of the Premises in a manner that is visible from the exterior of the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed. Within twenty (20) calendar days of such submittal by Tenant, Landlord shall provide its consent or a detailed written explanation of why its consent has been denied or withheld. If Landlord fails to provide such consent (or detailed explanation for its denial) within said period then Tenant may provide a second written notice of such requested approval and if Landlord fails to either approve or disapprove (with explanation) such proposed alteration within ten (10) additional calendar days after delivery of such second notice, then such proposed alteration shall be deemed approved; provided that, if Landlord

deems it necessary to meet with the City Council with respect to any proposed alteration or modification and if the thirty (30) calendar day period described above (20 calendar day initial notice, and 10 calendar day additional notice) did not allow the opportunity to Landlord to do so because of the absence of any Council meeting within that period, then Landlord shall have up to fifteen (15) additional calendar days to schedule such matter for review by the City Council. Any such structural alteration or modification that Tenant desires to make and which requires the prior consent of Landlord shall be presented to Landlord in written form with the proposed detailed plans. Any dispute between Landlord and Tenant as to whether Landlord unreasonably withheld its consent shall be subject to the arbitration provisions set forth in Section 17.4 of this Lease. All consents given by Landlord shall be conditioned upon (i) Tenant acquiring all applicable permits required by governmental authorities, (ii) the furnishing of copies of such permits prior to the commencement of any work, together with a copy of the plans and specifications for the alteration, to Landlord (except to the extent that, with respect to any permits, Tenant is not aware of such requirement prior to commencement of the work), and (iii) the compliance by Tenant with all conditions of said permits in a prompt and expeditious manner. Any alteration by Tenant during the Term shall be done in a good and workmanlike manner, with good and sufficient materials, and in compliance with all Laws. Tenant shall promptly upon completion thereof furnish Landlord with as-built plans and specifications therefor.

8.2 Repairs and Rebuilding.

(a) If the Premises are damaged or destroyed during the Term, and such damage or destruction is an Insured Loss, then, except as provided in subsection (c) below, Tenant shall, at its sole cost and expense, restore the Premises to substantially the same condition they were in (subject to then applicable Laws) immediately prior to such damage or destruction. In the event of such an Insured Loss, Tenant shall be entitled to a proportionate reduction in Base Rent from the date of said destruction and continuing until the completion of such repair, construction, reconstruction or restoration. Such proportionate reduction shall be based upon the extent to which the making of such repair, construction, reconstruction or restoration shall interfere with the business conducted by Tenant on the Premises.

(b) If the Premises are damaged or destroyed during the Term, and such damage or destruction is not an Insured Loss, and the cost of restoration is One Million Dollars (\$1,000,000) or less, then Tenant shall, at its sole cost and expense, restore the Premises to substantially the same condition they were in (subject to then applicable Laws) immediately prior to such damage or destruction.

(c) If the Premises are damaged or destroyed during the Term, and (i) such damage or destruction is not an Insured Loss, and the cost of restoration is more than One Million Dollars (\$1,000,000) or (ii) such damage or destruction is an Insured Loss but the proceeds available for reconstruction (which are not applied by a Mortgagee to repayment of its loan) are insufficient to fund the costs of reconstructing the improvements and such shortfall is greater than One Million Dollars (\$1,000,000) or (iii) such damage or destruction, regardless of whether or not it is an Insured Loss, occurs during the last ten years of the then existing Term of this Lease, then Tenant may, on written notice to Landlord within ninety (90) calendar days following the date of such damage or destruction, elect to (i) at its sole cost and expense, restore

the Premises to substantially the same condition they were in immediately prior to such damage or destruction (subject to then applicable Laws), or (ii) terminate this Lease and, as and to the extent directed by Landlord, demolish and remove all Improvements, Fixtures and personal property from the Leased Land. Tenant's obligations to so restore the Leased Land shall survive any termination of this Lease.

The completed work of repair, restoration or replacement shall be at least equal in value and quality to the condition of the Improvements or Premises, as the case may be, before the event giving rise to the work. Landlord shall not be required to furnish any services or facilities or to make any repairs of any kind to the Improvements or Premises. The election by Landlord to perform any obligation of Tenant under this Section 8.2 on Tenant's failure or refusal to do so shall not constitute a waiver of any right or remedy for Tenant's breach, and Tenant shall promptly reimburse Landlord for all costs and expenses incurred by Landlord in connection therewith, together with interest thereon at the rate of ten percent (10%) per annum, or the maximum rate permitted by law, whichever rate is lower, from the date of incurrence by Landlord to the date of repayment by Tenant.

8.3 Indemnity. Tenant shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Tenant at or for use on the Premises, which claims are or may be secured by any mechanics' or materialmen's lien against the Premises or any interest therein. Tenant shall give Landlord not less than ten (10) calendar days' notice prior to the commencement of any work in excess of One Hundred Thousand Dollars (\$100,000) in, on or about the Premises, and Landlord shall have the right to post notices of non-responsibility in or on the Premises as provided by law. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole cost and expense, indemnify, defend and hold Landlord and the Premises harmless from and against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against Landlord or the Premises.

ARTICLE 9

INSURANCE, EXONERATION AND INDEMNITY

9.1 Liability Insurance. At all times during the Term, and during any period of continued occupancy of the Premises by Tenant after the Term, Tenant shall, at its sole cost and expense, provide and keep in force (i) workers' compensation insurance policies as required by Law and (ii) commercial general liability insurance policies, in standard form, protecting Landlord, Tenant, Senior Mortgagee and any Mortgagee (and naming Landlord and, if requested by Landlord, Senior Mortgagee and any Mortgagee, as additional insureds) against liability for injury to or death of any person or persons arising out of the ownership, use, occupancy or maintenance of the Premises by Tenant, any subtenant, and their respective employees, agents, contractors, invitees and customers. Such liability insurance shall: be in the amount of not less than Two Million Dollars (\$2,000,000) for injury or death of one person in any accident or occurrence and in the amount of not less than Five Million Dollars (\$5,000,000) for injury to or death of more than one person in any one accident or occurrence; not allow or provide for a "deductible" in excess of Twenty-Five Thousand Dollars (\$25,000), or such greater amount as

Landlord shall approve, such approval not to be unreasonably withheld; and be endorsed to extend coverage to:

- (a) Completed Operations and Products Hazard;
- (b) Explosion, collapse and Underground Property Coverages;
- (c) Blanket Contractual Liability Coverage;
- (d) Broad Form Property Damage;
- (e) Fire Legal Liability Coverage;
- (f) Premises Medical Payments Coverage (in an amount not less than \$10,000 per accident);
- (g) Extended Bodily Injury Coverage (liability from the use of reasonable force for the purpose of protecting persons or property); and
- (h) Personal Injury and Advertising Injury Liability Coverage.

9.2 Fire and Extended Coverage Insurance. At all times during the Term, Tenant shall, at its sole cost and expense, provide and keep in force insurance policies, against loss or damage to the Premises, including any alterations and additions made thereto, together with all fixtures, equipment and personal property of Tenant therein, in an amount reasonably estimated to be equal to the full replacement value thereof (without deduction or depreciation and, in any event, in an amount sufficient to prevent Tenant from becoming a coinsurer of any partial loss thereunder, except that a deductible not to exceed Twenty-Five Thousand Dollars (\$25,000), or such greater amount as Landlord shall approve, such approval not to be unreasonably withheld, may be provided), and providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, and special extended perils (all risk) insurance. The full replacement value of such improvements, alterations, additions, fixtures, equipment and personal property shall be determined and evidenced by the certificate of the insurance company or companies issuing such insurance at the time the policy or policies are initially obtained and shall be redetermined once every three (3) years thereafter by the respective issuers of the insurance policies in effect from time to time.

Subject to the rights of the Senior Mortgagee and any Mortgagee, all proceeds of Tenant's fire and extended coverage insurance in excess of \$250,000 shall be held by the insurance carriers or, at Tenant's option exercised by written notice to such insurance carriers and to Landlord, by a trust company, escrow or other institutional intermediary or lender selected by Tenant, and reasonably approved by Landlord, and shall be disbursed by such insurance carriers or trust company or lender in progress payments in reimbursement or payment of the costs incurred in repairing or restoring the Premises. Any excess proceeds shall be disbursed to Tenant. Notwithstanding the foregoing, Landlord and Tenant acknowledge and agree that the provisions regarding disbursement of proceeds set forth in this Section 9.2 shall be subject and

subordinate to the provisions regarding disbursement of proceeds set forth in the Senior Mortgage and any Mortgage.

9.3 Insurance Policies. All policies of insurance provided for herein shall be issued by financially responsible insurance companies qualified to do business in California (unless approved by Landlord's City Manager, which approval shall not be unreasonably withheld or delayed), with a general policy holder's rating of not less than A, and financial ratings of not less than Class VIII, as rated in the most current available "Best's" Insurance Reports, and shall name Landlord as an additional insured under Section 9.1. Such policies shall further provide that they may not be cancelled by the insurer until at least thirty (30) calendar days after delivery by mail of notice of the proposed cancellation or modification upon all parties named in such policies as insured, unless such cancellation is due to the non-payment of premiums, in which event only ten (10) calendar days' notice shall be required. All public liability, property damage and other casualty policies shall be written as primary policies, not contributing with any other coverage which Landlord or Tenant may carry. Tenant may provide all or any portion of the coverage required herein by blanket or umbrella policy so long as such policy (together with any underlying policy) provides at least the minimum coverages required herein. Tenant shall deliver to Landlord copies of the policies for all the insurance required to be carried by Tenant, or certificates evidencing the existence and the amounts of such insurance, or renewals thereof or binders thereto, if applicable, (a) at least ten (10) calendar days prior to the date Tenant is first required to obtain such insurance, (b) at least ten (10) calendar days prior to the expiration of any such policies, and (c) as soon as reasonably possible following any change in the policy limits or coverage of any such policies (but in no event longer than 60 days after Tenant's receipt of written notification of such change and the terms thereof). Tenant shall permit Landlord to inspect the policies of insurance required by this Lease at all reasonable times, and, upon request, Tenant shall provide Landlord with satisfactory evidence that such policies are in full force. All insurance policy limits shall be adjusted every ten (10) years upon Landlord's request on at least one hundred twenty (120) calendar days' prior written notice to Tenant. Any such adjustment shall be commercially reasonable, lawful, consistent with the insurance coverages readily available on commercially reasonable terms and then being customarily obtained on properties of similar size and nature, and shall take effect at the next policy renewal period.

9.4 Waiver of Subrogation. To the extent permitted by law and without affecting the coverage provided by insurance required to be maintained hereunder, Landlord and Tenant each waives any right to recover against one of the others for (a) damages for injury to or death of persons, (b) damages to property, (c) damage to the Premises or any part thereof, and (d) claims arising by reason of any of the foregoing, but only to the extent that any of the foregoing damages and/or claims are covered (and then only to extent of such coverage) by insurance actually carried by Landlord or Tenant. This provision is intended to waive fully and for the benefit of each party, any rights and/or claims which might give rise to a right of subrogation in any insurer. Each party shall cause each insurance policy obtained by it to permit such waiver of subrogation or to prove that the insurer waives all right of recovery by way of subrogation against either party in connection with any damage covered by such policy. If any insurance policy cannot be obtained permitting or providing for a waiver of subrogation, or is obtainable only by the payment of an additional premium charge above that charged by insurers issuing policies not permitting or providing for a waiver of subrogation, the party undertaking to obtain such insurance shall notify the other party of this fact. The other party shall have a period of

thirty (30) calendar days after receiving the notice either to place the insurance with an insurer that is reasonably satisfactory to the other party and that will carry the insurance permitting or providing for a waiver of subrogation, or to agree to pay the additional premium if such a policy is obtainable at additional cost. If such insurance cannot be obtained or the party in whose favor a waiver of subrogation is desired refuses to pay the additional premium charged, the other party shall be relieved of the obligation to obtain a waiver of subrogation rights with respect to the particular insurance involved during the policy period of such insurance (and both parties shall then be relieved from any waiver of rights to recover from each other), but such obligation shall revive (subject to the provisions of this Section) upon the expiration of such policy period.

9.5 Exoneration and Indemnity. Tenant agrees, as a material part of the consideration to Landlord under this Lease, that Tenant shall be responsible for events occurring in, upon or about the Premises from the Lease Commencement Date through the expiration or earlier termination of the Term. Except to the extent of Landlord's or its representatives', agents', employees' or officials' negligence or willful misconduct or as otherwise expressly provided in this Lease, Tenant shall indemnify, defend and hold the Landlord Indemnified Parties harmless from and against any and all third-party Claims arising out of, or related to (or allegedly arising out of or related to): (i) the use or occupancy of the Premises by Tenant or any subtenants; (ii) any activity or event occurring in, upon or about the Premises during the Term; (iii) any failure by Tenant to perform any obligation to be performed by Tenant under the terms of this Lease; or (iv) any act, omission, negligence or misconduct of Tenant or any subtenant or any of their employees, agents, contractors, invitees or customers. If any action or proceeding is brought against Landlord by reason of any such Claim, Tenant, upon request of Landlord, shall defend the same by counsel reasonably satisfactory to Landlord at Tenant's sole cost and expense. Except to the extent of Tenant's or any Subtenant's, or any of their respective employees' representatives', agents', contractors', invitees', or customers' negligence or willful misconduct or as otherwise expressly provided in this Lease, Landlord shall indemnify, defend and hold the Tenant Indemnified Parties harmless from and against any and all third-party Claims arising out of, or related to (or allegedly arising out of or related to) any negligent acts or omission or willful misconduct of Landlord or any of its employees, agents, contractors, or representatives. If any action or proceeding is brought against Tenant by reason of any such Claim, Landlord, upon request of Tenant, shall defend the same by counsel reasonably satisfactory to Tenant at Landlord's sole cost and expense.

Tenant, as a material part of the consideration to Landlord under this Lease, hereby assumes all risk of damage or destruction to property or injury to or the death of persons in, upon or about the Premises from any act, omission or negligence of any other tenant or occupant of the Premises, or any invitee of or visitor to the Premises, or any such person's employees, agents, contractors, invitees or customers. The preceding sentence is not and should not be construed as a waiver by Tenant of any of Tenant's rights of termination under Articles 8 and 11.

ARTICLE 10 ASSIGNMENT AND SUBLETTING

10.1 Restriction on Assignment.

(a) Except as otherwise permitted pursuant to this Article 10 and Article 15 of this Lease, Tenant shall not assign, transfer, convey or otherwise sell this Lease, or Tenant's Leasehold Estate, without the prior written consent of Landlord. Landlord shall act reasonably in reviewing and granting or denying its approval of any such assignment. Any such assignment without Landlord's prior written consent shall be void and, at the option of Landlord and upon delivery of written notice to Tenant, shall constitute a Default under this Lease. Upon receipt of such notice from Landlord and subject to Tenant's right to bring an arbitration under Section 12.1(b) to determine whether any Default has in fact occurred, Tenant shall either cancel, reverse or rescind such assignment or satisfy the requirements of any conditional approval Landlord may elect to grant in its sole and absolute discretion within ninety (90) calendar days following such written notice of Default. Subject to Tenant's rights under Section 12.1(b), Tenant's failure to cure any Default under this Section 10.1(a) within such ninety (90) day period shall automatically be deemed an Uncured Default under this Lease. In order to obtain approval of an assignment:

(i) Tenant shall give Landlord reasonable advance written notice of the proposed assignment (the "**Transfer Notice**"), providing appropriate documentation to Landlord, as Landlord may reasonably require, evidencing that the proposed assignee has, among other reasonable qualifications, the experience, business background and financial capacity to reasonably ensure the continued and prompt performance of the obligations of Tenant under this Lease and the maintenance of the Premises after said assignment becomes effective; provided, however, the assignee need not be required to have such qualifications with respect to the operations of the Premises so long as such assignee engages and retains a third party to operate the Premises who has such qualifications. In the event such assignee engages a third party (and thereafter retains such third party or a successor with similar qualifications at all times) to operate the Premises, Landlord reserves the right to approve such third party which approval shall not be unreasonably withheld or delayed. The Transfer Notice shall give: (a) the proposed effective date of the assignment; (b) the identity of the proposed assignee; (c) all other material terms of the proposed assignment; (d) in detail the type of business operation the proposed assignee intends to conduct on the Premises; and (e) Tenant's warranty and representation that Tenant is not in breach or violation of any of its obligations or duties under this Lease beyond any applicable grace period under this Lease (or, if there is such a breach or violation, a statement identifying such breach or violation). The Transfer Notice shall be accompanied by a copy of the proposed agreement documenting the proposed assignment, or if none, a copy of any offers, draft agreements, letters of commitment or intent and other documents sufficient to describe the terms pertaining to the proposed assignment and provide the Landlord with the information relevant to exercise of its approval right relating to such proposed assignment. If only preliminary, draft or summary documents are available to Landlord in connection with its review of a proposed assignment, Tenant shall deliver to Landlord complete copies of the final form of the assignment documents as soon as they are available. Landlord shall approve or disapprove such assignment within sixty (60) calendar days after Tenant has furnished Landlord with all required and reasonably requested information and, in connection

with any disapproval, shall specify the reasons therefor. Within thirty (30) days after receipt of a request from Tenant for approval of such an assignment, Landlord shall notify Tenant in writing of any additional information or materials, if any, required by Landlord to act upon Tenant's request for approval. If Landlord fails to approve or disapprove the proposed assignment within the 60-day period provided above, then Tenant may give Landlord a second written notice identifying the consent being requested from Landlord, and if Landlord still fails to approve or disapprove (with explanation) such request for consent within thirty (30) calendar days after delivery of such second notice, then such request for consent to the assignment shall be deemed to have been given and the proposed assignment shall be deemed approved. In the event Tenant terminates any operator of the Premises, Tenant shall give Landlord prompt written notice thereof and shall, subject to the foregoing, designate a new operator of the Premises within ninety (90) calendar days thereafter. The required experience to operate the Premises shall be deemed satisfied if the assignee or its parent (or a professional manager retained by such assignee) has at least five (5) years experience in operating similar Premises. Landlord may withhold consent to a proposed assignment only if, in Landlord's reasonable good faith business judgment, Landlord determines that any of the following is the case: (i) the proposed assignment will result in material deterioration in the quality of operation conducted in the Premises, as compared to the operation conducted by Tenant prior to the date of the Transfer Notice; (ii) the proposed assignee has failed to demonstrate to Landlord that the proposed assignee has sufficient relevant business experience; (iii) the proposed assignee fails to demonstrate to Landlord that it is creditworthy and has access to sufficient liquid resources with which to ensure prompt payment when due of all rent and other charges hereunder and the on-going performance of the operation of the Premises; (iv) the proposed assignee's proposed use of the Premises conflicts with use provisions and restrictions in Article 4 of this Lease; (v) the proposed assignee's use would breach any covenant of this Lease respecting the use of the Premises; or (vi) Tenant has committed a monetary Default or a non-monetary Uncured Default under this Lease which remains uncured and such breach or violation will not be cured or remedied concurrently with or as a result of such assignment.

(ii) The proposed assignee shall expressly assume, in writing, all obligations, covenants and conditions of this Lease which accrue from and after the date of such assignment.

(iii) If Tenant disputes Landlord's disapproval of any proposed assignment, then the issue, at Tenant's election, made promptly after Tenant receives Landlord's notice of objection, shall be submitted to Arbitration as provided in Section 17.4.

(b) If Tenant is a limited liability company, corporation, or an unincorporated association or partnership of any kind, the sale of any stock or interest in said corporation, association or partnership pursuant to any transaction (or series of transactions cumulatively occurring since the date of the last previous assignment which required Landlord's approval) which in the aggregate equals or exceeds fifty percent (50%) of the overall stock or interest shall be deemed an assignment within the meaning of this Article 10. Notwithstanding anything to the contrary in this Article 10, the following shall not constitute an assignment or transfer subject to this Article 10:

(i) a transfer to a spouse in connection with a property settlement agreement or decree of dissolution of marriage or legal separation;

(ii) a transfer for estate planning purposes of ownership interests in Tenant or in constituent entities or members of Tenant to a member of the family of the transferor, or to a trust or other entity for the benefit of a member of the family of the transferor, whether such transfer is the result of gift, devise, intestate succession or operation of law;

(iii) a transfer of a beneficial interest resulting from public trading in the stock or securities of an entity, where such entity is a corporation whose stock is traded publicly on a national stock exchange or is traded in the over-the-counter market;

(iv) a mere change in the form, method or status of ownership (e.g. trust interest to limited liability company);

(v) any transfer resulting from a Condemnation by Landlord.

(vi) any granting of a security interest in connection with a financing upon the Premises or any transfer resulting from the foreclosure thereof.

(c) It is further agreed that any consent given by Landlord to Tenant to assign this Lease shall not be construed as a consent to or as a waiver of Landlord's right to object to any other assignment to which its consent in writing has not been obtained and for which its consent is necessary.

(d) Notwithstanding anything to the contrary contained or implied in this Article 10, in the event Tenant desires to sell or assign its entire leasehold interest (the "**Leasehold Estate**") during the term of this Lease it shall notify Landlord of such election (the "**ROFO Notice**") and Landlord shall have the first right to offer to purchase the Leasehold Estate upon the terms set forth below. Following Tenant's delivery of the ROFO Notice to Landlord, Landlord shall have the first right to offer to purchase such Leasehold Estate ("**ROFO**") by notifying Tenant within twenty-one (21) calendar days of its receipt of the ROFO Notice that Landlord is interested in acquiring such Leasehold Estate either upon the terms Tenant has established for the sale or marketing of the Leasehold Estate or upon such alternate terms as Landlord shall specify to Tenant in writing within that twenty-one day period. If Landlord fails to notify Tenant in writing within such period that Landlord desires to purchase the Leasehold Estate upon the terms Tenant has established or upon such alternate terms as Landlord shall propose, or, if, notwithstanding such notification from Landlord, Landlord or Tenant fails to enter into the Purchase Agreement (as hereinafter defined) as provided below, then in either such case, Landlord shall be deemed to have waived its ROFO, and Landlord shall have no further rights with respect to acquiring the Leasehold Estate and Tenant shall have the

absolute right to assign or transfer the Leasehold Estate in its sole and absolute discretion, subject to the provisions of this Article 10; provided, that (i) if, but only if, Landlord did propose alternate terms of purchase within said twenty-one (21) day period which were unacceptable to Tenant (Tenant having the right to accept or reject such proposed alternate terms in Tenant's sole and absolute discretion), then Tenant shall not, within the following two (2) year period, enter into a purchase agreement for sale of the Leasehold Estate for an amount which is less than eighty percent (80%) of the rejected amount offered by the Landlord without first notifying Landlord of the revised terms of sale and offering Landlord a new opportunity to exercise the ROFO with respect to such revised terms in accordance with the ROFO notice, response and exercise provisions set forth above; (ii) regardless of whether Landlord has timely proposed alternate terms for purchase of the Leasehold Estate following receipt of the ROFO Notice, if Tenant has not entered into an agreement for sale of the Leasehold Estate within two (2) years after expiration of the ROFO Negotiation Period (as defined below) then Tenant shall not enter into a new agreement for sale of the Leasehold Estate following the expiration of such two (2) year period without first providing the Landlord a new ROFO Notice and complying again with the right of first offer provisions provided above; (iii) regardless of whether Landlord has timely proposed alternate terms for purchase of the Leasehold Estate following receipt of the ROFO Notice, if Tenant has entered into an agreement for sale of the Leasehold Estate within two (2) years after expiration of the ROFO Negotiation Period but such purchase agreement has not closed during that two (2) year period, Tenant shall not consent to assignment of the direct or indirect interest of the buyer under such agreement to a person or entity that is not affiliated (as defined below) with that proposed buyer following the expiration of such two (2) year period without first providing the Landlord a new ROFO notice and complying again with the right of first offer provisions provided above; and (iv) Tenant shall notify Landlord promptly upon opening of escrow by Tenant for sale of its interest in the Leasehold Estate, and upon Tenant's receipt of notification of an assignment by a buyer to a third party purchaser who is unaffiliated with the assigning buyer of the buyer's rights under an existing agreement to purchase the Leasehold Interest. For purposes of this subsection, a person or entity shall be deemed "affiliated" with another person or entity so long as the ultimate beneficial ownership interests of such person or entity (disregarding all higher tier intermediary corporations, partnerships, limited liability companies, trusts or other like entities) constitute at least fifty percent (50%) of the of the ultimate beneficial ownership interests of the related entity (disregarding all higher tier intermediary corporations, partnerships, limited liability companies, trusts or other like entities).

If Landlord exercises the ROFO as set forth above, Landlord and Tenant shall promptly meet to negotiate in good faith the terms of a proposed purchase and sale agreement and shall use their commercially reasonable efforts to enter into a definitive purchase and sale agreement (the "**Purchase Agreement**") within thirty (30) calendar days of the receipt by Tenant of Landlord's notice of Landlord's interest in acquiring the Leasehold Estate (the "**ROFO Negotiation Period**"); provided, that as set forth above, Tenant shall not have any obligation to accept any proposed offer by Landlord to purchase the Leasehold Estate for an amount which is less than that which is acceptable to Tenant, in its sole and absolute discretion. The Purchase Agreement shall be executed by both parties, if at all, within said thirty (30) calendar day period. If the parties negotiate in good faith but are unable to agree upon and execute such a definitive Purchase Agreement within said thirty (30) calendar day period, the parties shall have no further obligation to negotiate or execute such a Purchase Agreement and, except as expressly provided

in the proviso at the end of the preceding paragraph, Tenant may proceed with assignment of this Lease and Tenant's Interest free of such ROFO, and Tenant shall have no liability to Landlord based upon the failure of Tenant and Landlord to execute a mutually agreeable purchase and sale agreement. The parties acknowledge and agree that there shall be no right to interfere with a sale of the Leasehold Estate by bringing a specific performance action with respect to the ROFO in the event a Purchase Agreement is not timely executed and the parties expressly waive any right to seek specific performance of such ROFO provision or to enjoin, restrain or otherwise interfere with a sale of the Leasehold Interest by Tenant. The parties agree that, in the event of a claim for breach of the ROFO procedure or the obligation to negotiate in good faith for a period of thirty (30) calendar days as set forth above, the sole remedy shall be to recover any damages suffered or incurred as a result of such breach.

(e) Landlord may accept Rent or performance of Tenant's obligations from any person other than Tenant pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Landlord's right to exercise its remedies with respect to any Default by Tenant.

(f) Regardless of Landlord's consent, no assignment shall: (i) be effective without the express written assumption by such assignee of the obligations of Tenant under this Lease arising from and after the effective date of such assignment; (ii) release Tenant of any obligations hereunder which arose prior to the effective date of such assignment; or (iii) alter the primary liability of Tenant for the payment of Rent or for the performance of any other obligations to be performed by Tenant prior to the date of such assignment. Following the effective date of an assignment of this Lease with the Landlord's consent or authorization, the assignor shall be released from any further liability with respect to any obligations accruing under this Lease from and after the effective date of such assignment.

10.2 Assignment Pursuant to the Bankruptcy Code. The restrictions on assignment of this Lease and other terms and conditions set forth in this Article 10 shall, to the extent allowed by law, apply to any assignment, transfer, conveyance or sale of this Lease, or any interest of Tenant under this Lease, pursuant to the Bankruptcy Code, or by operation of law. In addition, the following additional restrictions shall apply to any assignment made pursuant to the Bankruptcy Code.

(a) Any person or entity to which the Lease, or any interest herein, is so assigned, transferred, conveyed or sold, shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease on and after the date of such assignment. Any such assignee shall, upon demand of Landlord, execute and deliver to Landlord a written document confirming such assumption.

(b) Such assignee shall provide Landlord with a cash deposit, appropriate bond or bonds, or other form of security acceptable to Landlord, to ensure the future performance of the obligation of Tenant remaining to be performed under this Lease, provided such cash, bond or security is reasonable in amount.

(c) To the extent of any delinquency in the Rent payable to Landlord under this Lease, any and all monies, cash equivalents, or other considerations payable or otherwise to be delivered in connection with each assignment shall be paid or delivered to Landlord, shall be and remain the exclusive property of Landlord and shall not constitute property of Tenant or of the estate of Tenant within the meaning of the Bankruptcy Code. Any and all monies or other consideration constituting Landlord's property under the preceding sentence not paid or delivered to Landlord shall be held in trust for the benefit of Landlord and be promptly paid or delivered to Landlord.

10.3 Subleases and Subletting. Landlord and Tenant contemplate that Tenant will enter into Subleases for portions of the Premises to be occupied by Subtenants who will operate their businesses in the Premises. Such subletting is expressly permitted only with the written consent of Landlord, which will not be unreasonably withheld or delayed, as hereinafter provided, but such consent will not relieve Tenant of its obligations under this Lease. Landlord shall act reasonably in reviewing and granting or denying its approval of any such Sublease. If requested by Tenant, Landlord shall execute nondisturbance agreements in form and substance mutually and reasonably acceptable to Landlord, Tenant and such Subtenant. Landlord need not grant approval of a proposed Sublease or enter into a nondisturbance agreement with respect to any Sublease unless the following criteria are satisfied prior to Landlord granting its approval to such Sublease or agreeing to enter into a nondisturbance agreement:

(a) Tenant shall give Landlord reasonable advance written notice of the proposed Sublease, providing appropriate documentation to Landlord as Landlord may reasonably require evidencing that the proposed Subtenant has the experience, business background and financial capacity to perform its obligations under the proposed Sublease.

(b) No Sublease term shall exceed or extend beyond the Term of this Lease without Landlord's consent.

(c) The Subtenant must agree to waive all claims against Landlord for damages to goods, wares, merchandise, buildings, installations or other improvements in, upon, or about the subject portion of the Premises unless caused by the negligence or willful misconduct of Landlord, its officers, agents or its contractors. The Subtenant must also confirm in writing that this Lease has been made available to it for its review and that its Sublease is subject and subordinate to this Lease.

(d) Subtenant must agree not to discriminate against any person or class of persons by reason of sex, race, color, creed, ancestry, national origin, age, physical handicap or medical condition, and shall make its accommodations and services available to all persons on a nondiscriminatory basis.

(e) Subtenant shall indemnify Landlord with respect to third-party claims arising from the Subtenant's use or occupancy of the Premises or otherwise arising from its negligent acts or omissions or its willful misconduct.

(f) The execution of or operation under the proposed Sublease shall not result in the violation of any Laws.

In the event of a nondisturbance agreement, termination of this Lease prior to expiration of any Sublease term shall not serve to cancel any Sublease, but shall operate as an assignment to Landlord of such Sublease and all rights of Tenant thereunder shall terminate and shall pass to Landlord. In such case Landlord agrees to be bound by the terms of any such Sublease so long as such subtenant is not in default in the performance of any obligations under the applicable Sublease beyond any applicable grace period. Landlord may, at its option, transfer its interest in any such Sublease to a new Tenant or otherwise, as Landlord deems fit. Any request by Tenant for Landlord approval of a Sublease and Subtenant shall be in writing and accompanied by a copy of the proposed Sublease and such other information concerning the proposed Subtenant as Landlord may reasonably request. Landlord shall respond to Tenant's request within thirty (30) calendar days after receipt and, in the event of any disapproval, shall set forth in reasonable detail the reasons therefor. If Landlord fails to approve or disapprove such Sublease or Subtenant within such thirty (30) calendar day period, then Tenant may deliver a second notice to Landlord requesting such approval and if Landlord fails to approve or disapprove (with explanation) such Sublease and Subtenant within fifteen (15) calendar days thereafter, then such Sublease and Subtenant shall be deemed approved.

ARTICLE 11 EMINENT DOMAIN

11.1 Rights Governed by this Lease. In the event of any "**Taking**" (as hereinafter defined) of the Premises, the rights of Landlord and Tenant shall be as specified in this Article 11.

11.2 Definitions. As used herein, the following terms shall have the following meanings:

(a) "**Taking**" shall mean any taking or damage to the Premises or any portion thereof or interest therein, including severance damage, under the power of eminent domain, or by inverse condemnation or for any public or quasi-public use. A "**Taking**" shall include any voluntary conveyance or transfer in lieu of the exercise of the power of eminent domain or while eminent domain proceedings are pending. A Taking shall be deemed to occur as of the date the condemning authority takes title or physical possession, whichever shall first occur.

(b) "**Total Taking**" shall mean the Taking of all of the Premises or if Tenant makes the election specified in either Section 11.6(a) or (b) below.

(c) "**Partial Taking**" shall mean Taking which is not a Total Taking.

(d) "**Award**" shall mean all compensation paid or payable by reason of a Taking, whether pursuant to a judgment, agreement or otherwise.

11.3 Intended Taking; Negotiation.

(a) Each of Landlord and Tenant shall promptly give written notice to the other upon learning that any person, entity or authority has commenced condemnation proceedings with respect to the Premises or any portion thereof or any interest therein, or has threatened or indicated an intention to commence such proceedings.

(b) Landlord, Tenant, Senior Mortgagee and each Mortgagee shall each have the right to represent its respective interests in each proceeding and negotiation with respect to any Taking or threatened or intended Taking and to make proof of their claims. No agreements or settlements with, or transfers to, any condemning authority shall be made without the prior written consent of Tenant, Landlord, Senior Mortgagee and all Mortgagees. Each party shall bear its own attorneys' fees and expenses in connection with such proceedings and negotiations.

11.4 Partial Taking; Continuation of Lease; Award.

(a) In the event of Partial Taking, this Lease shall remain in effect as to the portion of the Premises not taken, except that the Base Rent otherwise payable hereunder shall be reduced in the same ratio as the value of the portion of the premises taken bears to the value of the total Premises immediately prior to such Partial Taking. Promptly after any Partial Taking and regardless of the amount of the Award, Tenant shall, at its sole cost and expense and in the manner specified in the provisions of this Lease, restore and repair (and, if necessary, reconfigure) any remaining affected Improvements so that the Premises may continue to be operated as a usable whole for the purposes for which they were leased.

(b) In the event of a Partial Taking, subject to the rights of Senior Mortgagee and any Mortgagee, any Award payable to Landlord and/or Tenant shall be payable as follows:

(i) First, to the payment of any Taxes, Assessments and other impositions constituting a lien on the portion of the Premises taken;

(ii) Second, to pay the costs of repairing, restoring or reconfiguring the Premises after the Partial Taking in order to restore it to an operable whole; and

(iii) The balance of the Award shall be divided between Landlord and Tenant based on the following:

(A) Tenant shall receive an amount equal to the fair market value of the portion of Tenant's Interest which has been taken; and

(B) Landlord shall receive an amount equal to the balance of the Award.

(c) If the Landlord and Tenant are unable to agree upon the fair market value of Tenant's Interest, fair market value of Tenant's Interest shall be determined by appraisal in accordance with the following procedures:

If, at any time after the commencement of good faith negotiations to agree upon the fair market value of Tenant's Interest, either Landlord or Tenant concludes that such negotiations will not be successful, such party shall give written notice (an "**Appraisal Notice**") to the other party of its election to determine such fair market value by appraisal. Landlord and Tenant shall then attempt to agree upon a single independent appraiser to make such determination. Such appraiser shall be a member of the American Institute of Real Estate Appraisers, or of another recognized professional association of real estate appraisers which has adopted rules and regulations requiring independent appraisals of its members without bias to any party or any results, and shall have no less than ten (10) years of experience appraising commercial properties located in Southern California (a "**Qualified Appraiser**"). If Landlord and Tenant are unable to agree upon a Qualified Appraiser within thirty (30) calendar days after receipt of the Appraisal Notice, Landlord and Tenant shall each select a Qualified Appraiser within ten (10) calendar days after expiration of such thirty (30) day period and both such Qualified Appraisers shall select a third neutral Qualified Appraiser within ten (10) calendar days after the date on which the second Qualified Appraiser is appointed. If the two Qualified Appraisers selected by the parties cannot agree upon a third Qualified Appraiser within such ten (10) calendar day period, either party shall have the right to apply to the Presiding Judge of the Superior Court for Los Angeles County, California, to select the third Qualified Appraiser. Each of the three (3) Qualified Appraisers shall appraise the fair market value of Tenant's Interest within forty-five (45) calendar days after the selection of the third Qualified Appraiser. The fair market value of Tenant's Interest shall be conclusively determined for all purposes by taking the average of the two appraisals which are closest in amount and by disregarding the third appraisal, unless the highest and the lowest appraisals are equidistant from the middle appraisal, in which case the middle appraisal shall be deemed to be the fair market value of Tenant's Interest. Each party shall pay the fees and expenses of the appraiser selected by such party, and the parties shall share equally the fees and expenses of third appraiser. In connection with valuation of the Tenant's Interest which has been taken, the Qualified Appraiser(s) shall consider and account for all of the following: (aa) any excess of the present value at the Taking Date of the fair rental value of the Leased Premises, exclusive of Tenant's Improvements or alterations for which Tenant is compensated under clause (bb) below, for the remainder of the Term (i.e., the so-called "bonus value"), over the present value at the Taking Date of the rent payable for the remainder of the Term; and (bb) the value at the Taking Date of its interest for the balance of the Term in all Improvements or alterations made to the Leased Premises by Tenant; and (cc) the portion of the Award, if any, allocated to relocation and removal costs of Tenant, if any; and (dd) the portion of the Award, if any, attributable to loss of goodwill or lost profits or damages because of detriment to Tenant's business, if any. If no portion of the Award is attributable to the items contained in clauses (cc) and (dd) above, Tenant shall have the absolute right (i) to pursue Tenant's own claim for such damages as permitted by law and (ii) to receive and keep all such proceeds free from any claim of Landlord.

11.5 Total Taking.

(a) In the event of a Total Taking, this Lease shall terminate as of the date of the Taking or, if later, the date of Tenant's election pursuant to Section 11.6(b) below; provided, however, that such termination shall not prevent Tenant from making all claims against the condemning authority as though this Lease had not terminated, and Tenant shall have the same

rights against such condemning authority as though this Lease had not been terminated. All Rents and other amounts payable hereunder shall be prorated to the date of termination.

(b) In the event of a Total Taking, any Award shall be payable as follows:

(i) First, to the payment of any Taxes and Assessments constituting a lien on the Premises;

(ii) Second, to the repayment of the Senior Loan; and

(iii) The balance of the Award shall be divided between Landlord and Tenant based on the following:

(A) Tenant shall receive an amount equal to the fair market value of Tenant's Interest, as determined according to the procedures set forth in Section 11.4(c) above; and

(B) Landlord shall receive an amount equal to the balance of the Award.

11.6 Tenant's Elections.

(a) If a Partial Taking occurs and the cost to repair, restore and/or reconfigure the Improvements would, in Tenant's reasonable judgment, exceed One Million Dollars (\$1,000,000), Tenant may, by written notice to Landlord within ninety (90) calendar days after such Taking, elect to treat such Taking as a Total Taking.

(b) In the event that less than the entire Premises is taken, but the remainder is, in the Tenant's reasonable judgment, commercially unsuitable for Tenant's continued use, Tenant may, by written notice to landlord within ninety (90) calendar days after such Taking, elect to treat such Taking as a Total Taking.

(c) If Tenant elects to treat any Taking as a Total Taking pursuant to this Section 11.6, then, Tenant shall, at its sole cost and expense, if and as directed by Landlord, demolish and remove all Improvements, Fixtures and Tenant's personal property (or portion thereof as directed by Landlord) from the leased land.

11.7 Award Pending Disbursement; Arbitration.

(a) Until final determination of the parties' respective entitlements to any Award hereunder, such Award shall be held in trust by a California or federally chartered bank or trust company in California designated by Landlord, subject to approval by Senior Mortgagee and all Mortgagees and Tenant, having a combined capital and surplus of not less than One Hundred Million Dollars (\$100,000,000) as of the date of its most recent financial statement. When the final determination of the respective entitlements of all parties claiming an interest in such Award has been determined, such amounts, together with all interest earned thereon from

the date of deposit with such trustee, and less any costs and charges, shall be paid by such trustee to the person or persons entitled thereto.

(b) Any disputes arising under this Article 11 shall be resolved by arbitration under Section 17.4.

11.7 Taking for Temporary Use. If there is a Taking of the Premises for temporary use for a period equal to or less than one (1) year, this Lease shall continue in full force and effect, Tenant shall continue to comply with Tenant's obligations under this Lease, neither the Term nor the Rent shall be reduced or affected in any way, but shall continue at the level of the last annual rental (regardless of whether computed on a fixed or percentage basis) paid prior to the Taking (including any subsequent increases in such annual rental provided for under this Lease), and Tenant shall be entitled to any Award for the use or estate taken. If any such Taking is for a period extending beyond such one (1) year period, the Taking shall be treated under the foregoing provisions for Total and Partial Takings, as appropriate.

11.8 Waiver of Code of Civil Procedure Section 1265.130. Each party waives the provision of Code of Civil Procedure Section 1265.130 allowing either party to petition the Superior Court to terminate the Lease in the event of a Partial Taking of the Premises. The rights of the parties in the event of a Partial Taking shall be governed by the terms of this Lease set forth above.

ARTICLE 12 TENANT'S BREACH; LANDLORD'S REMEDIES

12.1 Tenant's Breach.

(a) The occurrence of any of the following events shall be considered an Uncured Default hereunder and a breach of this Lease by Tenant.

(i) The failure of Tenant to pay Rent or any other charges or payments due hereunder, which failure continues for ten (10) calendar days after written notice thereof by Landlord to Tenant;

(ii) The failure of Tenant to observe or perform any of its other covenants or obligations hereunder which can be cured, which failure continues for thirty (30) calendar days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of such covenants or obligations is such that more than thirty (30) calendar days are required to effect a cure, then Tenant shall not be deemed to be in breach of this Lease if it shall commence such cure within such thirty (30) day period and shall thereafter diligently pursue such cure to completion as quickly as reasonably possible;

(iii) The occurrence of any of the following events: (i) the making by Tenant of any general arrangement or assignment for the benefit of creditors; (ii) Tenant's becoming a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within ninety (90) calendar days);

(iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) calendar days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's Interest in this Lease, where such seizure is not discharged within thirty (30) calendar days; provided, however, in the event that any provision of this subparagraph (a)(iii) is contrary to any applicable law, such provision shall be of no force or effect, and shall not affect the validity of the remaining provisions; and

(b) Notwithstanding anything in this Lease to the contrary, if, within thirty (30) calendar days of Tenant's receipt of a notice of Default with respect to a non-monetary breach by Tenant, Tenant notifies Landlord in writing that it disputes the existence of such non-monetary Default and that it requests a determination of the existence or non-existence of such non-monetary Default by an arbitration conducted in accordance with Section 17.4, then Landlord may not exercise its right to terminate this Lease pursuant to the terms hereof on account of such non-monetary Default of Tenant until the expiration of the applicable cure period (with no cure having been effected) measured as if such cure period commenced upon the date of the determination by such arbitrator that such non-monetary Default in fact exists. In addition, in the event Tenant contests any claimed monetary Default under this Lease, Tenant shall have the right to pay such amount under protest and to reserve its right to contest and seek recovery of such amount and Tenant shall not be in Default under this Lease because such payment has been made "under protest", or with a reservation of rights. If any amount paid under protest is thereafter required to be returned to Tenant, Landlord shall also pay to Tenant interest on such amount at the rate of ten percent (10%) per annum from the date such amount was paid by Tenant to Landlord until the date returned. If Landlord fails to promptly pay to Tenant all amounts determined to be payable to Tenant pursuant to such arbitration proceeding, Tenant shall have the right to offset such amounts against the next Rents payable hereunder.

12.2 Landlord's Remedies. In the event of any Uncured Default of this Lease by Tenant, Landlord, in addition to any other rights or remedies it may have at law, in equity or otherwise, shall have the following rights:

(a) Intentionally omitted.

(b) Landlord shall have the right to terminate this Lease by giving written notice of termination to Tenant. Upon the giving of such notice, this Lease and Tenant's Interest shall terminate, and Tenant shall surrender the Premises to Landlord. Landlord's termination of this Lease for Tenant's Uncured Default shall not relieve Tenant from the obligation to pay any sum then due Landlord or from any claim for damages previously accrued or then accruing.

(c) Notwithstanding anything in this Lease to the contrary, Landlord and Tenant hereby agree that, in the event of any damage claim against Tenant arising hereunder, Landlord shall offset against such claim, and Tenant shall have the right to require the offset against such claim, of the value of Tenant's interest in the Leasehold Estate reverting to Landlord as a result of the early termination of this Lease, and Landlord shall not recover any such damages from Tenant except to the extent they exceed the value of said Leasehold Estate.

12.3 Right of Re-Entry. Except as otherwise provided in any nondisturbance agreement executed by Landlord in favor of a subtenant, in the event of any Uncured Default by Tenant, Landlord shall also have the right in accordance with applicable Law at the time, and, with or without termination of this Lease, to re-enter the Premises and remove all property and persons therefrom, and any such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant.

12.4 Lease Not Terminated. Subject to the limitations of Section 12.2(c) above, if Landlord shall elect to re-enter as above provided, or shall take possession of the Premises pursuant to legal proceedings or pursuant to any notice or other remedy provided by law or in equity, whether or not the Lease is terminated, Landlord may either recover all rental as it becomes due or relet the Premises or any part or parts thereof for such term or terms and upon such provisions as Landlord, in its sole judgment, may deem advisable, and Landlord shall have the right to make repairs to and alterations to the Premises. No re-entry or taking possession of the Premises by Landlord under this Section shall be construed as an election to terminate this Lease unless a written notice of such termination be given to Tenant or unless the termination thereof be adjudged by a court of competent jurisdiction.

12.5 Right to Cure Tenant's Default. Landlord, at any time after Tenant fails to perform an obligation or covenant required to be performed by it under this Lease, and to cure such failure within any allocable cure period, may, at its sole option, and upon written notice to Tenant (except in the event of an emergency in which case no prior notice shall be required, but notice shall be provided as soon as practicable), cure such failure. If, in effecting such cure, Landlord incurs any cost or expense or pays any sum, or does any act that requires the payment of any sum, then, subject to the limitations of Section 12.2(c), all sums, expenses and costs so paid or incurred by Landlord shall be due from Tenant to Landlord immediately upon demand therefor by Landlord, and if paid by Tenant at a later date, shall bear interest at the rate of ten percent (10%) per annum, or the maximum rate then permitted by law, whichever rate is lower, from the date of any payment by Landlord to the date of repayment by Tenant.

12.6 Late Charges; Interest. Tenant hereby acknowledges that late payment by Tenant to Landlord of Rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Landlord by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of Rent due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) calendar days after such amount shall be due, then without any requirement for notice to Tenant, Tenant shall pay to Landlord a late charge equal to four percent (4%) of such overdue amount; provided, that, with respect to the first late payment of Rent during any calendar year, a late charge shall not be payable so long as Tenant pays the Rent due within three (3) business days after written notice from Landlord to Tenant of the amount due. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's breach with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. Unless otherwise stated in this Lease, in addition to any late charges provided above, any amounts payable by one party to another hereunder which remain overdue beyond a period of ten (10)

calendar days shall bear interest at the rate of ten percent (10%) per annum, or the maximum rate then permitted by law, whichever rate is lower, from the expiration of such ten (10) day period until the date such payment is made.

12.7 Remedies Not Exclusive. Subject to the limitations of Section 12.2(c) above, the several rights and remedies granted to Landlord herein shall be cumulative and in addition to any other remedies to which Landlord may be entitled at law or in equity, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of any other rights or remedies Landlord may have, and shall not be deemed a waiver of any of Landlord's rights or remedies, or an election of remedies, or to be a release of Tenant from any of Tenant's obligations, unless such waiver, election or release is expressed in writing and signed by Landlord.

ARTICLE 13

LANDLORD'S DEFAULT; TENANT'S REMEDIES

13.1 Landlord's Default. Landlord shall be in breach of this Lease if it has failed to perform any obligation or covenant to be performed by it hereunder within thirty (30) calendar days after written notice by Tenant to Landlord specifying the nature of Landlord's failure; provided, however, that if the nature of the obligation is such that more than thirty (30) calendar days are required for its performance, then Landlord shall not be deemed to have committed an Uncured Default if it shall commence such performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion within sixty (90) calendar days.

13.2 Tenant's Remedies. Tenant shall be entitled, upon any Default by Landlord, hereunder to any and all rights and remedies available to it at law and in equity; provided, however, that Tenant may not terminate this Lease for Landlord's breach without the written consent of each and every lender who has been granted a security interest in either Landlord's Interest or Tenant's Interest or both. All rights and remedies of Tenant shall be cumulative.

13.3 Delays in Performance. The time within which the Parties hereto shall be required to perform any act under this Lease which cannot be discharged solely by the payment of money shall be extended by a period of time equal to the number of days during which performance of such act is delayed due to an act of God, fire, earthquake, flood, explosion, war, terrorism, invasion, insurrection, riot, mob violence, acts of the public enemy, epidemics, quarantine restrictions, or other events which are beyond a party's reasonable control (the foregoing events are referred to herein as "**Force Majeure**" events). The additional grace period or extension of time provided above shall be equal to the period of delay caused by the above-described event, which period shall commence to run from the time of the commencement of the cause for delay and shall terminate upon termination of that cause; provided that, as set forth in Sections 2.1 and 2.10 above, the extensions due to Force Majeure events under those provisions shall not exceed two (2) years.

ARTICLE 14 LIENS AND ENCUMBRANCES

Tenant shall not, and shall have no right to, encumber Landlord's Interest, and Tenant covenants to keep Landlord's Interest at all times free and clear of any and all liens and encumbrances of any kind whatsoever arising out of Tenant's performance of this Lease. Except as otherwise specifically provided in this Lease, should Tenant fail to discharge or cause to be discharged any claim of lien affecting, or purporting to affect, Landlord's Interest, within thirty (30) calendar days after service on Tenant, then, on written notice from Landlord, Landlord may pay, adjust, compromise and discharge any such lien or claim of lien on such terms and manner as Landlord may reasonably deem appropriate. In such event, Tenant shall immediately reimburse Landlord for the full amount paid by Landlord in connection with such lien or claim of lien, including any attorneys' fees or costs, or other costs expended by Landlord, together with interest at the rate of ten percent (10%) per annum, or the maximum rate permitted by law, whichever rate is lower, from the date of payment by Landlord to date of repayment by Tenant. Notwithstanding the preceding sentences, Tenant may contest any and all such liens and encumbrances, provided that Tenant shall first deposit with Landlord a bond or other security, in form and amount reasonably acceptable to Landlord, to secure the payment and removal of any such lien or encumbrance (plus any fees, interests and penalties).

ARTICLE 15 HYPOTHECATION

15.1 Lease as Security. Tenant shall have the right, subject to the prior written consent of Landlord, which consent shall not be unreasonably withheld or conditioned, to subject all or any part of Tenant's Interest to any deed of trust or mortgage. In the event of any dispute between Landlord and Tenant concerning whether such consent has been unreasonably withheld or conditioned, such dispute shall be resolved by an arbitration proceeding in accordance with Section 17.4 below. Landlord shall have ten (10) business days to respond to Tenant's request for approval of any financing. Any disapproval shall be accompanied by a reasonable detailed description of the reasons therefor. If Landlord fails to approve or disapprove (with explanation) the proposed financing within such ten (10) business day period, Tenant may deliver a second written notice requesting such approval, and if Landlord fails to approve or disapprove (with explanation) such financing within five (5) business days thereafter, such financing shall be deemed approved; provided that, if Landlord deems it necessary to meet with the City Council with respect to approval of any proposed financing and if the fifteen (15) business day period described above (10 days initial notice, 5 day additional notice) did not allow the opportunity to Landlord to do so because of the absence of any Council meeting within that period, then Landlord shall have up to fifteen (15) additional calendar days to schedule such matter for review by the City Council. Notwithstanding anything herein to the contrary, Landlord shall approve and consent to a proposed leasehold mortgage meeting all of the following requirements: (i) such leasehold mortgage encumbers only the Tenant's Interest in the Premises and is not a lien upon the Landlord's fee interest in the Property; (ii) the leasehold mortgage is being made by a state or federal bank, savings and loan, pension fund, life insurance company or other like institutional lender; (iii) the loan to value ratio of such leasehold mortgage does not exceed eighty percent (80%) of the value of the Premises; and (iv) the leasehold mortgage does

not permit or authorize the lender to devote the Leasehold Estate to any uses, or to construct any improvements thereon, other than those uses and improvements permitted by this Lease.

15.2 Loan Obligations. Nothing contained in this Lease shall relieve Tenant of its obligations and responsibilities to any Mortgagee to operate the Premises as set forth in this Lease.

15.3 Rights of Mortgagees.

(a) In the event of any Default under this Lease by Tenant, written notice to that effect shall be sent by Landlord to each Mortgagee, and no termination of this Lease, or of Tenant's right to possession of the Premises or any reletting of the Premises by Landlord shall be effective unless Landlord gives to each Mortgagee written notice, or a copy of its notice to Tenant, of such Default and further notice of termination at the time of service of each of such notices upon Tenant. Any notice of termination between Landlord and such Mortgagee shall be mailed by certified or registered mail, postage prepaid, return receipt requested.

(b) In the event of any Default by Tenant under any of the provisions of this Lease, such Mortgagee will have the same grace period as is given Tenant for remedying such Default or causing it to be remedied, if any, plus, (i) in the case of a monetary Default, an additional period of thirty (30) calendar days after the expiration thereof, and (ii) in the case of a nonmonetary Default, an additional period as described in Section 15.3(d) below, but not, in any event, less than sixty (60) calendar days after the expiration thereof.

(c) In the event Tenant breaches any of the provisions of this Lease, irrespective of whether the same consists of a failure to pay Rent or a failure to do any other thing which Tenant is required to do hereunder, such Mortgagee without prejudice to any of its rights against Tenant, shall have the right to cure such Default hereunder within the applicable grace period provided for in the preceding subparagraph (b), and Landlord shall accept such performance on the part of such Mortgagee as though the same had been performed by Tenant; and for such purpose Landlord and Tenant hereby authorize such Mortgagee to enter upon the Premises and to exercise any of Tenant's rights and powers under this Lease that are reasonably required to cure such Default.

(d) The term "**Incurable Default**" as used herein means a Default which cannot reasonably be cured by a Mortgagee by the payment of money or within the time period allowed for the cure of such Default. The term "**Curable Default**" means any Default under this Lease which is not an Incurable Default. In the event of any Curable Default by Tenant under any of the provisions of this Lease and if prior to the expiration of the applicable grace period applicable to such Mortgagee under Section 15.3(b) above, such Mortgagee shall give Landlord written notice that it intends to undertake the curing of such Default, or to cause the same to be cured, or to exercise its right to acquire the Tenant's Interest by foreclosure or otherwise, and such Mortgagee shall thereafter promptly commence and then proceed with all due diligence to do so, whether by performance on behalf of Tenant of its obligations under this Lease or by entry on the Premises by foreclosure or otherwise, then Landlord will not terminate or take any action to effect a termination of this Lease or reenter, take possession of or relet the Premises or otherwise enforce performance of this Lease so long as such Mortgagee is with all due diligence and in good faith engaged in effecting such foreclosure or in curing such Curable Default. So long as any Curable Defaults are cured by such Mortgagee and Tenant or the Mortgagee

continues to fulfill any obligations of Tenant thereafter arising hereunder within the time periods provided to Tenant hereunder, provided that such Mortgagee shall not be required to cure or commence to cure any lien, charge or encumbrance against Tenant's Interest which is junior in priority to lien of the Mortgage, then such Mortgagee shall not be required to continue such possession or continue such foreclosure proceedings after such Default is cured and this Lease shall thereupon continue in full force and effect as though Tenant had not Defaulted. In the event the nature of any Curable Default is such that such Mortgagee must take possession of the Premises in order to cure such Default, the running of all applicable grace periods shall be tolled so long as such Mortgagee is diligently attempting to obtain such possession. Nothing herein shall preclude Landlord from terminating this Lease with respect to any additional Default which may occur during the aforesaid period of forbearance and is not remedied within the period of grace, if any, applicable to any such additional Default, except that such Mortgagee shall have the same rights specified in this paragraph with respect to any such additional Defaults. Notwithstanding anything herein to the contrary, (i) a Mortgagee shall not be obligated to pursue the cure of any Curable Default which is non-monetary in nature until it has obtained possession of the Premises, and (ii) nothing herein shall require a Mortgagee who has acquired Tenant's Leasehold Estate and has taken possession of the Premises to cure any Incurable Default, and such Incurable Default shall be deemed to be waived following Mortgagee's acquisition of Tenant's Leasehold Estate and such Mortgagee's cure of all Curable Defaults.

(e) In the event of termination of this Lease by reason of either an Incurable Default or a Curable Default or in the event Tenant's Interest shall be sold, assigned or transferred pursuant to the exercise of any remedy of a Mortgagee, or pursuant to judicial proceedings, or in the event of the rejection of this Lease by Tenant or any trustee under Section 365 of the Bankruptcy Code or any similar section and in the event that within thirty (30) calendar days after Landlord's notification to Mortgagee of the occurrence of such event such Mortgagee shall have cured, or arranged to the reasonable satisfaction of Landlord to cure any Curable Default of Tenant under this Lease which is monetary in nature, then Landlord, within thirty (30) calendar days after receiving a written request therefore from such Mortgagee, which shall be given by Mortgagee within the thirty (30) day cure period set forth above applicable to cure of monetary Defaults by Mortgagee, and upon payment to Landlord of all expenses, including reasonable attorneys' fees, incident to such new lease (less the net income collected by Landlord from the date of termination to the date of commencement of the term of the new lease), will execute and deliver to such Mortgagee or its nominee or to the purchaser, assignee or transferee, as the case may be, a new lease of the Premises. Such new lease shall be for a term equal to the remainder of the term of this Lease before giving effect to such termination, shall contain the same covenants, agreements, provisions, conditions and limitations as this Lease, shall be superior to all rights, liens and interest intervening between the date of this Lease and the date of such new lease, and shall be free of any and all rights of Tenant under this Lease. Upon the execution and delivery of such new lease, the new tenant, in its own name or in the name of Landlord, may take all appropriate steps as may be necessary to remove Tenant from the Premises, but Landlord shall not be subject to any liability for the payment of any fees (including attorneys' fees), costs or expenses in connection therewith. The new tenant shall pay all such fees, including reasonable attorneys' fees, costs and expenses or, on demand, make reimbursement therefore to Landlord. It is the intention of the parties hereto that such new lease shall have the same priority relative to other rights or interests to or in the Premises as this Lease, and Landlord covenants to discharge or cause to be subordinated to such new lease any lien or

encumbrance which was subject to this Lease at the time of such termination. If more than one Mortgagee shall make written request upon Landlord for a new lease in accordance with the provisions of this Section 15.3(e), then such new lease shall be entered into pursuant to the request of the Mortgagee whose Mortgage shall be junior in lien provided: (a) all Mortgagees senior in lien shall have been paid all installments of interest and amortization of principal then due and owing to such Mortgagees plus all expenses, including reasonable attorneys' fees, incurred by such senior Mortgagees in connection with the termination of this Lease and with the execution and delivery of such new lease; (b) the new lessee will assume, in writing, all of the covenants, agreements and obligations on the part of the mortgagor under such senior Mortgages to be kept, observed and performed on the part of such mortgagor; (c) such new lease shall contain all of the same provisions and rights in favor of and for the benefit of Mortgagees holding leasehold mortgages thereon as are contained in this Lease, including but not limited to the right to obtain a new lease in the event of the termination of said lease, and the right to receive notices of Default, and to cure the same, in the same manner as provided in this Lease; and (d) the senior Mortgagees shall have received from the respective title insurance companies insuring the respective senior Mortgages assurances satisfactory to such senior Mortgagees that said senior Mortgages and any assignment of rents and other security instruments executed in connection therewith will continue, with respect to such new lease, in the same manner and order of priority of lien as was in existence with respect to this Lease; and thereupon the leasehold estate of the new lessee created by such new lease shall be subject to the lien of the senior Mortgages in the same manner and order of priority of lien as was in existence with respect to this Lease. In the event not all of the foregoing provisos shall have been satisfied by or with respect to any such junior Mortgagee, the Mortgagee immediately senior in lien to such junior Mortgage shall have paramount rights to the benefits set forth in Section 15.3(e) above, subject nevertheless to the provisions hereof respecting the senior Mortgagees, if any. In the event of any dispute as to the respective senior and junior priorities of any such Mortgages, the certification of such priorities by a title company doing business in California, satisfactory to Landlord, shall be conclusively binding on all parties concerned. Should there be a dispute among Mortgagees as to compliance with the foregoing provisions, Landlord may rely on the affidavit of the most senior Mortgagee as to compliance by any junior Mortgagee. Landlord's obligation to enter into a new lease with any junior Mortgagee shall be subject to the receipt by Landlord of evidence reasonably satisfactory to it that the conditions of (a), (b) and (d) above have been satisfied with respect to each senior Mortgagee. The right of a senior Mortgagee under this Section 15.3(e) to request a new lease may, notwithstanding any limitation of time set forth in this Lease, be exercised by the senior Mortgagee within twenty (20) calendar days following the failure of the junior Mortgagee to have exercised such right within the time provided by this Section, and, if a junior Mortgagee shall fail or refuse to exercise the rights set forth in this Section, said senior Mortgagees, in the inverse order of the seniority of their respective liens, shall have the right to exercise such rights subject to the provisions of this Lease.

(f) In the event a breach under the Mortgage executed by Tenant for the benefit of such Mortgagee shall have occurred, such Mortgagee may exercise with respect to the Premises any right, power or remedy under said Mortgage which is not in conflict with any of the provisions of this Lease.

(g) There shall be no merger of the Leasehold Estate created under this Lease with the fee estate in the Premises by reason of the fact that the Leasehold Estate may be held directly or indirectly by or for the account of any person who shall also hold the fee estate, or any interest in such fee estate nor shall there be any such merger by reason of the fact that all or any part of the Leasehold Estate may be conveyed or mortgaged to a Mortgagee who shall also hold the fee estate, or any part thereof, or any interest of Landlord or Tenant under this Lease, unless such merger results from a Default by Tenant, where such Mortgagee has been given an opportunity to cure as provided by this Lease above and has failed to do so.

(h) No acceptance by Landlord of a voluntary surrender of this Lease or any amendment or modification of the terms of this Lease shall be effective or binding unless the written consent of any Mortgagee is first obtained. The exercise by Landlord of any right of termination pursuant and subject to the terms of this Lease, however, shall not be deemed a "voluntary surrender," nor shall anything herein require the Landlord obtain the consent of any Mortgagee before commencing any action or proceeding based upon a Default hereunder by Tenant provided that Landlord shall have given all notices required to be given by Landlord hereunder to Tenant and to such Mortgagee and has provided such Mortgagee with the cure rights herein provided.

(i) This Lease may be assigned by an assignment in lieu of foreclosure of the Mortgage executed by Tenant for the benefit of such Mortgagee or pursuant to a foreclosure sale or sale pursuant to power of sale under said Mortgage and may be further assigned by the assignee or purchaser without the prior written consent of Landlord provided the assignee assumes Tenant's obligations under this Lease and an executed counterpart of such assumption is delivered to Landlord. Notwithstanding any other provision of this Lease, any bonafide sale of this Lease and of the Leasehold Estate hereby created in any proceedings for the foreclosure of any Mortgage or a bonafide assignment or transfer of this Lease and of the Leasehold Estate hereby created in lieu of foreclosure of a Mortgage shall be deemed to be a permitted sale, transfer or assignment of this Lease and of the Leasehold Estate hereby created.

15.4 Personal Liability of Mortgagee. No Mortgagee shall become personally liable for the performance or observance of any covenants or conditions to be performed or observed by Tenant unless and until such Mortgagee becomes the owner of Tenant's Interest upon the exercise of any remedy provided for in the subject Mortgage or until such Mortgagee enters into a new lease with Landlord pursuant to Section 15.3(e) above. Thereafter, such Mortgagee shall be liable for the performance and observance of such covenants and conditions only so long as such Mortgagee owns such interest or is lessee under such new lease.

15.5 Names and Addresses of Mortgagees. Anything in this Article 15 to the contrary notwithstanding, Landlord shall not be obligated to send or deliver any notices or grant any cure rights to any Mortgagee unless the name and address of such Mortgagee has been delivered to Landlord by Tenant or such Mortgagee together with a certificate of an officer of Tenant or such Mortgagee certifying that such Mortgagee is the Mortgagee under a Mortgage on or against the Premises.

15.6 Sublease and Rents. After termination of this Lease and during the period thereafter during which any Mortgagee is entitled to enter into a new lease of the Premises, Landlord will not voluntarily terminate any Sublease or the rights of the Subtenant thereunder

unless such Subtenant is in default under such Sublease and has failed to cure same within the cure period provided under such Sublease. During such periods Landlord shall be entitled to receive all rent and other payments due from Subtenants, including Subtenants whose attornment it shall have agreed to accept, as agent of such Mortgagee and shall deposit such rents and payments in a separate and segregated account, but may withdraw and pay to Landlord such sums as are accrued or were required to be paid to Landlord under this Lease, at the time and in the amounts due hereunder, and may withdraw and expend such additional amounts as are necessary for the maintenance, operation, and management of the Premises in accordance with the requirements of this Lease (including reimbursement of Landlord's reasonable costs associated with collection of rents from Subtenants); and, upon the execution and delivery of such new lease, Landlord shall account to the lessee under the said new lease for the balance, if any (after application as aforesaid), of the rent and other payments made under said Subleases. The collection of rent by Landlord acting as an agent pursuant to this Section shall not be deemed an acceptance by Landlord for its own account of the attornment of any Subtenant unless Landlord shall have agreed in writing with such Subtenant that its tenancy shall be continued following the expiration of any period during which a Mortgagee may be granted a new lease, in which case such attornment shall take place upon such expiration but not before. If the Mortgagee fails to exercise its right to enter into a new lease or fails to timely execute such new lease, all rents collected by Landlord on behalf of such Mortgagee shall inure to the benefit of the Landlord and such Mortgagee shall have no further rights with respect thereto.

15.7 Arbitration and Legal Proceeding. Landlord shall give each Mortgagee who has given written notice of its interest in the Leasehold Estate to Landlord prompt notice of any arbitration (pursuant to Section 17.4) or other legal proceedings between Landlord and Tenant involving obligations under this Lease. Such notice shall be sent to the address provided by such Mortgagee in conjunction with any prior notice of interest delivered to Landlord under this Section 15.7. Each said Mortgagee shall have the right to intervene in any such proceeding to protect its interest and be made a party thereto, and the parties hereto do hereby consent to such intervention. In the event that any such Mortgagee shall not elect to intervene or become a party to any such proceedings, Landlord shall give such Mortgagee notice of, and a copy of, any award or decision made in any such proceedings, which shall be binding on all Mortgagees not intervening after receipt of notice of the arbitration or other legal proceeding.

15.8 Amendment. If, in connection with securing by Tenant of any Mortgage, the affected Mortgagee requests an amendment or modification of the terms of this Lease or the Mortgagee's lender protection rights set forth herein, Landlord agrees to reasonably consider its consent to any such proposed amendment or modification.

ARTICLE 16 [RESERVED]

ARTICLE 17 GENERAL PROVISIONS

17.1 Estoppel Certificates. Each party shall, without charge, at any time and from time to time, upon written request of the other party, deliver a written instrument, duly executed (and acknowledged, if requested), certifying to the requesting party, or any other person, firm or corporation reasonably specified by the requesting party:

(a) That this Lease is unmodified and in full force and effect, or if there has been any modification, that this Lease is in full force and effect as so modified, and identifying any such modification;

(b) Whether or not to the knowledge of the certifying party there are then existing any offsets or defenses in favor of the certifying party against the enforcement of any of the terms, covenants and conditions of this Lease and, if so, specifying the same, and also whether or not to the knowledge of the certifying party, the requesting party has observed and performed all of the terms, covenants and conditions on its part to be observed and performed, and, if not, specifying the same;

(c) The dates to which Base Rent, Additional Rent, and all other payments and charges hereunder have been paid; and

(d) Any other matter, reasonably related to this Lease and the contractual relationship between Landlord and Tenant, that is reasonably requested by the requesting party.

17.2 Landlord's Right of Entry. Subject to the rights of Subtenants, Landlord and its agents shall have the right at reasonable times and upon not less than one (1) business day's notice:

(a) During the last twelve (12) months of the Term, to display the Premises. If Tenant vacates the Premises prior to the expiration of the Term, Landlord may from and after Tenant's vacation decorate, remodel, repair, alter and improve or otherwise prepare the Premises for reoccupancy.

(b) To inspect the Premises in order to determine whether to approve proposed construction or demolition.

(c) To enter the Premises to determine whether Tenant has complied or is complying with its obligations hereunder if a physical inspection is reasonably necessary to determine such compliance.

17.3 Waiver. No waiver by either party hereto of any breach by the other party of any covenant or condition herein contained shall be effective unless such waiver is in writing, signed by the non-breaching party and delivered to the breaching party. The waiver by the non-breaching party of any such breach or breaches, or the failure by the non-breaching party to exercise any right or remedy in respect of any such breach or breaches, shall not constitute a waiver or relinquishment for the future of any such covenant or condition or of any subsequent breach of any such covenant or condition nor bar any right or remedy of the non-breaching party in respect of any such subsequent breach.

17.4 Arbitration. All disputes arising under or related to this Lease, including, but not limited to, all alleged breaches or Defaults, other than those disputes relating directly or indirectly to the payment of Rent hereunder, shall be submitted to arbitration as follows:

(a) Either party to a dispute may elect to submit the matter to arbitration by delivering written notice of such election to the other party. Such arbitration shall be conducted in accordance with the arbitration rules of the Judicial Arbitration and Mediation Service ("JAMS").

(b) Within ten (10) calendar days after receipt of the notice provided for above, the parties shall attempt to agree upon an arbitrator who shall decide the matter. If, for any reason, the parties are unable to agree upon the arbitrator within said ten (10) day period, then either may request JAMS to appoint such arbitrator. Unless the parties otherwise agree, the arbitrator shall be a retired judge of the courts of California or any federal court located within the State.

(c) The arbitrator so appointed shall promptly fix a convenient time and place in the County of Los Angeles for hearing the matter to be arbitrated and shall give written notice thereof to Landlord and Tenant at least five (5) calendar days prior to the date so fixed. Said arbitrator shall with reasonable diligence determine the matter to be arbitrated in accordance with the provisions hereof and of the statutes and judicial decisions of the State of California at the time applicable thereto, and shall execute and acknowledge its determination thereon in writing and cause a copy thereof to be delivered to Landlord and Tenant.

(d) The determination of said arbitrator shall determine the matter to be arbitrated, which determination shall be final and binding on both parties in the same manner as an award rendered under the California Code of Civil Procedure, §1280 *et seq.* If the arbitrator shall fail to reach a decision in the determination of the matter arbitrated, the same shall be decided by a new arbitrator, who shall be appointed and shall proceed in the same manner as hereinabove set forth, and said process shall be repeated until a decision is finally reached by the arbitrator selected.

(e) If any party fails to appear or present any documents or arguments, that party shall be deemed to have waived any right to be heard or to present any documents or arguments and shall be deemed to have consented to be bound by any determination rendered. The fees and costs of the arbitrator shall be divided equally between the parties.

(f) A copy of any notice of election delivered by either party pursuant to Section 17.4(a) above shall also be delivered to each Mortgagee. In addition, each Mortgagee shall be entitled to participate in any arbitration proceeding conducted pursuant to this Section 17.4. Such participation shall be at such Mortgagee's sole cost and expense and shall be preceded by the delivery to Landlord and Tenant of a written notice from such Mortgagee regarding its intent to participate.

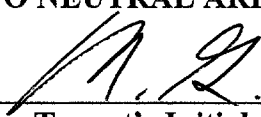
NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE

BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.



Landlord's Initials



Tenant's Initials

17.5 [Reserved]

17.6 Notices. Wherever in this Lease one party to this Lease is required or permitted to give or serve a notice, request or demand to or on the other, such notice, request or demand shall be given or served upon the party to whom it is directed in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, return receipt requested, or delivered by Federal Express, Express Mail, or another overnight delivery service, or sent by facsimile or electronic mail, provided that any notice sent by facsimile or electronic mail shall also be sent by one of the other modes of permissible delivery initiated not more than one (1) business day after such transmission by facsimile or electronic mail, addressed as follows:

If to Landlord: City of Redondo Beach
415 Diamond Street
Redondo Beach California 90277
Attn: Assistant City Manager
Facsimile: (310) 379-9268

If to Tenant: Robert Dale Resnick, as Trustee for the RDR Living Trust of 1996
c/o RDR Properties
1545 Sawtelle Blvd., Suite 21
Los Angeles, California 90025
Facsimile: (310) 459-4497

With a copy to: Brown Winfield Canzoneri Abram Inc.
300 South Grand Avenue, Suite 1400
Los Angeles, California 90071-3124
Attn: Dennis S. Roy, Esq.
Facsimile: (213) 687-2149

Either party may change its address for notice by written notice given to the other in the manner hereinabove provided. Any such notice, request or demand shall be deemed to have been duly

given or received on (i) the date of service if served personally on the Party to whom notice is to be given, (ii) the date of actual or attempted delivery provided such attempted delivery is made on a business day, if sent by Federal Express, Express Mail or another like overnight delivery service, (iii) the date of delivery, if sent by fax or electronic mail; provided that, if such fax or electronic transmission is sent on a weekend or after 5:00 p.m. on a business day, then it shall be deemed sent on the next business day, and provided that any notice sent by fax or electronic mail shall also be sent by one of the other modes of permissible delivery, which alternate method of delivery shall be initiated not more than one (1) business day after such transmission by fax or electronic mail, or (iv) the date of actual delivery (or refusal) as shown by the addressee's registry or certification of receipt, if mailed to the person to whom notice is to be given, by first class U.S. mail, registered or certified, postage prepaid, return receipt requested and properly addressed as shown above (or to such other address as either Party may from time to time direct by written notice given in the manner herein prescribed).

17.7 Partial Invalidity; Construction. If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent be held to be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law. This Lease shall be governed by and construed under the laws of the State of California. When required by the context of this Lease, the singular shall include the plural, and the neuter shall include the masculine and feminine. Except as otherwise expressly provided herein, whenever the consent or approval of a party is required by the terms of this Lease to any proposed action or event, such consent or approval shall not be unreasonably withheld, conditioned or delayed. Except as otherwise expressly provided herein, all references to days shall mean calendar days. Where this Lease refers to business days, it shall mean all days except Saturday, Sunday and state and national holidays.

17.8 Captions. The captions and headings in this Lease are inserted only as matter of convenience and for reference, and they in no way define, limit or describe the scope of this Lease or the intent of any provision hereof.

17.9 Short Form Lease. Concurrently with the execution and delivery of this Lease, Landlord and Tenant shall join in the execution and delivery of a short form memorandum of this Lease in the form attached as Exhibit "G", and shall record such memorandum in the Official Records of Los Angeles County, California forthwith. The parties further agree, however, that the terms, covenants and conditions of this Lease shall govern and control over any such memorandum.

17.10 Brokers' Commissions. Each party represents to the other that it is not obligated to any broker, finder or other real estate or financing agent in connection with the subject matter of this Lease or any of the transactions contemplated hereby. Each party hereto agrees to defend, indemnify and hold harmless the other party hereto from any claim, suit, liability or demand made upon the other party by any person, firm or corporation for brokerage or finder's fees or commissions or other similar compensation with respect to such transactions, or with respect to any lease or sublease for space in or on the Premises, resulting from (or allegedly resulting from) the actions of the indemnifying party.

17.11 Attorneys' Fees. In the event of any litigation or arbitration regarding this Lease, the losing party shall pay to the prevailing party its costs of litigation or arbitration including, without limitation, reasonable attorneys' fees.

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

17.13 Sole Agreement. This Lease contains all of the agreements of the parties hereto with respect to Tenant's tenancy of the Premises, and all matters relating to such tenancy, 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.

17.14 Successors and Assigns. This Lease and all of its provisions and attached Exhibits shall inure to the benefit of, and shall be binding upon, Landlord, Tenant and their respective permitted successors and permitted assigns. This Lease supersedes the Existing Lease and is the sole agreement of the parties with respect to the subject matter hereof from and after the Lease Commencement Date; provided, that any dispute arising as to events, circumstances, obligations, or rights occurring or existing prior to the Lease Commencement Date shall continue to be governed by the Existing Lease in effect at the time of such events or circumstances.

17.15 Time is of the Essence. Time is of the essence with respect to the performance and observance of each of the obligations, covenants and agreements of the parties under this Lease.

17.16 Survival of Covenants. Except with respect to those conditions, covenants and agreements of this Lease which by their express terms are applicable only to, or which by their nature could only be applicable after, a certain date or time during the Term hereof, all of the conditions, covenants and agreements of this Lease shall be deemed to be effective as of the date of this Lease. Any obligation arising during the Term under any provision hereof, which by its nature would require Landlord and/or Tenant to take certain action after the expiration of the Term or other termination of this Lease, including any termination resulting from the breach of this Lease by Tenant, shall be deemed to survive the expiration of the Term or other termination of this Lease and, after the expiration of the Term or other termination hereof, the parties shall be required to perform any actions which are necessary to fully perform the obligations that arose prior to such expiration or termination.

17.17 Landlord's Right to Encumber. Landlord shall have the right, subject to the prior written consent of Tenant, which consent shall not be unreasonably withheld or delayed, to subject all or any part of Landlord's Interest to any deed of trust or mortgage.

17.18 Amendments in Writing. This Lease cannot be orally amended or modified. Any modification or amendment hereof must be in writing and signed by the party to be charged.

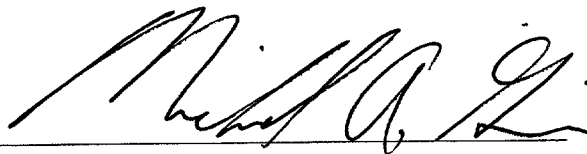
17.19 Reasonableness Standard. Except as otherwise expressly provided herein, whenever this Lease grants Landlord or Tenant the right to take action, exercise discretion, establish rules and regulations or make allocations or other determinations, Landlord and Tenant shall act reasonably of the Lease but which have not yet been discharged.

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

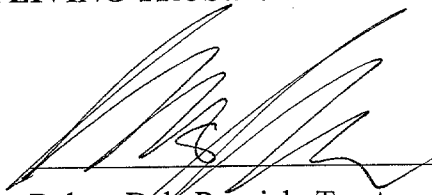
"LANDLORD"

CITY OF REDONDO BEACH

By: 
Michael A. Gin
Mayor

"TENANT"

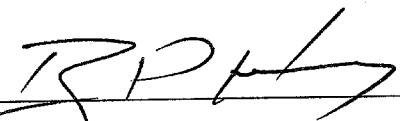
RDR LIVING TRUST OF 1996

By: 
Robert Dale Resnick, Trustee

ATTEST:


CITY CLERK

APPROVED AS TO FORM:

By: 
~~Michael Webb~~
City Attorney's Office

EXHIBITS

Exhibit "A"	Tidelands Grant
Exhibit "B"	Description of Leased Land
Exhibit "C"	Tenant Development Plan
Exhibit "D"	Landlord Improvements
Exhibit "E"	Participation Rent
Exhibit "F"	Limitation of Uses
Exhibit "G"	Memorandum of Lease

EXHIBIT "A"

TIDELANDS GRANT

AN ACT GRANTING CERTAIN TIDELANDS AND SUBMERGED LANDS OF THE STATE OF CALIFORNIA TO THE CITY OF REDONDO BEACH UPON CERTAIN TRUSTS AND CONDITIONS

The people of the State of California do enact as follows:

SECTION 1. There is hereby granted to the City of Redondo Beach, a municipal corporation of the State of California, and to its successors, all the right, title and interest of the State of California, held by said state by virtue of its sovereignty, and to all the tidelands and submerged lands, within the present boundaries of said City, and situated below the line of mean high tide of the Pacific Ocean, to be forever held by said City, and by its successors, in trust for the uses and purposes, and upon the express conditions following, to wit:

(a) Said lands shall be used by said City and by its successors, solely for the establishment, improvement and conduct of a harbor and for the establishment and construction of bulkheads or breakwaters for the protection of lands within its boundaries, or for the protection of its harbor, and for the construction, maintenance and operation thereon of wharves, docks, piers, slips, quays and other utilities, structures and appliances necessary or convenient for the promotion or accommodation of commerce and navigation and the protection of the lands within said City, and said City, or its successors, shall not, at any time, grant, convey, give or alien said lands, or any part thereof, to any individual, firm or corporation for any purpose whatsoever; provided, that said City, or its successors, may grant franchises thereon, for limited periods, for wharves and other public uses and purposes, and may lease said lands or any part thereof for limited periods, for purposes consistent with the trusts upon which said lands are held by the State of California and with the requirements of commerce or navigation at said harbor;

(b) Said harbor shall be improved by said City without expense to the State, and shall always remain a public harbor for all purposes of commerce and navigation, and the State of California shall have, at all times, the right to use, without charge, all wharves, docks, piers, slips, quays and other improvements constructed on said lands, or any part thereof, for any vessel or other water craft, or railroad owned or operated by the State of California;

(c) In the management, conduct or operation of said harbor, or of any of the utilities, structures or appliances mentioned in paragraph (a), no discrimination in rates, tolls or charges, or to facilities, for any use or service in connection therewith shall ever be made, authorized or permitted by said City or by its successors. The absolute right to fish in the waters of said harbor, with the right of convenient access to said waters over said lands for said purpose, is hereby reserved to the people of the State of California.

Approved April 12, 1915
Stats 1915, p.62.

COMPLIMENTS OF
ROBERT G. BEVERL
Assemblyman, 46th District

RECEIVED

APR 24 1972

PROPERTY MANAGEMENT

Senate Bill No. 1461

CHAPTER 1555

An act to amend Section 1 of, and to add Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20 to, Chapter 57 of the Statutes of 1915, relating to tidelands and submerged lands.

[Approved by Governor November 17, 1971. Filed with
Secretary of State November 19, 1971.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature makes the following findings and determinations:

(a) By Chapter 57 of the Statutes of 1915, the Legislature conveyed certain tide and submerged lands in trust to the City of Redondo Beach for the purposes therein stated, primarily for the promotion and accommodation of commerce, navigation, and fisheries.

(b) A portion of such tide and submerged lands has been filled and reclaimed in accordance with a master plan of improvement of said granted tide and submerged lands, including the development of a harbor facility.

(c) The City of Redondo Beach, through development of its harbor, has caused to be made available approximately 1,500 boat slips, boat fuel docks, boat service yards, boat hoists, boat rental facilities, and free fishing from three different piers, has constructed two breakwaters, is in the process of providing public parking facilities and will provide parking for in excess of 1,000 cars, and will provide numerous recreational amenities including, but not limited to, nautical museums, restaurants, motels, and other tourists facilities.

(d) The City of Redondo Beach has made available, by the development of access facilities and other recreational amenities, an additional three miles of shoreline providing access to the ocean for recreational, commercial, and navigational purposes.

(e) The City of Redondo Beach is currently undergoing a large scale redevelopment project which has revitalized the waterfront areas fronting the city.

(f) In accordance with the master plan of the City of Redondo Beach for the development of the tide and submerged lands granted to it in trust pursuant to Chapter 57 of the Statutes of 1915, Parcels 1 through 4, inclusive, as described in Section 5 of said act, being a relatively small portion of such granted tide and submerged lands, were filled, reclaimed, and

optioned for lease or leased, and are producing income to support the statutory trusts under which such tide and submerged lands are held by said city and, except for the production of income to support said trusts are, under such master plan, no longer required or needed for the promotion of said trusts.

(g) Said Parcels 1 through 4, inclusive, are no longer needed or required for purposes of navigation, commerce, and fisheries and should be freed of the public trust for navigation, commerce, and fisheries but should continue to be held in trust by the City of Redondo Beach subject to the terms and provisions of Chapter 57 of the Statutes of 1915, as amended and supplemented by this act, and to other laws applicable to the tide and submerged lands included in such grant to the City of Redondo Beach, but subject to no condition of use other than the uses set forth in the existing options to lease and leases of said Parcels 1 through 4, inclusive, and subject to the condition that the revenues derived from the leasing or administration of said Parcels 1 through 4, inclusive, shall be used in furtherance of the purposes of the trust under which other tide and submerged lands are held by the City of Redondo Beach as expressed in Chapter 57 of the Statutes of 1915, as amended and supplemented by this act.

(h) The release of said Parcels 1 through 4, inclusive, from the public trust for navigation, commerce, and fisheries to the extent expressed in subdivision (g) of this section is in the best interests of the people of the State of California.

SEC. 2. Section 1 of Chapter 57 of the Statutes of 1915 is amended to read:

Section 1. There is hereby granted and conveyed in trust to the City of Redondo Beach, hereinafter referred to as the "city," all of the right, title, and interest of the State of California, held by the state by virtue of its sovereignty in and to all of the tide and submerged lands within the present boundaries of the city and situated below the mean high tide line of the Pacific Ocean, which lands, except for the lands described in Section 5 of this act, are to be forever held by the city and its successors in trust for the uses and purposes and upon the express conditions following, to wit:

(a) For the establishment, improvement, and conduct of harbors, and for the construction, reconstruction, repair, maintenance, and operation of wharves, docks, piers, slips, quays, and all other works, buildings, facilities, utilities, structures, and appliances incidental, necessary, or convenient, for the promotion and accommodation of commerce and navigation.

(b) For all marine-oriented commercial and industrial uses and purposes, and the construction, reconstruction, repair, and maintenance of marine-oriented commercial and industrial buildings, plans, and facilities.

(c) For the construction, reconstruction, repair, and maintenance of highways, streets, roadways, bridges, parking facilities, power, telephone, telegraph or cable lines or landings, water and gas pipelines, and all other transportation and utility facilities or betterments incidental, necessary, or convenient for the promotion and accommodation of any of the uses set forth in this section.

(d) For the construction, reconstruction, repair, maintenance, and operation of public parks, public playgrounds, public bathhouses, and public bathing facilities, public recreation and public fishing piers, including, but not limited to, all facilities, utilities, structures, and appliances incidental, necessary, or convenient for the promotion and accommodation of any such marine-oriented uses in the statewide interest.

(e) For the establishment, improvement, and conduct of small boat harbors, marinas, aquatic playgrounds and similar recreational facilities, and for the construction, reconstruction, repair, maintenance, and operation of all works, buildings, facilities, utilities, structures, and appliances incidental, necessary, or convenient for the promotion and accommodation of any of such uses, including, but not limited to, snackbars, cafes, cocktail lounges, restaurants, motels, hotels, and other forms of transient living accommodations open to the public, launching ramps and hoists, storage sheds, boat repair facilities with cranes and marine ways, public restrooms, bait and tackle shops, chandleries, boat sales establishments, service stations and fuel docks, yacht club buildings, parking areas, roadways, pedestrian ways and landscaped areas, and other compatible commercial and recreational activities and uses.

(f) For the protection of wildlife habitats, the improvement, protection, and conservation of the wildlife and fish resources and the ecology of the area, the providing of open-space areas and areas for recreational use with open access to the public, the enhancement of the aesthetic appearance of the area, control of dredging or filling of the area, or both, and prevention of pollution of the area.

Sec. 3. Section 2 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 2. The city, or its successors, shall not at any time grant, convey, give, or alienate said lands, or any part thereof, to any individual, firm, or corporation for any purpose whatsoever; provided, that the city, or its successors, may grant franchises thereon for limited periods for those uses and purposes set forth in Section 1 of this act and may lease said lands, or any part thereof, for limited periods for purposes consistent with the trusts upon which said lands are held by the State of California and with the requirements of commerce or navigation.

SEC. 4. Section 3 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 3. The harbor established pursuant to subdivision (a) of Section 1 of this act shall be improved by the city without expense to the state, and shall always remain a public harbor for all purposes of commerce and navigation, and the state shall have, at all times, the right to use, without charge, all wharves, docks, piers, slips, quays, and other improvements constructed on said lands, or any part thereof, for any vessel or other water craft, or railroad owned or operated by the state.

SEC. 5. Section 4 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 4. In the management, conduct, or operation of said harbor, or of any of the utilities, structures, or appliances mentioned in subdivision (a) of Section 1 of this act, no discrimination in rates, tolls, charges, or in facilities for any use or service in connection therewith shall ever be made, authorized, or permitted by the city or by its successors. The absolute right to fish in the waters of said harbor, with the right of convenient access to such waters over said lands for such purpose, is hereby reserved to the people of the State of California.

SEC. 6. Section 5 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 5. The following four described parcels of land conveyed in trust to the city under the provisions of Section 1 of this act are freed of the public trust for navigation, commerce, and fisheries, but shall continue to be held in trust by the city subject to the terms and provisions of this act and to other laws applicable to tide and submerged lands included in such grant to the city, subject to no condition of use other than the uses set forth in the existing options to lease and leases of such parcels, and subject to the condition that the revenues derived from the leasing or administration of such parcels shall be used in furtherance of the purposes of the trust under which other tide and submerged lands are held by the city in accordance with this act:

~~Parcel 1~~ Parcel 1

That area of Tidelands and Submerged land lying within the City of Redondo Beach, County of Los Angeles, State of California, described as follows:

Beginning at a survey monument designated as '11-12' on Map of Record of Survey filed in Book 78, Page 100 of Record of Surveys of said County; thence S 86° 06' 15" W 58.33 ft. to the True Point of Beginning; thence S 32° 41' 53" W 180.15 ft.; thence N 57° 15' 05" W 53.75 ft.; thence N. 32°

41' 55" E 180.15 ft.; thence S 57° 15' 03" E 53.75 ft. to the True Point of Beginning.
Containing 0.222 acres.

Parcel 2

That area of Tidelands and Submerged land lying within the City of Redondo Beach, County of Los Angeles, State of California, described as follows:

Beginning at a survey monument designated as 'II-16' on Map of Record of Survey filed in Book 78, Page 100 of Record of Surveys of said County, thence along a line extending from said monument to survey monument 'II-17' as shown on said map, S 67° 06' 03" W 155.69 ft. to a point in the Mean High Tide Line as shown on map of the Grant to the City of Redondo Beach by the State Lands Commission and recorded as O.R.M. 2259, Page 111 and filed with the County Recorder of said County as P-1916; thence along said line N 20° 24' 43" W 188.39 ft. to the True Point of Beginning; thence continuing along said line N 20° 24' 43" W 293.84 ft. to a point in the northerly boundary line of said City of Redondo Beach; thence along said line S 68° 42' 41" W 303.57 ft.; thence S 21° 18' 03" E 293.88 ft.; thence N 68° 41' 57" E 298.98 ft. to the True Point of Beginning.
Containing 2.016 acres.

Parcel 3

That area of Tidelands and Submerged land lying within the City of Redondo Beach, County of Los Angeles, State of California, described as follows:

Beginning at a survey monument designated as 'II-15' on Map of Record of Survey filed in Book 78, Page 100 of Record of Surveys of said County, thence along a line extending from said monument to survey monument 'II-14' as shown on said map, S 73° 21' 28" W 148.10 ft.; thence N 16° 38' 32" W 88.00 ft. to the True Point of Beginning; thence S 73° 21' 28" W 621.27 ft.; thence S 16° 38' 32" E 23.00 ft.; thence S 73° 21' 28" W 161.35 ft. to the beginning of a tangent curve concave southeasterly having a radius of 60.27 ft.; thence southwesterly along the arc of said curve 110.56 ft.; thence tangent to said curve, S 31° 44' 59" E 451.46 ft. to the beginning of a tangent curve concave northerly having a radius of 59.98 ft.; thence southerly and easterly along the arc of said curve 110.62 ft. to a point to which a radial line bears S 55° 51' 29" E; thence along a non-tangent line N 73° 21' 28" E 45.11 ft.; thence N 16° 42' 30" W 392.59 ft.; thence N 73° 21' 28" E 587.83 ft.; thence N 16° 38' 32" W 176.00 ft. to the True Point of Beginning.
Containing 4.949 acres.

Parcel 4

That area of Tidelands and Submerged land lying within the City of Redondo Beach, County of Los Angeles, State of California, described as follows:

Beginning at a survey monument designated as '11-16' on Map of Record of Survey filed in Book 78, Page 100 of Record of Surveys of said County, thence along a line extending from said monument to survey monument '11-17' as shown on said map, S 67° 06' 03" W 155.69 ft. to a point in the Mean High Tide Line as shown in map of the Grant to the City of Redondo Beach by the State Lands Commission, and recorded as O.R.M. 2259, Page 111 and filed with the County Recorder of said County as F-1916; thence along said line N 20° 24' 43" W 23.82 ft. to the True Point of Beginning; thence continuing along said line N 20° 24' 43" W 90.09 ft.; thence S 67° 06' 03" W 386.83 ft.; thence S 22° 53' 57" E 90.00 ft.; thence N 67° 06' 03" E 382.92 ft. to the True Point of Beginning.

Containing 0.793 acres.

Sec. 7. Section 6 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 6. The city shall maintain records identifying all revenues from all lands granted pursuant to this act and shall file annual reports of such revenues with the State Lands Commission.

Sec. 8. Section 7 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 7. For purposes of this act, the retirement of bonds issued by the city for the construction of said harbor facilities constitutes the use of revenues in accordance with the terms of said trusts.

Sec. 9. Section 8 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 8. The city shall establish a separate trust fund or funds on or before December 31, 1972, for deposit of all of the following:

(a) All moneys or proceeds derived from the granted tide and submerged lands in the city, including all net income and revenues derived from the production or sale of oil, gas, or other hydrocarbon substances derived from the granted tide and submerged lands.

(b) All revenues derived from those certain lands of the city, hereafter referred to as "uplands," and described as follows:

Those certain uplands in the City of Redondo Beach, County of Los Angeles, State of California, more particularly described as follows:

Beginning at a point, said point being on the mean high tide line of October 1933 as established by the State of California and shown on map of the grant to the City of Redondo Beach recorded on June 17, 1966 and filed as Instrument No. 2886, Book F1916 in the Office of the Los Angeles County Recorder, said point being also the westerly terminus of a line shown on the map of record of survey filed in Book 81, Page 36 through 39 inclusive in the Office of the Los Angeles County Recorder, said line having a bearing of North 66°, 29 minutes, 26 seconds East and a length of 154.29 feet, said line being a course in the westerly boundary of said record of survey, thence easterly along said line and northerly along said westerly boundary of record of survey on its various courses to its intersection with the westerly line of Harbor Drive, thence northerly along said westerly line of Harbor Drive on its various courses to its intersection with the northerly boundary of the City of Redondo Beach, thence westerly on said city boundary to its intersection with said mean high tideline, thence southerly along said mean high tideline on its various courses to the point of beginning.

Commencing on September 30, 1974, a statement of financial condition and operation shall be submitted by the city to the Auditor General annually on or before September 30 of each year for the preceding fiscal year.

Sec. 10. Section 9 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 9. Notwithstanding any other provision of law, the city, acting either alone or jointly with another local or state agency, may use revenues accruing from or out of the use of the granted tidelands and submerged lands for any or all of the following purposes; provided, that they comply with the terms of the trust and are matters of statewide, as distinguished from local or purely private, interest and benefit:

(a) For the establishment, improvement, and conduct of harbors, and for the construction, reconstruction, repair, maintenance, and operation of wharves, docks, piers, slips, quays, and all other works, buildings, facilities, utilities, structures, and appliances incidental, necessary, or convenient, for the promotion and accommodation of commerce and navigation.

(b) For all commercial and industrial uses and purposes, and the construction, reconstruction, repair, and maintenance of commercial and industrial buildings, plants, and facilities.

(c) For the establishment, improvement, and conduct of airport and heliport or aviation facilities, including, but not limited to, approach, takeoff, and clear zones in connection with airport runways, and for the construction, reconstruction, repair, maintenance, and operation of terminal buildings, runways, roadways, aprons, taxiways, parking areas, and all other

works, buildings, facilities, utilities, structures, and appliances incidental, necessary, or convenient for the promotion and accommodation of air commerce and air navigation.

(d) For the construction, reconstruction, repair, and maintenance of highways, streets, roadways, bridges, beltline railroads, parking facilities, power, telephone, telegraph or cable lines or landings, water and gas pipelines, and all other transportation and utility facilities or betterments incidental, necessary, or convenient for the promotion and accommodation of any of the uses set forth in this act.

(e) For the construction, reconstruction, repair, maintenance, and operation of public buildings, public assembly and meeting places, convention centers, public parks, public playgrounds, public bathhouses and public bathing facilities, public recreation and fishing piers, public recreation facilities including, but not limited to, public golf courses, and for all works, buildings, facilities, utilities, structures, and appliances incidental, necessary, or convenient for the promotion and accommodation of any such uses.

(f) For the establishment, improvement, and conduct of small boat harbors, marinas, aquatic playgrounds, and similar recreational facilities, and for the construction, reconstruction, repair, maintenance and operation of all works, buildings, facilities, utilities, structures, and appliances incidental, necessary, or convenient for the promotion and accommodation of any of such uses including, but not limited to, snackbars, cafes, cocktail lounges, restaurants, motels, hotels, and other forms of transient living accommodations open to the public, launching ramps and hoists, storage sheds, boat repair facilities with cranes and marine ways, administration buildings, public restrooms, bait and tackle shops, chandleries, boat sales establishments, service stations and fuel docks, yacht club buildings, parking areas, roadways, pedestrian ways and landscaped areas, and other compatible commercial and recreational activities and uses.

(g) For the protection of wildlife habitats, the improvement, protection, and conservation of the wildlife and fish resources and the ecology of the area, the providing of open-space areas and areas for recreational use with open access to the public, the enhancement of the aesthetic appearance of the area, control of dredging or filling of the area, or both, and prevention of pollution of the area.

(h) For the promotion, by advertising and such other means as may be reasonable and appropriate, of maximum public use of such granted tidelands and submerged lands or to encourage private investment in development of such granted tidelands or submerged lands for the highest and best use in the public interest.

(i) For any other uses or purposes of statewide, as distinguished from purely local or private, interest and benefit which are in fulfillment of those trust uses and purposes described in this act.

(j) For the acquisition of property and the rendition of services reasonably necessary to the carrying out of the uses and purposes described in this section, including the amortization or debt service of any capital improvement funding program which is consistent with the terms and conditions set forth in this act.

Sec. 11. Section 10 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 10. Such revenues may be deposited in one or more reserve funds for use in accordance with the terms and conditions set forth in this act.

Sec. 12. Section 11 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 11. As to the accumulation and expenditure of revenues for any single capital improvement on the granted tidelands and submerged lands involving an amount in excess of two hundred fifty thousand dollars (\$250,000) in the aggregate, the city shall file with the State Lands Commission a detailed description of such capital improvement not less than 90 days prior to the time of any disbursement therefor or in connection therewith, excepting preliminary planning. The State Lands Commission may, within 90 days after the time of such filing, determine and notify the city that such capital improvement is not in the statewide interest and benefit or is not authorized by the provisions of Sections 1 and 9 of this act. The State Lands Commission may request the opinion of the Attorney General on the matter, and if it does so, a copy of such opinion shall be delivered to the city with the notice of its determination. In the event the State Lands Commission notifies the city that such capital improvement is not authorized, the city shall not disburse any revenue for, or in connection with, such capital improvement, unless and until it is determined to be authorized by a final order or judgment of a court of competent jurisdiction. The city is authorized to bring suit against the state for the purpose of securing such an order or adjudication, which suit shall have priority over all other civil matters. Service shall be made upon the Executive Officer of the State Lands Commission and the Attorney General, and the Attorney General shall defend the state in such suit. Each party shall bear its own costs of suit and no such costs shall be recovered from the other party.

Sec. 13. Section 12 is added to Chapter 57 of the Statutes of 1915, to read:

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Sec. 12. At the end of each fiscal year, beginning September 30, 1976, that portion of trust revenues in excess of two hundred fifty thousand dollars (\$250,000) remaining after current and accrued operating costs and expenditures directly related to the operation or the maintenance of beaches, harbors, and other tidelands trust activities have been paid, shall be deemed excess revenue; provided, that any funds deposited in a reserve fund for future capital expenditures, or any funds required to service or retire general obligation or revenue bond issues, or special funds required to be maintained for the payment of contractual obligations owing to the state on account of harbor improvements authorized by the provisions of Article 3 (commencing with Section 70) of Chapter 2 of Division 1 of the Harbors and Navigation Code, the moneys from which have been, or will be, used for purposes authorized by law, shall not be deemed excess revenue. Amortization payments made subsequent to the effective date of the enactment of this section at the 1971 Regular Session of the Legislature for capital improvements of the granted tidelands and submerged lands for purposes authorized by the terms of the grant may be considered as expenditures for the purpose of determining net revenues. The excess revenue, as determined pursuant to this section, shall be divided as follows: 85 percent to the General Fund in the State Treasury, and 15 percent to the city to be deposited in the city's trust fund and used for any purpose authorized by Sections 1 and 9 of this act.

Sec. 14. Section 13 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 13. The State Lands Commission, at the request of the city, shall grant an extension of time for filing any report or statement required by this act which was not filed due to mistake or inadvertence not to exceed 30 calendar days after service upon the city by the State Lands Commission of written notice of violation.

Sec. 15. Section 14 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 14. In the event that the city fails or refuses to file with the State Lands Commission or with the Auditor General any report, statement, or document required by any provision of this act within the time period specified by this act, or any extension period granted pursuant to this act, within 30 days after written notice to the city, or fails or refuses to carry out the terms of the grant within 30 days after written notice to the city, the State Lands Commission or the Auditor General shall within 60 days notify the Chief Clerk of the Assembly and the Secretary of the Senate.

The Attorney General shall, upon request of the State Lands Commission, after the city has been given such notice and

after such failure or refusal by the city bring such judicial proceedings for correction and enforcement as are appropriate, and shall act to protect any properties or assets situated on the granted tidelands or derived therefrom.

Sec. 16. Section 15 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 15. The State Lands Commission may from time to time at the request of the Legislature, institute a formal inquiry to determine that the terms and conditions of the grant and amendments and supplements thereto have been complied with, and that all other applicable provisions of law concerning these specific granted tidelands and submerged lands are being complied with in good faith.

Sec. 17. Section 16 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 16. The Auditor General shall, on or before March 30 of each year, commencing on March 30, 1975, report to the Chief Clerk of the Assembly, to the Secretary of the Senate, and to the State Lands Commission, the full details of any transaction or condition reported to him pursuant to this act which he deems in probable conflict with the requirements of this act, or with any other applicable provision of law concerning these specific granted tidelands and submerged lands.

Sec. 18. Section 17 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 17. The Attorney General shall bring an action in the Superior Court of the County of Los Angeles to declare that the grant under which the city holds such tidelands and submerged lands is revoked for gross and willful violation of the terms of the grant or other applicable provisions of law concerning these specific granted tidelands and submerged lands, or to compel compliance with the terms and conditions of the grant, or the provisions of such other applicable law, upon request by concurrent resolution of either house of the Legislature or upon formal request of the State Lands Commission. Such request shall be made only after a finding that the city has grossly and willfully violated the terms of the grant or other applicable provisions of law concerning these specific granted tidelands and submerged lands.

Such finding shall be supported by substantial evidence and shall be made only at the conclusion of a noticed public hearing at which the city has been given an opportunity to present evidence to fully describe conditions and extenuating circumstances and to present facts to disprove the alleged violation.

Sec. 19. Section 18 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 18. In the event the grant of tidelands and submerged lands in trust to the city is revoked pursuant to Section 17

of this act, such revocation shall not impair or affect the security of leases or the rights or obligations of third parties, including lessees, lenders for value, or others who are parties to contracts which, except for such revocation, would be lawful and binding contracts.

Sec. 20. Section 19 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 19. The provisions of Sections 8 through 13 of this act relating to the deposit, accounting, and use of revenues derived from the uplands described in subdivision (b) of Section 8 of this act shall no longer be of any force and effect as to such uplands upon the payment of the bonded debt incurred by the city in connection with the development of the Redondo Beach King Harbor or the payment of any refinancing thereof, up to a maximum sum of ten million dollars (\$10,000,000), whichever occurs last. Upon the happening of the latter of such events, all revenues derived from the uplands may be utilized by the city for any lawful municipal purpose.

Sec. 21. Section 20 is added to Chapter 57 of the Statutes of 1915, to read:

Sec. 20. Nothing contained in this act shall in any way impair or affect the rights or obligations of third parties, including, but not limited to, optionees, lessees, lenders for value, and holders of contracts conferring the right to the use and occupation of, or the right to conduct operations upon, lands described in this act arising from options, leases, contracts, or other instruments entered into by the city in good faith prior to the effective date of this section enacted at the 1971 Regular Session of the Legislature.

EXHIBIT "B"

DESCRIPTION OF LEASED LAND

REDONDO PIER APPROACH

Those certain tidelands and submerged lands in the City of Redondo Beach, County of Los Angeles, State of California, more particularly described as follows:

Beginning at a point on the southerly line of Coral Way (formerly known as Pier Avenue) produced westerly, which bears south $74^{\circ}-42'-35''$ west, a distance of 66.12 feet from the northwest corner of Lot B, Tract 5322, as recorded in Map Book 56, pages 91 and 92, records of said County in said State, to the westerly line of Harbor Drive; thence south $74^{\circ}-42'-35''$ west a distance of 192.15 feet, thence north $15^{\circ}-17'-25''$ west a distance of 9.00 feet, thence south $74^{\circ}-42'-35''$ west a distance of 24.85 feet, thence south $15^{\circ}-17'-25''$ east a distance of 22.00 feet, thence south $74^{\circ}-42'-35''$ west a distance of 23.79 feet, thence south $15^{\circ}-17'-25''$ east a distance of 67.79 feet, thence north $74^{\circ}-42'-35''$ east a distance of 0.79 feet, thence north $15^{\circ}-17'-25''$ west a distance of 0.79 feet, thence north $74^{\circ}-42'-35''$ east a distance of 240.28 feet, thence north $15^{\circ}-29'-25''$ west along the westerly line of said Harbor Drive a distance of 80.00 feet to the Point of Beginning

Containing therein approximately 11,604 square feet.

EXHIBIT "C"

TENANT DEVELOPMENT PLAN

- A. **Upper Roofs.** Makeover of upper roof façade at 100"H". The appearance of the pagoda roof structure over the landing on the stairway up to El Torito's will be redesigned.
- B. **Redesigned Pier Level Storefronts.** Redesign, demolition, and redevelopment of all Pier level storefronts. Possible expansion of some or all of the Pier facing storefronts on the northern side of the leasehold by extending them to the northern edge of the existing ceiling soffit;
- C. **New Ocean Facing Beachside Plaza.** Removal of south stairway from Pier level to upper level, relocation and reconstruction of new stairway from basement level to Pier level, construction of new architectural decking, and redevelopment of "back of the building" façades into south facing retail storefronts. This element is subject to receipt of all approvals, including Redondo Beach Fire Department.
- D. **North – South Pedestrian Walkway.** Construction of a north-south pedestrian walkway through the building, giving Pier visitors direct access from the Pier to the beach. New storefronts inside the walkway will allow visitors to view stores and shop in the stores on either side of the walkway. The walkway itself will be made into an attraction, possibly with murals of Redondo Beach to entertain and educate visitors;
- E. **Outdoor Patio Dining.** The upper level patio to the west of 100"H" will be extended southward over the sand and wrapped around the building eastward to the southeast corner of the building. A dining patio also will be created in front of Oceanside Seafood on the Pier level. This element is subject to receipt of all approvals, including City of Redondo Beach and L.A. County Beaches Dept.
- F. **Renovation of Retail Interiors.** Upgrades to Pier level retail stores.
- G. **Pier Level Decking.** New Pier level exterior decking.
- H. **Railings; Awnings.** All of the wooden railings will be removed and replaced with a new railing system. Awnings may be placed over selected storefronts.
- I. **Banner Program.** A banner program will be added to the building.
- J. **Exterior Lighting Program.** A new exterior building lighting system will be installed around the building.
- K. **New Architectural Signage Program.** Pier level exterior retail signage will be removed and replaced with new, themed and architecturally consistent signage.
- L. **Landscaping.** Planters will be strategically located around the building.

EXHIBIT "D"

LANDLORD IMPROVEMENTS

- A. Decking.** Replacement of the pavers on the Pier deck.
- B. Architectural Lighting.** New lampposts, sconces, or other architectural lighting.
- C. Landscaping.** New planter boxes with enhanced landscaping.
- D. Outdoor Furniture; Accessories.** New benches, and trash receptacles, following a seaside architectural theme.
- E. Signage.** New architectural public signage.
- F. Beachside Decking.** Temporary extension of the City's Pier level decking to the south of the Premises (subject to Landlord's receipt of all applicable approvals and Landlord's best efforts to obtain same).

EXHIBIT "E"
PARTICIPATION RENT

A. Definitions. Capitalized Terms not defined in this Exhibit "E" shall have meanings defined in the Lease. The following capitalized terms shall have the following meanings:

"Applicable Percentage" means the percentage applicable to each use specified below in Section B(2), and subject to adjustment pursuant to Section B(3).

"Appreciation Rent" shall mean the Additional Rent payable pursuant to Section C below.

"Base Value" means the value established upon Tenant's completion of the Development Plan as provided below, as increased from time to time pursuant to the provisions below. Upon Tenant's completion of the Development Plan described in Section 2.1 of the Lease, Base Value shall be set pursuant to a fair market value appraisal of Tenant's Interest to be conducted in accordance with the provisions set forth in Section 11.4(c) of the Lease. Such appraisal and resulting Base Value will serve to account for all capital investment in the Premises up to and through completion of the Development Plan. Base Value shall thereafter be adjusted upward as follows: (i) to the principal amount of any refinancing resulting in Net Financing Proceeds at the time of a financing event, (ii) to the amount (gross purchase price) of any sale or other Transfer resulting in Net Sale Proceeds at the time of a Transfer, (iii) by the amount of all expenditures by Tenant, constituting capital expenditures with respect to the Premises during the Term, including, without limitation, funds utilized from the Capital Improvement Fund or Renovation Fund, from Tenant's own funds, or from the proceeds of any policy of insurance; provided that, such capital expenditure must be approved by Landlord, such approval not to be unreasonably withheld, in order to qualify as an increase to Base Value; and provided, further, that insurance proceeds applied following an event of damage or destruction for purposes of restoring the Premises to the status quo ante shall not constitute capital expenditures resulting in an increase to Base Value; and (iv) after the foregoing adjustments of the Base Value for items (i) through (iii) above, by an additional increase of (A) ten percent (10%) per annum, compounded annually, during the first ten years of the Term, and (B) twelve percent (12%) per annum, compounded annually, every year thereafter during the Term, prorated for any partial years. With respect to application of (iv) above, all capital expenditures made during the January 1 to June 30 period of a year shall bear interest for that entire year, and all capital expenditures made during the July 1 to December 31 period of a year shall not begin bearing interest until the next year.

"Gross Sales" shall mean any and all gross receipts, proceeds and amounts of any kind derived from the sale of goods and services in connection with business operations at the Premises, including, without limitation, amounts from the sale of merchandise and services made in, upon, or from the Premises (whether received by Tenant, a Subtenant or any agent, subtenant, licensee or concessionaire of Tenant or Subtenant). Gross Sales shall include the proceeds of business interruption insurance which are received in lieu of revenues that would otherwise constitute Gross Sales, but shall not include any occupancy charges for the Premises, including, without limitation, rent or tenant advances, reimbursements, security deposits or funded reserves received by Tenant from Subtenants, rental loss insurance or casualty and disaster award

proceeds. Gross Sales shall also not include (i) taxes collected from customers and paid by Tenant or Subtenant to the applicable taxing authority, such as sales taxes, (ii) bad debt losses or reserves provided such reserves shall be limited to actual cash reserves established and funded for that purpose and shall not exceed two percent (2%) of Gross Sales, (iii) goods returned to suppliers or which are delivered without consideration to another location for sale to the public from that location, (iv) an amount equal to cash refunds or credits for returned merchandise which was originally included in Gross Sales, (v) sales of fixtures, equipment or property which are not stock in trade, (vi) interest earned on funds arising from the Premises, and (vii) reserve accounts required by the Lease.

"Net Financing Proceeds" means the principal amount of any loan or financing proceeds (net of any direct transaction or closing costs charged by the applicable lender or financing source or otherwise directly attributable to such financing, including loan fees, escrow fees, title insurance premiums, attorneys' fees and costs, transfer taxes, survey fees, recording fees, commissions, prepayment penalties, and other customary and usual fees of a refinancing (collectively "Refinancing Expenses") and net of any Refinancing Expenses or Transfer Expenses applicable to any previous financing or Transfer which did not result in Net Financing Proceeds or Net Sale Proceeds, respectively, payable to Landlord) *less the greatest of the following*: (i) the then current Base Value; (ii) the principal amount of any existing financing that is paid off entirely by the current loan or financing proceeds; or (iii) the principal amount of any previous financing or Transfer pursuant to which Landlord was paid Appreciation Rent pursuant to Section C below.

"Net Sale Proceeds" means the cash value of all consideration paid or payable in conjunction with any Transfer (net of any direct transaction and closing costs charged by a third party in connection with such Transfer or otherwise directly attributable to such Transfer, including escrow fees, title insurance premiums, reasonable attorneys' fees and costs, transfer taxes, survey fees, recording fees, commissions, prepayment penalties, defeasance fees and other customary and usual fees of a Transfer (collectively, "Transfer Expenses")) *less the greatest of the following*: (i) the then current Base Value; (ii) the purchase price paid by the then current Tenant in conjunction with the most recently completed Transfer, plus the amount of all funds, from any source, constituting capital expenditures by the then current Tenant with respect to the Premises; or (iii) the principal amount of any previous financing or Transfer with respect to which Landlord was paid Appreciation Rent pursuant to Section C below.

"Operation Year" means a twelve (12) month period starting on the Lease Commencement Date, and each subsequent twelve (12) month period.

"Percentage Rent" shall have the meaning set forth in Section B(1) below.

"Transfer" means any sale, assignment, transfer or other conveyance of the Lease, or any sale or assignment of an undivided five percent (5%) or greater direct ownership interest in Tenant's Interest in the Lease (provided, that for purposes of determining whether such (5%) threshold has been met, any series of Transfers that is substantially contemporaneous or otherwise interrelated in such a manner as to constitute a single integrated transaction, shall be aggregated for purposes of measuring the percentage of Tenant's Interest being transferred). If Tenant is a limited liability company, corporation, unincorporated association, trust or partnership of any kind, a transaction constituting a sale, assignment, transfer, redemption, or conversion which results in the loss of a controlling interest in the membership interest, stock,

partnership interest or beneficial interest in said limited liability company, corporation, association, trust or partnership shall also be deemed a Transfer. Notwithstanding anything to the contrary herein, the following shall not constitute a "Transfer" for purposes of this Lease:

(i) a transfer to a spouse in connection with a property settlement agreement or decree of dissolution of marriage or legal separation;

(ii) a transfer for estate planning purposes of ownership interests in Tenant or in constituent entities or members of Tenant to a member of the family of the transferor, or to a trust or other entity for the benefit of a member of the family of the transferor, whether such transfer is the result of gift, devise, intestate succession or operation of law;

(iii) a transfer of a beneficial interest resulting from public trading in the stock or securities of an entity, where such entity is a corporation whose stock is traded publicly on a national stock exchange or is traded in the over-the-counter market;

(iv) a mere change in the form, method or status of ownership (e.g. trust interest to limited liability company);

(v) any transfer resulting from a Condemnation by Landlord.

(vi) any granting of a security interest in connection with a financing upon the Premises or any transfer resulting from the foreclosure thereof.

B. Percentage Rent.

1. Payment of Percentage Rent. Tenant shall pay to Landlord within sixty (60) calendar days following the end of each Operation Year percentage rent ("**Percentage Rent**") to the extent that the aggregate amount of such Percentage Rent calculated under this Section B exceeds the Base Rent paid by Tenant during such applicable Operation Year. The Percentage Rent shall be calculated by multiplying the Gross Sales (or Gross Income of Tenant with respect to Office rents received from Subtenants) derived from the Premises by the Applicable Percentage for the use generating such Gross Sales (or Gross Income, if applicable). For example only, if a retail store Subtenant generates Gross Sales of \$300,000 in an Operation Year and the Applicable Percentage with respect to those Gross Sales is 5%, then the Percentage Rent for the portion of the Premises occupied by that Subtenant is \$15,000.

2. Applicable Percentages. The initial Applicable Percentage for each category of use for the Premises by Tenant and its Subtenants is as follows:

Restaurant & Bar	3.5%
Alcoholic Beverages (without food).	7%
Fish Market	4%
Snack Bar / Take Out	6%
Coffee Shop	3%
Ice Cream Parlor	5%
Vending Machines	
(Tenant's commissions on non-owned machines)	10%
(Gross Sales from machines owned by Tenant)	10%

Bakery	3%
Disco in Basement	3%
Cocktail Lounge in Basement	3%
Electronic Game Room	7%
Office [greater of the following two amounts]	
(subtenants' Gross Sales)	2%
(Tenant's Gross Income received with respect to the subleased premises)	12%
Retail	5%

3. **Renegotiation of Percentage Rent.** Effective as of the tenth (10th) anniversary of the Lease Commencement Date, and every ten (10) years thereafter (except any such anniversary falling within the last two (2) years of the Term)(each a "Renegotiation Date"), Landlord and Tenant agree to renegotiate an adjustment in the Applicable Percentages provided for in this Section B for purposes of maintaining a "Fair Percentage Rent" with respect to the Premises. "Fair Percentage Rent" shall mean the fair market percentage rents, expressed as respective percentages of Gross Sales, which the Premises would bring if offered for lease in the open market under conditions existing as of the date of valuation, with a reasonable time allowed in which to find a Tenant renting with a knowledge of all of the permitted uses of the Premises and the covenants, conditions and restrictions of the Lease, the Landlord being willing to lease but under no particular or urgent necessity for doing so and the Tenant being ready, willing and able to lease but under no particular or urgent necessity for doing so. In the event that the parties do not reach an agreement with respect to the appropriate adjustments to the Applicable Percentages on or before any required adjustment date, such adjustments for the succeeding ten (10) year period shall be determined pursuant to the appraisal provisions set forth in Section 11.4(c) of the Lease. Notwithstanding the foregoing, all Applicable Percentages relating to Gross Sales at Harvelle's shall remain unchanged throughout the tenancy of the current Subtenant and shall not be renegotiated until the first required Renegotiation Date following the termination of such tenancy; provided, that, if the percentage rent under the Harvelle's lease is increased in connection with any modification, amendment or extension thereof, this protection shall cease and the Applicable Percentage for Gross Sales at the Harvelle's tenancy shall become subject to adjustment at the next Renegotiation Date thereafter.

C. **Appreciation Rent.**

1. **Payment Upon Financing.** In the event Tenant borrows money whose repayment is secured, directly or indirectly, by Tenant's Interest in the Lease, Tenant shall pay Landlord an amount equal to ten percent (10%) of the Net Financing Proceeds, if any, resulting from such borrowing, as Appreciation Rent. Such Appreciation Rent shall be due and payable immediately upon the funding of the loan, and shall be payable in addition to any other sums payable by Tenant under this Lease. The foregoing provisions of this Section C(1) shall not apply to the first refinancing during the Lease Term, provided it closes within the first ten (10) years following the Lease Commencement Date, and no Appreciation Rent shall be payable with respect to such refinancing.

EXAMPLE 1

Assume: Concurrent with the Lease Commencement Date, an initial leasehold mortgage in the principal amount of \$8 Million is recorded against the Leased Land. During the fifth lease year, there is a refinancing and a new leasehold mortgage is recorded against the Leased Land securing a loan in the principal amount of \$10 Million. The transaction costs (e.g. loan fees, escrow, title, attorneys' fees, etc.) in connection with that refinancing are \$50,000. During the eleventh (11th) lease year following the Lease Commencement Date, another refinancing occurs in the principal amount of \$14 Million and a new leasehold mortgage is recorded against the Leased Land. The transaction costs of such second refinancing are again \$50,000. At the time of such refinancing the Base Value is \$12 Million.

Result: Concurrent with recordation of the refinancing in the eleventh (11th) lease year, Tenant shall pay to Landlord the amount of One Hundred and Ninety Thousand Dollars (\$190,000) as Appreciation Rent.

Explanation: There is no Appreciation Rent with respect to the first refinancing, as it is prior to the tenth (10th) anniversary of the Lease Commencement Date. In order to calculate the Appreciation Rent payment, if any, due upon the second refinancing, you first deduct from the principal amount of that refinancing (\$14 Million), the transaction costs of that refinancing (\$50,000) and the Refinancing Expenses or Transfer Expense of any previous financing or Transfer which did not result in Net Financing Proceeds or Net Sole Proceeds payable to Landlord (in this case, another \$50,000 attributable to the first, exempt refinancing). From the remaining amount (\$13.9 Million), you then deduct the greatest of (i) the current Base Value (in this case, \$12 Million), or (ii) the principal amount of any existing financing that is paid off entirely by the current loan or financing proceeds (in this case, \$10 Million); or (iii) the principal amount of any previous financing or Transfer pursuant to which Landlord was paid Appreciation Rent (in this case, not applicable). Accordingly, the Net Refinancing Proceeds would be \$1,900,000 (\$13.9M-\$12M), and the payment due to the Landlord would be ten percent (10%) of that amount, \$190,000.

2. Payment Upon Transfer. In the event Tenant Transfers (as defined above) its Interest in this Lease, Tenant shall pay Landlord an amount equal to ten percent (10%) of the Net Sale Proceeds, if any, resulting from such Transfer as Appreciation Rent. Such Appreciation Rent shall be due and payable immediately upon the closing of the Transfer, and shall be payable in addition to any other sums payable by Tenant under this Lease. The foregoing provisions of this Section C(2) shall not apply to the first Transfer during the Lease Term, provided a request for approval of such Transfer is submitted to Landlord by Tenant within the first ten (10) years following the Lease Commencement Date, and no Appreciation Rent shall be payable with respect to such Transfer. Where a Transfer has occurred by reason of a change in control of the ownership interest in Tenant, the Net Sale Proceeds shall be due and payable only with respect to those portions of such beneficial interest which were the subject of the Transfer and, in no event, shall any Net Sale Proceeds be due with respect to any portion of the beneficial ownership interest which was unaffected by such Transfer.

EXAMPLE 2

Assume: In addition to the facts set forth above in Example 1, assume that in the twelfth year of the Lease, the Tenant sells the Leasehold Estate to a third party purchaser for Eighteen Million Dollars (\$18 Million), and the transaction costs of such sale (including escrow fees, title

premiums, attorneys' fees, transfer taxes, and prepayment fees) are \$300,000. At the time of such sale, the Base Value is \$15.5 Million.

Result: Concurrent with the close of escrow for sale of the Leasehold Estate, Tenant shall pay to Landlord the additional amount of One Hundred and Eighty Thousand Dollars (\$180,000).

Explanation: In order to calculate the Appreciation Rent payment, if any, due upon the sale, you first deduct from the gross proceeds of that sale (\$18 Million), the transaction costs of that sale (\$300,000). You then subtract from the remaining amount (\$17.3 Million) the greatest of (i) the Base Value, (ii) the most recent purchase price for the Leasehold Estate, plus subsequent capital expenditures, and (iii) the principal amount of a previous financing or Transfer with respect to which Appreciation Rent was paid (see Definition of Net Sale Proceeds). In this case, item (ii) is inapplicable, item (iii) is the \$14 Million refinancing in the eleventh lease year, and item (i) is the Base Value of \$15.5 Million. Accordingly, the deduction is \$15.5 Million and the resulting Net Sale Proceeds are \$1.8 Million (\$17.3 Million - \$15.5 Million). The amount owed to Landlord is 10% of that amount, or \$180,000. Note that, in determining Base Value, given that the \$14 Million refinancing in the eleventh lease year exceeded the then effective Base Value of \$12 Million, the Base Value would have been increased to \$14 Million at that time. The above example then assumes that there were no additional capital expenditures increasing that Base Value, and that the per annum interest increases to Base Value (pursuant to subsection (iv) of the "Base Value" definition set forth in Section A above) thereafter raised the Base Value from \$14 Million to \$15.5 Million. Note also that this sale triggered an Appreciation Rent payment because it occurred after the 10th anniversary of the Lease Commencement Date, but would not have resulted in an Appreciation Rent payment if the request for approval of such transaction had been initiated before that 10th anniversary.

D. Procedures.

1. **Record Keeping.** Tenant shall keep full and accurate books and accounts and records and other pertinent data showing the financial operation of the Premises and directly related to the calculation of Participation Rent. Such records shall be kept on the basis of sound accounting principles applied on a consistent basis. Any information gained by Landlord from such records shall be confidential, and Landlord shall make reasonable best efforts not to disclose such information other than to carry out the purposes of this Section D(1), with the exception of the following: Landlord shall be permitted to divulge the contents of any such records in connection with any administrative or judicial proceedings in which Landlord is involved where Landlord may be required by law to divulge such information, or when Landlord (as a public agency) is required by law to divulge such information, or when Tenant waives any right of confidentiality which Tenant may claim to have for such information.

2. **Statements and Reports.** Tenant shall furnish to Landlord: (i) interim monthly statements of Gross Sales (and gross rentals due with respect to any office tenants) on a tenant by tenant basis as promptly as they are available but no later than thirty (30) calendar days following the end of such month (the "**Monthly Statement**"); and (ii) an annual written statement of Gross Sales (and gross rentals with respect to any office tenants) on a tenant by tenant basis within one hundred twenty (120) calendar days after the close of each calendar year (the "**Annual Statement**"). The Annual Statement shall be signed and certified by a licensed CPA. The receipt by Landlord of any Annual Statement, Monthly Statement, or any payment of Participation Rent for any period shall not bind it as to the correctness of such Statement or the

correctness of any payment. Any information gained by Landlord from such Statements, or the results of any audit or inspection, shall be maintained as confidential information to the extent permitted by law, and shall be kept by Landlord in accordance with Section D(1) above.

3. **Right to Inspect, Audit and Dispute Resolution.** Landlord shall, within five (5) years after receipt of the Annual Statement for an Operation Year, be entitled to inspect and audit, on reasonable written notice, at Landlord's sole cost and expense, all of Tenant's books, records and accounts necessary for the determination of Participation Rent for such Operation Year. Such audit shall be conducted either by Landlord or by an auditor designated by Landlord during normal business hours at Tenant's principal place of business and provided to Tenant in full upon completion. If Landlord alleges as a result of such audit that there has been a deficiency or overpayment in the payment of any Participation Rent then Landlord shall provide written notice to Tenant detailing the deficiency or overpayment. Tenant shall have sixty (60) calendar days to object to such calculation of Participation Rent by delivering a detailed written response to Landlord describing its objection(s). If the parties are unable to obtain a final resolution within thirty (30) calendar days of Landlord's receipt of Tenant's objections, the Accounting Firm described in Section 2.5 of the Lease, or another mutually agreed upon accounting firm, shall be retained to resolve any remaining objections. The determination of the selected accounting firm shall be set forth in writing and will be conclusive and binding among the parties in the event the parties submit any unresolved objections to such accounting firm as provided herein. The non-prevailing party, as determined by the accounting firm, will be responsible for any fees and expenses of the accounting firm. Any deficiency in the payment of Participation Rent shall become immediately due and payable and bear interest at the lesser of eight percent (8%) per annum or the maximum applicable rate per annum allowed by law from the date such Participation Rent should have been paid until the date paid; provided, that such retroactive interest period shall not exceed one (1) year and there shall be no interest accrual with respect to any earlier period of time. Any overpayment of Participation Rent shall be immediately repaid to Tenant without interest on such amount with respect to the period of overpayment prior to the discovery thereof.

EXHIBIT "F"

LIMITATION OF USES

PERMITTED USES

1. Restaurant and bar
2. Fish Markets
3. Fruits and Vegetables
4. Walk-away Snack Bar
5. Coffee Shop, eating facilities on premises without alcoholic beverages
6. Sportswear and sporting Goods Shops
7. Novelty and Gift Shops
8. Bait and Tackle Stands
9. Ice Cream Parlor and Specialty Candy Shop
10. Storage
11. Pay Restrooms
12. Vending Machines
13. Motel
14. Delicatessen
15. Bakery
16. Bar, without the sale of food
17. Live Bait
18. Discotheque
19. Electronic Game Room in the western portion of the basement structure designated as 100J Fisherman's Wharf r subject to the conditions hereinafter set forth:
 - (a) Lessee (Robert D. Resnick or his successors in interest or the managing or controlling partner of any successors in interest) shall be the principal or general partner (or managing or controlling partner) in any Electronic Game Room operation.
 - (b) The hours of operation of the Game Room will be as follows:
 - (i) Summer: Memorial Day to Labor Day
10:00 a.m. to 10:00 p.m. Monday through Thursday
10:00 a.m. to 12:00 a.m. (midnight) Friday, Saturday and Sunday night
 - (ii) Winter: Holidays - Thanksgiving/Christmas/Easter, etc. same as summer hours
 - (iii) Winter: Balance of year
2:00 p.m. to 10:00 p.m. Monday through Thursday
2:00 p.m. to 12:00 a.m. (midnight) Friday
10:00 a.m. to 12:00 a.m. (midnight) Saturday and Sunday

- (c) There shall be no loud noise generated outside the premises in conjunction with the operation of premises.
- (d) Security will be provided at a level to be determined by need in consultation with the Police Department.
- (e) A central station burglar alarm system will be installed to contact the City of Redondo Beach Police station.
- (f) The operation of the premises shall not affect the quiet enjoyment of other tenants of the pier Area.
- (g) No special sound effects or lighting effects will be installed in the premises except as they may relate to a particular "attraction" which might be installed in the premises.
- (h) The operation shall, whenever open, be supervised by on premises adult personnel (over 21 years of age).
- (i) Adequate lighting will be provided within the premises.
- (j) Alcoholic beverages may not be consumed on the premises whenever the premises are open to the public.
- (k) Food, snacks and soft drinks may be served within the premises.
- (l) No gambling machines, machines that in any way suggest or depict sexual organs or acts, or machines that display vulgar or lewd language will be permitted.

In the event of the failure of Lessee or his sublessee to comply with any of the foregoing conditions, the permission to make such use shall be cancelled and annulled and said use shall be terminated and discontinued unless Lessee, within twenty calendar days immediately following the receipt of written notice of default from Lessor to Lessee, cures said default and reasonably and substantially complies with all of said conditions and takes all reasonable steps necessary to prevent further or subsequent default, violation or noncompliance.

20. Offices in the easterly 4,000 square feet of the second level of the existing building.

EXHIBIT "G"

MEMORANDUM OF LEASE

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

BROWN, WINFIELD & CANZONERI, INC.
300 South Grand Avenue, Suite 1500
Los Angeles, California 90071
Attention: Dennis S. Roy, Esq.

MEMORANDUM OF LEASE

This Memorandum of Lease, dated for identification purposes only as of _____, 2008, is entered into by CITY OF REDONDO BEACH, a chartered municipal corporation ("Landlord") and ROBERT DALE RESNICK, as Trustee of the RDR Living Trust of 1996 ("Tenant").

1. Grant of Lease; Term. For good and valuable consideration received, Landlord leases to Tenant, and Tenant leases from Landlord, that certain real property (the "Property") located in the City of Redondo Beach, County of Los Angeles, State of California, described in Exhibit "A" attached hereto and incorporated herein by this reference, together with all buildings, structures, improvements and fixtures now or hereafter erected thereon during the initial term of the Lease, commencing on the Lease Commencement Date (as defined in the Lease) and expire, without notice or other action by either party, at 11:50 p.m. Pacific Time, on the day prior to the fifty-fifth (55th) anniversary of the Lease Commencement Date, subject to the terms, conditions, provisions and covenants of that certain Lease Agreement (the "Lease") between the Parties hereto, dated for identification purposes only as of the ____ day of _____, 2008. Pursuant to the terms and conditions of the Lease, Tenant has the right to extend the term of the Lease for two (2) separate additional option periods. The first option period shall be a six (6) year period commencing when the initial Term expires. The second option period shall be a five (5) year period commencing when the first option period expires. All of the terms, provisions and covenants of the Lease are incorporated in this Memorandum of Lease by reference as though written out at length herein, and the Lease and this Memorandum of Lease shall be deemed to constitute a single instrument or document.

2. Purpose of Memorandum of Lease. This Memorandum of Lease is prepared for recordation purposes only, and it in no way modifies the terms, conditions, provisions and covenants of the Lease. In the event of any inconsistency between the terms, conditions, provisions and covenants of this Memorandum of Lease and the Lease, the terms, conditions, provisions, and covenants of the Lease shall prevail.

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

The Parties hereto have executed this Memorandum of Lease at the place and on the dates specified immediately adjacent to their respective signatures.

TENANT:

RDR LIVING TRUST OF 1996

By: _____
Robert Dale Resnick, Trustee

LANDLORD:

CITY OF REDONDO BEACH,
a chartered municipal corporation

By: _____
Michael A. Gin, Mayor

STATE OF CALIFORNIA

)

COUNTY OF LOS ANGELES

)

)

On _____, before me, _____, 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)

STATE OF CALIFORNIA

)

COUNTY OF LOS ANGELES

)

)

On _____, before me, _____, 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)

Recording requested by
and when recorded return to:

CITY OF REDONDO BEACH
415 Diamond Street
Redondo Beach, CA 90277
Attn: City Clerk

No Recording Fee
Exempt pursuant to Government Code § 6103

FIRST AMENDMENT TO LEASE AGREEMENT

This First Amendment to Lease Agreement ("**First Amendment**") is entered into as of November 20, 2012 by the City of Redondo Beach, a chartered municipal corporation ("**Landlord**" or "**City**") and Robert Dale Resnick, as Trustee of the RDR Living Trust of 1996 ("**Tenant**"), with reference to that certain Lease Agreement ("**Lease**") between the parties dated July 1, 2008, for the leasehold commonly known as the Redondo Pier Approach, located at 100 Fisherman's Wharf Redondo Beach California 90277 and more particularly described as the "**Premises**" in Paragraph 1.1 of the Lease. Landlord and Tenant agree as follows:

1. **Effect of First Amendment.** This First Amendment shall modify and amend the Lease as set forth herein. Except as expressly modified by this First Amendment, all provisions of the Lease shall remain unchanged and in full force and effect.

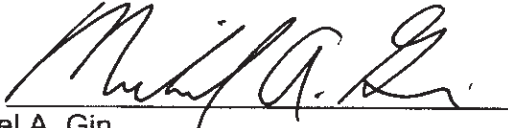
2. **Renegotiation of Percentage Rent for 100"H**. Notwithstanding anything in the Lease to the contrary, all Applicable Percentages relating to Gross Sales of Restaurant & Bar operations at 100"H" Fisherman's Wharf shall not be the subject of any renegotiations and shall remain unchanged at three and one-half percent (3.5%) at the first "Renegotiation Date" established in Paragraph B.3 of Exhibit "E" to the Lease.

3. **Miscellaneous.** The Lease and this First Amendment constitute the entire agreement between the parties and supersede any previous oral or written agreements. All capitalized terms in this First Amendment shall have the same meaning as defined in the Lease unless otherwise defined herein. In the event of any inconsistency between this First Amendment and the Lease, this First Amendment shall prevail. This First Amendment may be modified or amended only by a subsequent writing executed by all of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

"LANDLORD"

CITY OF REDONDO BEACH

By: 
Michael A. Gin
Mayor

ATTEST:

By: 

City Clerk

APPROVED AS TO FORM:

By: 

Michael Webb
City Attorney

"TENANT"

RDR LIVING TRUST OF 1996

By: 

Robert Dale Resnick, Trustee



State of California

}
}
} ss.
}

County of Los Angeles

On NOVEMBER 14th, 2012, before me,
RAMANJEET SINGH, a Notary Public, personally
appeared, ROBERT D. RESNICK, 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)



State of California

}
}
} ss.
}

County of Los Angeles

On _____, 20____, 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)



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

State of California

County of Los Angeles

On 1/29/2013 before me, Ariana V. Kennedy, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Michael A. Gin
Name(s) of Signer(s)

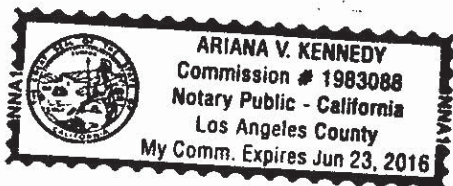
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), 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: [Signature]

Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

☐ Corporate Officer — Title(s): _____

☐ Individual ☐ Partner — ☐ Limited ☐ General

☐ Attorney in Fact ☐ Trustee ☐ Guardian or Conservator

☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer's Name: _____

☐ Corporate Officer — Title(s): _____

☐ Individual ☐ Partner — ☐ Limited ☐ General

☐ Attorney in Fact ☐ Trustee ☐ Guardian or Conservator

☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Recording requested by
and when recorded return to:

CITY OF REDONDO BEACH
415 Diamond Street Redondo
Beach, CA 90277 Attn: City
Clerk

No Recording Fee
Exempt pursuant to Government Code § 6103

SECOND AMENDMENT TO LEASE AGREEMENT

This Second Amendment to Lease Agreement ("**Second Amendment**") is entered into as of April 6, 2021 ("**Effective Date**") by the City of Redondo Beach, a chartered municipal corporation ("**Landlord**" or "**City**") and RDR Properties, LLC, a California limited liability corporation ("**Tenant**"), with reference to that certain Lease Agreement dated July 1, 2008, as amended by First Amendment to Lease Agreement, dated November 20, 2012 (the "**Lease**") between the City and Tenant's predecessor in interest, the RDR Living Trust of 1996, for the leasehold commonly known as the Redondo Pier Approach, located at 100 Fisherman 's Wharf Redondo Beach California 90277 and more particularly described as the "**Premises**" in Paragraph 1.1 of the Lease. Landlord and Tenant agree as follows:

1. **Purpose and Effect of Second Amendment.** This Second Amendment is intended to modify the amount and method of calculation of Percentage Rent payable to the City under the Lease only for uses and operations in the Basement (defined below) of the Premises, for a period of thirty (30) years from the Effective Date of this Second Amendment. This Second Amendment shall modify and amend the Lease as set forth herein, and except as expressly modified by this Second Amendment, all provisions of the Lease shall remain unchanged and in full force and effect.

2. **Modification of Exhibit "E" to the Lease.** Exhibit "E" to the Lease is hereby modified and amended, as follows:

a. **Definitions.** The following definitions are added to Paragraph A of Exhibit "E" to the Lease:

(i) "**Basement**" means the basement areas in the lowest level of the Premises, and also commonly referred to, as of the Effective Date of this Second Amendment, as units "I" and "J" of the Premises.

(ii) **“Basement Subtenant”** means any Subtenant which is conducting business operations in the Basement under an applicable Sublease.

(iii) **“Basement Subtenant Rent”** means all base rent (i.e., fixed or minimum rent) and percentage rent (i.e., rent calculated as a percentage of Gross Sales, including reimbursements to Tenant for Tenant’s Percentage Rent payable to Landlord under the Lease) received by Tenant from a Basement Subtenant pursuant to a Basement Sublease.

b. **Payment of Percentage Rent.** The second sentence of Paragraph B.1 of Exhibit “E” to the Lease shall be amended and restated, in its entirety, to read as follows:

"The Percentage Rent shall be calculated by multiplying the Gross Sales (or Gross Income received by Tenant from Office Subtenants, or Basement Subtenant Rent received by Tenant from a Basement Subtenant) derived from the Premises by the Applicable Percentage for the use generating such Gross Sales (or Gross Income for Office Subleases or Basement Subtenant Rent, as applicable)."

c. **Applicable Percentages.** In Paragraph B.2 of Exhibit “E” to the Lease, the entries which read “Disco in Basement 3%” and “Cocktail Lounge in Basement 3%” are hereby deleted in their entirety and replaced by the following:

“Basement Uses and Operations. Notwithstanding any other use or Applicable Percentage listed in this Paragraph B.2, the Applicable Percentage for any and all uses and business operations of any type conducted in the Basement, including, but not limited to, Nightclub and Restaurant & Bar uses, shall be equal to twelve percent (12%) of all Basement Subtenant Rent Tenant receives from a Basement Subtenant. However, this Applicable Percentage for Basement Uses and Operations shall not apply to any use or operations conducted on any level of the Premises other than the Basement.

d. **Renegotiation of Percentage Rent for Basement Uses and Operations.** The last sentence of Paragraph B.3 of Exhibit “E” to the Lease is hereby deleted in its entirety and replaced by the following:

“Notwithstanding the foregoing, the Applicable Percentage and/or the manner of calculation of Percentage Rent with respect to any Basement Uses and Operations (as stated in the preceding Subparagraph B.2 of this Exhibit “E”), shall not be subject to adjustment by Landlord for a period of thirty (30) years after the Effective Date of the Second Amendment to Lease between Landlord and Tenant, at which time this protection shall cease and the Applicable Percentage for the Basement Uses and Operations shall be subject to adjustment at the next Renegotiation Date thereafter.

e. Statements and Reports. The first sentence of Paragraph D.2 of Exhibit “E” to the Lease is hereby deleted in its entirety and replaced by the following:

“Tenant shall furnish to Landlord: (i) interim monthly statements of Gross Sales (and Gross Income received by Tenant from any Office Subtenants and any Basement Subtenant Rent received by Tenant) on a tenant by tenant basis as promptly as they are available but no later than thirty (30) calendar days following the end of such month (the “**Monthly Statement**”); and (ii) an annual written statement of Gross Sales (and Gross Income received by Tenant from any Office Subtenants and any Basement Subtenant Rent received by Tenant) on a tenant by tenant basis within one hundred twenty (120) calendar days after the close of each calendar year (the “**Annual Statement**”).”

3. Miscellaneous. The Lease and this Second Amendment constitute the entire agreement between the parties, and supersede any previous oral or written agreements, with respect to the subject matter hereof. All capitalized terms in this Second Amendment shall have the same meaning as the same capitalized terms are defined in the Lease, unless otherwise defined in this Second Amendment. In the event of any inconsistency between this Second Amendment and the Lease, this Second Amendment shall prevail. This Second Amendment may be modified or amended only by a subsequent writing executed by all of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment to Lease as of the Effective Date.

"LANDLORD"

CITY OF REDONDO BEACH

By: _____
William C. Brand, Mayor

ATTEST:

By: _____
Eleanor Manzano, City Clerk

APPROVED AS TO FORM:

By: _____
Michael W. Webb, City Attorney

"TENANT"

RDR Properties, LLC

By: _____
Robert D. Resnick, Manager

State of California
ss.
County of Los Angeles

On _____, 20____, 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)



Administrative Report

H.17., File # 21-2276

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL
From: ELEANOR MANZANO, CITY CLERK

TITLE

EXCUSE ABSENCES OF VARIOUS COMMISSIONERS FROM VARIOUS COMMISSION MEETINGS

EXECUTIVE SUMMARY

<u>Commissioner</u>	<u>Board/Commission</u>	<u>Meeting Date</u>
Vanessa Vogelsang	Housing Authority	March 16, 2021
Grace Coopman	Library	April 05, 2021
Candice Nafissi	Library	April 06, 2021
Candice Nafissi	GPAC	April 07, 2021

On March 16, 2021, the City Clerk received notification from Commissioner Vogelsang requesting an excused absence for the March 16, 2021 Housing Authority Meeting.

On March 20, 2021, the City Clerk received notification from Commissioner Coopman requesting an excused absence for the April 05, 2021 Library Commission Meeting.

On March 24, 2021, the City Clerk received notification from Commissioner Nafissi requesting an excused absence for the April 06, 2021 Library Commission Meeting.

On March 24, 2021, the City Clerk received notification from Commissioner Nafissi requesting an excused absence for the April 07, 2021 GPAC Meeting.

BACKGROUND

As of September 3, 2019, the City Council authorized the City Clerk to revise the policy pertaining to requests for excused absences, whereby Board Members and Commissioners are now required to communicate impending absences directly to the City Clerk for processing.

Pursuant to Resolution No.CC-1612-122, Establishing a General Plan Advisory Committee (GPAC):
Section 9, as it relates to absences:

"SECTION 9. A member of the committee shall be removed for missing 3 meetings of the committee, unless by permission of the City Council expressed in its official minutes, or if he or she ceases to be a resident of

Redondo Beach. A replacement may be appointed by the Mayor in his discretion subject to City Council confirmation. If the removed member was the representative of one of the Council Members, then the Council Member may nominate another representative to the Committee. The Council Member may not nominate the same individual who was previously removed."

APPROVED BY:

Eleanor Manzano, City Clerk

FISCAL IMPACT

None



Administrative Report

J.1., File # 21-2234

Meeting Date: 4/6/2021

TITLE

For eComments and Emails Received from the Public



Administrative Report

L.1., File # 21-2247

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL

From: LAURIE KOIKE, INTERIM COMMUNITY SERVICES DIRECTOR

TITLE

PUBLIC HEARING TO CONSIDER COMMUNITY DEVELOPMENT BLOCK GRANT DRAFT 2020-2025 CONSOLIDATED PLAN AND DRAFT 2021-2022 ACTION PLAN

PROCEDURES:

- a. Open Public Hearing, take testimony; and
- b. Continue Public Hearing to May 4, 2021

EXECUTIVE SUMMARY

The five-year Consolidated Plan is required by the U.S. Department of Housing and Urban Development (HUD) in order for the City to receive federal housing and community development funds under the Community Development Block Grant (CDBG) Program. The overall goal of the CDBG program is to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities. The draft five-year Consolidated Plan for 2020-2025 is attached to this report.

The one-year Action Plan serves to address the goals set forth in the five-year plan through programs and activities to meet housing and community development needs. It is projected that the City's FY 2021-2022 CDBG allocation from HUD will be \$290,479. The draft 2021-2022 FY Action Plan is attached to this report. Proposed public service grant recommendations will be presented for consideration during a public hearing at the City Council meeting on May 4, 2021.

The U.S. Department of Housing and Urban Development (HUD) requires that Community Development Block Grant (CDBG) entitlement communities hold public hearings to provide residents and other interested parties an opportunity to provide input on housing and community development needs in the City, and to incorporate the input into the five-year Consolidated Plan and one-year Action Plan.

The public hearing meets citizen participation requirements for staff's development of the Consolidated and Annual Action Plans, which establish goals and activities for the CDBG Program.

BACKGROUND

The primary purpose of the CDBG Program, established under the Housing and Community Development Act of 1974, is to improve living conditions for low income persons in the community.

Since 1986, the first year the City received CDBG funds, the City has received CDBG entitlement funds totaling over \$16 million for a variety of projects and programs including housing rehabilitation; commercial rehabilitation; renovation of teen, community and senior centers; park improvements; and local public service agency funding.

Title I of the Cranston-Gonzalez National Affordable Housing Act requires that in order to apply for certain HUD programs, state and local governments must have an approved five-year Consolidated Plan. The Plan is used by state and local governments as a working guide for the application of resources to address local housing and community development needs. The City of Redondo Beach draft 2020-2025 Consolidated Plan and draft 2021-2022 FY Action Plan are attached to this report and are presented for review and comment; the 2020-2025 Consolidated Plan and 2021-2022 FY Action Plan will be presented to City Council for review and adoption on May 4, 2021.

The one-year Annual Action Plan will serve to address strategies and goals established in the 2020-2025 Consolidated Plan and provide recommendations for the allocation of the City's FY 2021-2022 CDBG entitlement to fund the City's housing and community development activities for the upcoming fiscal year. It is projected that the CDBG funding allocation for the City will be \$290,479. This represents a slight increase from the City's current year grant allocation of \$286,208. The history of CDBG funding levels for Redondo Beach since 2001-2002 is provided as an attachment to this report.

The Consolidated Plan and the Action Plan are being developed according to the following schedule:

- | | |
|--------------------------------------------------------------------------|-----------------------|
| • City Council Public Hearing | April 6, 2021 |
| • Review of Public Service Proposals (completed) | April, 2021 |
| • Provide Consolidated Plan/Annual Action Plan for 30-day comment period | April 7 - May 7, 2021 |
| • Present Consolidated Plan/Annual Action Plan for City Council adoption | May 4, 2021 |
| • Submit Final Action Plan to HUD | May 15, 2021 |

COORDINATION

Development of the 2020-2025 Consolidated Plan and 2021-2022 Action Plan is coordinated between the Community Services and Financial Services Departments and the City's CDBG consultant.

FISCAL IMPACT

There is no fiscal impact for the preparation of this report. All FY 2021-2022 CDBG programs and activities will be funded with Community Development Block Grant monies received from the Federal Department of Housing and Urban Development.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

1. 2020-2025 CDBG Consolidated Plan
2. 2021-2022 CDBG Action Plan
3. CDBG Funding History
4. Notice of Public Hearing
5. Power Pt. Presentation (Blue Folder)



City of Redondo Beach

California

2020-2025 Consolidated Plan

APRIL 2020

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Executive Summary

ES-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

Each year the US Department of Housing and Urban Development (HUD) provides funding for housing and community development programs to the City of Redondo Beach, specifically Community Development Block Grant (CDBG) and other federal housing funds. In order to receive these funds, the City must complete a report every three to five years called the Consolidated Plan.

The purpose of the Consolidated Plan (ConPlan) is to identify Redondo Beach's housing and community development needs, priorities, goals, and strategies and to stipulate how funds will be allocated to housing and community development activities over the next five-year period of the ConPlan.

The City's Community Services Department was the lead agency in developing the 2020-2024 ConPlan. The plan was prepared in accordance with HUD's Office of Community and Planning Development (CPD) eCon Planning Suite (launched in July 2019), including the ConPlan template in IDIS (Integrated Disbursement and Information System). Most of the data tables in the plan are populated with default data from the US Census Bureau, mainly 2010-2017 Comprehensive Housing Affordability Strategy (CHAS) and American Community Survey (ACS) data. Other sources are noted throughout the plan, including the addition of more recent data where practical. The research process involved the analysis of the following key components: demographic, economic, and housing data; affordable housing market; special needs populations (homeless and non-homeless); consultation with public and private agencies; and citizen participation.

The planning process also included the development of the first-year Annual Action Plan (AAP), which is an annual plan the City prepares pursuant to the goals outlined in the ConPlan. The AAP details the activities the City will undertake to address the housing and community development needs and local objectives using CDBG and other housing funds received during program year 2020-2021.

The ConPlan is divided into six sections, with the Needs Assessment, Market Analysis, and Strategic Plan forming the key sections:

1. Executive Summary
2. Process
3. Needs Assessment
4. Market Analysis
5. Strategic Plan
6. AAP

2. Summary of the objectives and outcomes identified in the Plan Needs Assessment

Overview

The City has organized its priority needs according to the structure presented in HUD regulations (24 CFR 91.215): affordable housing, homelessness, and non-housing community development. Priority is assigned based on the level of need demonstrated by the data that has been collected during plan preparation, specifically in the Needs Assessment and the Market Analysis; the information gathered during the consultation and citizen participation process; and the availability of resources to address these needs. Based on all of these components, housing needs are considered a high priority, specifically senior housing and affordable rental assistance which are high priorities. Homeless services are a high priority, particularly emergency shelters and homeless services, which ranked fourth and seventh out of the top ten priority needs. The top non-housing community development needs included: senior and youth centers and services, infrastructure improvements for streets, sidewalks and ADA accessibility, as well as parks and recreation facility improvements. Expanding economic development opportunities was a low priority.

A summary of some of the findings used to determine priority needs include:

- 67,950 people residing in Redondo Beach (2017) comprising 27,820 households;
- Approximately 36% are at or below 80% of AMI and considered “low-income” per HUD regulations;
- 63.5% of Redondo Beach households experience cost burden (spend more than 30% of income on housing costs), while 84.6% of low-income renter households and 68.2% of low-income owner households were overpaying for housing;
- Los Angeles County homeless count data indicates a need to support programs that serve the homeless;
- City and resident input have identified a high priority for infrastructure and public facilities needs including: infrastructure improvements for streets, sidewalks and ADA accessibility and public facilities improvements for senior and youth centers and parks and recreation facilities; and
- An identified high priority need to fund public services programs to address the needs of low-income persons and special needs populations including youth, senior and disabled services.

During the five-year plan period, the City expects to receive approximately \$255,000 annually in CDBG funding, for a five-year total of \$1,275,000. Expenditures of CDGB funding totaled \$271,744 in 2018, and \$258,560 in 2019. The City uses CDBG funds for public services, public facilities and improvements, housing activities, and planning and administrative costs. The CDBG program’s primary objective is to develop viable urban communities by providing decent housing, a suitable living environment, and economic opportunities, principally for persons of low- and moderate-income. Funds can be used for a wide array of activities, including housing rehabilitation, homeownership assistance, lead-based paint detection and removal, construction or rehabilitation of public facilities and infrastructure, removal of architectural barriers, public services, rehabilitation of commercial or industrial buildings, and loans or grants to businesses.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

The City prepares the Consolidated Annual Performance and Evaluation Report (CAPER), which outlines how the City met the needs and objectives outlined in the prior 2015-2019 ConPlan and AAP. The City’s

most recent 2017-2018 CAPER reports on the third year (July1, 2017 through June 30, 2018) of the five-year 2015-2019 ConPlan. The City's key accomplishments over the 2015-2019 ConPlan period include the following:

1. Provided housing rehabilitation loans and grants to assist 42 homeowners to preserve and improve their existing housing stock.
2. Assisted in providing equal access to housing.
3. Provided assistance to 762 persons for homelessness prevention with housing and supportive services.
4. Provided rental assistance utilizing the Section 8 Housing Choice Voucher Program to 38 new households.
5. Provided assistance to 489 seniors and persons with special needs through a variety of different programs.
6. Provided 701 Low/Mod income youths with dental and health services.
7. Provided assistance to 1,262 persons who were homeless or at-risk of homelessness with housing and supportive services.
8. Assisted 295 persons through public improvements in the form of new public facilities and infrastructure.
9. Assisted in providing equal access and fair housing for 532 homes.
10. Aided 393 victims of domestic violence.
11. Increased accessibility for 100 disabled persons and/or seniors by installing ADA Sidewalk Curb Ramp.
12. Helped 14 HIV/AIDS clients through a variety of different programs.

The loss of Low Mod Housing funds, as a result of the dissolution of statewide redevelopment agencies, has impacted the City's ability to implement its goals for affordable rental housing unit development and affordable purchase units. Despite these challenges, and the continual reduction in CDBG funding over the last several years, the City and its partners have continued to make efforts to achieve the objectives established in the previous ConPlan.

4. Summary of citizen participation process and consultation process

City staff encouraged citizens and local and regional organizations to participate during the 2020-2024 ConPlan process. There were several opportunities for City residents and agencies/organizations to offer input into the ConPlan process as noted below:

- In July 2019 the City made available on the City's website the Five-Year ConPlan Survey to solicit the community's input on the City's most pressing needs, particularly in the areas of housing, parks, community facilities, human services, and fair housing.
- During the annual public services solicitation of proposals from public service agencies conducted in July 2019, the twelve agencies were invited to participate in the City's on-line ConPlan Priority Needs Survey.
- As part of the City's consultation process a questionnaire was sent out to public service agencies serving the City asking them to identify their service populations and to note any changes in needs and gaps in service. Questions included: Current service levels, characteristics of your service population, recent changes in service levels or characteristics, anticipated changes, homeless services, and the current challenges in providing adequate service.

- A public hearing with City Council will be held around March or April 2010 for the purpose of informing the City Council on the ConPlan process and solicit public comments prior to the kick-off the 30-day review period for the ConPlan.
- A draft of the ConPlan will be made available for a 30-day public comment period will be held in April 2020.
- The ConPlan is anticipated to be adopted by the City Council after hearing any public comments at a public hearing in May 2020.

5. Summary of public comments

Lisa Daggett-Cummings, Executive Director of South Bay Children's Health Center, announced that the agency has been providing services in the South Bay since 1947. The agency provides dental services under their contract with the City. Since 1947 they have expanded to address needs of many more communities, the organization still sees Redondo Beach as their home and a high focus area. They provide both dental and mental health services to young residents while incorporating strong school and community-based partnerships in the Redondo Beach area. The program serves many low- and very-low-income households.

Daniella Alcedo from Los Angeles Homeless Services Authority (LAHSA), said that the authority uses their funding for outreach, data collection, and support towards service providers working with the homeless. They help to support the city work with the homeless, providing them with data, funding, and support. Their funding stems from HUD applications, but also includes local and state funding. In addition, they contract with numerous agencies and non-profits around the city in an effort to help increase homeless support in the area, including Redondo Beach.

Donna Barr, Director of Project: NEEDS, stated that the program serves numerous families and individuals in the Redondo Beach area, including low-income homeowners and renters, as well as individuals that are homeless. They support about 150 families twice monthly at their food pantry, serving a hot meal to 75 persons per week. Their demand has increased in 2019 by over 25%, making it more difficult to distribute enough food.

Karen Tucker, Executive Director of Family Promise, uses funding to support 40 individuals per month in Redondo beach. Their support focuses on homeless families with children, a service population that they believe is underserved. They have recently expanded their service to include a transitional housing program to assist these families. In addition to this service, they help the homeless population every day through shelters, meals, basic necessities, eviction prevention, and after-care among others.

Dr. Paul Simon, Los Angeles County Public Health Department, stated the Department is responsible for public health, healthy communities, and healthy people within the County, which includes Redondo Beach. Their federal and state funding goes to programs within the community. The Department measures illnesses occurring in the region's population and evaluate its short and long term health impacts. The Department recognizes the shortage of affordable housing in the area as an on-going pressing issue, forcing people into cheaper, unsafe neighborhoods or even homelessness. The Department's desire is to have stronger requirements for affordable housing and to expand temporary housing services.

Linda Jenkins, Executive Director, Los Angeles Development Authority, in a recent interview, stated the need for housing is priority for the Authority. The Authority oversees grant funds from the County, granting funding to developers who incorporate housing and or housing upgrades that support special need populations. This funding is bolstered through CDBG funding, and 20% of their supported development projects must include support for low-to-moderate-income populations. She stated that permanent and transitional housing is a priority need for the City.

6. Summary of comments or views not accepted and the reasons for not accepting them

The City did not receive any comments that were not accepted. Any public comments received were incorporated into the ConPlan.

7. Summary

The Strategic Plan outlined in the ConPlan is the result of all the information gathered and consultations held throughout the ConPlan planning process. The City's overall objective for the Community Development Block Grant (CDBG) program is to create a viable community by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low- and moderate-income. To accomplish this objective, the City of Redondo Beach adopted the following ConPlan goals, consistent with the primary objectives of the CDBG program:

- Decent housing;
- Suitable living environment; and
- Creating economic opportunities.

The Process

PR-05 Lead & Responsible Agencies 24 CFR 91.200(b)

1. Describe agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source

The following are the agencies/entities responsible for preparing the ConPlan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	Redondo Beach	Community Services Department

Table 1 – Responsible Agencies

Narrative

The Community Services Department is responsible for overseeing the administration of the City's CDBG program including administration of the grant, preparation of required reports and implementation of grant-funded programs. The Administrative Analyst in the Community Services Department over-see the day-to-day administration of the CDBG Program. A consultant is under contract with the City to assist with program administration responsibilities.

Consolidated Plan Public Contact Information

City of Redondo Beach Community Services Department
1922 Artesia Boulevard, Redondo Beach, CA 90278

Attention: John La Rock, Community Services Director, (310) 318-0671, john.larock@redondo.org

PR-10 Consultation - 91.100, 91.200(b), 91.215(l)

1. Introduction

In preparing the ConPlan, the City consulted with a variety of agencies, including local and regional community-based organization, the Los Angeles County Continuum of Care (CoC), Los Angeles County Department of Public Health Epidemiologist Childhood Lead Poisoning Prevention Program, Housing Authority of the City of Redondo Beach, and others.

The goal of the consultation process was to gather data to help determine the priority needs of Redondo Beach residents and opportunities for coordination to improve availability and access to services.

Social service stakeholder interview meetings were conducted in July and August 2019 at individual sites or by direct phone contact with the following agencies:

- Project: NEEDS
- South Bay Children's Health Center
- Family Promise of South Bay
- LA County Public Health Department
- LA Development Authority
- LA County Public Health Department
- Salvation Army
- Fair Housing Rights Center
- Family Counseling Services
- Los Angeles Center for Alcohol and Drug Abuse

Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(l)).

The City of Redondo Beach is located in Los Angeles County where many of the larger cities operate fairly independently, such as those that have independent housing authorities including Redondo Beach. There are opportunities to enhance coordination between service departments and agencies. The City of Redondo Beach funds a number of public service agencies and in this way participates in the large network of social and health services in the County. The City also coordinates local efforts to address homelessness issues in the City in coordination with the Los Angeles CoC.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

The City of Redondo Beach is a participant in the Los Angeles Homeless Services Authority (LAHSA) CoC. The City is served by the Service Planning Area 8 (SPA 8) located in the South Bay. SPA 8 is comprised of 18 cities including Redondo Beach and five unincorporated areas. During the consultation process it became clear that the needs of homeless persons in the City and the surrounding area are served through a network of agencies and service providers including: LAHSA; the City; Redondo Beach Police Department; the school districts in the area; and social service agencies. During program year 2019-2020,

the City is allocating funds to organizations in the area that provide a range of services to homeless populations located within SPA 8.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards and evaluate outcomes, and develop funding, policies and procedures for the administration of HMIS

The City of Redondo does not have sufficient population to receive ESG funding directly. The Los Angeles Housing Services Authority (LAHSA) administers ESG funding in the Los Angeles County metropolitan area. The Homeless Management Information System (HMIS) is used by the CoC to collect client-level data and data on the provision of housing and services to homeless individuals and families and persons at risk of homelessness. Through the HMIS system, a community should be able to collect information from projects serving homeless families and individuals to use as part of their needs analyses and to establish funding priorities.

2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdictions consultations with housing, social service agencies and other entities

1.	Agency/Group/Organization	Family Promise of South Bay
	Agency/Group/Organization Type	Housing Family Services
	What section of the Plan was addressed by Consultation	Needs Assessment Market Analysis Strategic Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	The agency participated in a stakeholder interview and responded to local needs by recently creating a transitional housing program.
2.	Agency/Group/Organization	LA County Public Health Department
	Agency/Group/Organization Type	Health Services
	What section of the Plan was addressed by Consultation	Needs Assessment Strategic Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in stakeholder interview on 8/2/2019 and expressed interest in strengthening health services, especially help towards minority infants in the region due to an imbalance in mortality rates.
3.	Agency/Group/Organization	LA Development Authority
	Agency/Group/Organization Type	Housing Development Affordable Housing
	What section of the Plan was addressed by Consultation	Needs Assessment Strategic Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	City consultant met with representatives for a stakeholder interview on 7/17/2019 and expressed interest in increasing accessible development.
4.	Agency/Group/Organization	South Bay Children's Health Center
	Agency/Group/Organization Type	Public Services Services-Health Low-income households
	What section of the Plan was addressed by Consultation	Needs Assessment Strategic Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in a stakeholder interview and questionnaire in September 2019. The agency expressed a desire to bridge gaps in health care access for low-income populations.
5.	Agency/Group/Organization	Salvation Army
	Agency/Group/Organization Type	Public Services Low-income households

	What section of the Plan was addressed by Consultation	Needs Assessment Strategic Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	City consultant discussed the needs for low-income individuals in the area, especially the needs for food and the cost for holistic services for low-income households.
6.	Agency/Group/Organization	Fair Housing Rights Center
	Agency/Group/Organization Type	Housing Services
	What section of the Plan was addressed by Consultation	Needs Assessment Strategic Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	City consultant participated in stakeholder interview to discuss the need for fair housing.
7.	Agency/Group/Organization	Project Needs
	Agency/Group/Organization Type	Public Services Services-Meals Program Low-income households Homeless
	What section of the Plan was addressed by Consultation	Needs Assessment Strategic Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in stakeholder interview and questionnaire about need for services they provide. There is a demand for the food program from low-income and homeless persons.
8.	Agency/Group/Organization	Family Counseling Services
	Agency/Group/Organization Type	Public Services
	What section of the Plan was addressed by Consultation	Market Analysis Strategic Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Completed a stakeholder interview and discussed need for counseling services, including mental health services for low-income individuals.
9.	Agency/Group/Organization	Los Angeles Center for Alcohol and Drug Abuse
	Agency/Group/Organization Type	Community Support Organization
	What section of the Plan was addressed by Consultation	Needs Assessment Strategic Plan
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in a stakeholder interview and questionnaire and expressed a desire to bolster transitional programs.

Table 2 – Agencies, groups, organizations who participated

Identify any Agency Types not consulted and provide rationale for not consulting

No agency types were specifically left out of the consultation process.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
CoC	Los Angeles Housing Services Authority	Both address issues pertaining to homelessness and special needs housing.
Housing Element	City of Redondo Beach	Both Include the goal of fostering affordable housing

Table 3 – Other local / regional / federal planning efforts

Describe cooperation and coordination with other public entities, including the State and any adjacent units of general local government, in the implementation of the Consolidated Plan (91.215(I))

The California Department of Public Health cooperated with the Los Angeles County Department of Public Health Epidemiologist Childhood Lead Poisoning Prevention Program to provide data on childhood lead-based paint poisoning. In addition, significant aspects of the plan development process included consultations with the CoC and its membership, which comprises both public and private nonprofit and for-profit entities, as well as private citizens. The Strategic Plan section of this plan includes a listing of some of the agencies that participate in the CoC.

Narrative (optional):

The City of Redondo Beach solicited applications for 2019-2020 CDBG Public Services Grants and published a notice of funding availability on February 14, 2019. Applications were accepted until March 8, 2019. During this period, the City received applications from the following social service agencies:

1. Disability Community Resource Center – Independent Living Services (ILS) Program
2. Housing Rights Center – Fair Housing Services
3. Redondo Beach Salvation Army – The Salvation Army Meals
4. 1736 Family Crisis Center
5. South Bay Family Health Care – Dental Clinic
6. St. Paul's United Methodist Church – Project: NEEDS

From this list of social service agencies, the City determined all applicant's programs were strongly aligned with the priorities of the City and community and designated funding for each.

PR-15 Citizen Participation

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

The City of Redondo Beach offered several opportunities for participation and comment throughout the ConPlan process, as shown below. There was a public hearing before City Council in April 2020. A final City Council public meeting was held in May 2020 for the adoption of the ConPlan.

The comments received through the citizen participation process were essential to identifying priority needs along with the results of the ConPlan survey. The majority of the needs identified throughout the ConPlan process are incorporated into the Needs Assessment and became the basis of the Strategic Plan priorities and goals.

The ConPlan survey highlighted the following areas as extremely important to address housing needs in the area:

- Stronger housing code enforcement
- Affordable rental housing
- Senior housing
- Homeownership down payment assistance

In addition, the ConPlan survey highlighted the following priorities as top community needs:

- Parks and Recreational Facilities
- Youth Centers
- Senior Centers

Top needs for homeless services were identified to be:

- Supportive Housing
- Permanent Housing
- Emergency Shelters

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons
1	On-Line Survey	Redondo Beach Residents	ConPlan Priority Needs Survey was made available on the City's website. The survey generated a total of 71 responses.	See PR-15	All comments were accepted.
2	Neighborhood Newsletter Notification	Redondo Beach Residents	Solicitation of community input through notice of survey availability in Citywide newsletter.	See PR-15	All comments were accepted.
3	Letters to Public Services Agencies	Public Services Agencies	Letters sent out to all previously funded Public Services agencies inviting their participation in the survey.	See PR-15	All comments were accepted.
4	Public Services RFP	Public Services Agencies	RFP sent out to all previously funded Public Services requesting proposals to serve community needs.	Public Service Agencies helped to identify service needs in the community.	All comments were accepted.
5	Meeting	Redondo Beach Residents	Public Hearing with City Council to invite input on community needs as part of the ConPlan and invite community input.	Citizen input and comments will be included in the ConPlan.	All comments were accepted.
6	Public Review	Redondo Beach Residents	ConPlan made available for public review and comment for 30-day period.	Citizen input and comments will be included in the ConPlan.	All comments were accepted.
7	Meeting	Redondo Beach Residents	Public Hearing with City Council to adopt ConPlan and invite community input.	All citizen input and comments will be included in the ConPlan.	All comments were accepted.

Table 4 – Citizen Participation Outreach

Needs Assessment

NA-05 Overview

Needs Assessment Overview

This section of the plan provides a summary of Redondo Beach's needs related to affordable housing, special needs housing, community development, and homelessness. The Needs Assessment includes the following sections:

- Housing Needs Assessment
- Disproportionately Greater Need
- Public Housing
- Homeless Needs Assessment
- Non-Homeless Needs Assessment
- Non-Housing Community Development Needs

The Needs Assessment identifies those needs with the highest priority, which form the basis for the Strategic Plan section and the programs and projects to be administered. Most of the data tables in this section are populated with default data from the Comprehensive Housing Affordability Strategy (CHAS) developed by the Census Bureau for HUD based on the 2011-2015 ACS. Other sources are noted throughout the ConPlan.

NA-10 Housing Needs Assessment - 24 CFR 91.205 (a,b,c)

Summary of Housing Needs

The data in this section analyzes households with housing problems, those experiencing (1) overcrowding; (2) substandard housing; (3) cost burden (paying more than 30% of household income for housing costs); and (4) severe cost burden (spending over 50% of household income for housing costs).

The following income categories are used throughout the plan:

- Extremely low – households with income less than 30% of area median income (AMI)
- Very low – households with income between 30 and 50% of AMI
- Low – households with income between 51 and 80% of AMI
- Moderate – households with income between 81 and 120% of AMI
- Above moderate – households with income above 120% of AMI

Based on the data below, there are 67,695 people residing in Redondo Beach comprising 27,735 households. Of these households, approximately 26.7% are at or below 80% of AMI and considered “low-income” per HUD regulations. According to the 2013-2017 ACS 5-Year Estimate, 50.3% of households are owner-occupied and 49.7% are renter-occupied. There are also 2,109 vacant units in the City.

Overall 76.8% of Redondo Beach low-income households experience a housing cost burden (More than 30% of income spent on housing), while 78.4% of extremely low- and 81.6% very low-income households are paying too much for housing. This data aligns with the data in the tables below in that the most prevalent housing problem among both renter and owner households is housing cost burden. Overcrowding for renters is also a housing problem in the City, which reflects the inability of households to afford larger units, possibly as a result of a shortage of affordable housing for larger households.

Demographics	Base Year: 2009	Most Recent Year: 2015	% Change
Population	66,748	67,695	1%
Households	28,358	27,735	-2%
Median Income	\$92,365.00	\$105,145.00	14%

Table 5 - Housing Needs Assessment Demographics

Data Source: 2005-2009 ACS (Base Year), 2011-2015 ACS (Most Recent Year)

Number of Households Table

	0-30% HAMFI	>30-50% HAMFI	>50-80% HAMFI	>80-100% HAMFI	>100% HAMFI
Total Households	2,045	2,430	2,920	1,895	18,440
Small Family Households	370	830	1,190	745	9,525
Large Family Households	10	4	205	35	970
Household contains at least one person 62-74 years of age	460	550	490	505	2,665

	0-30% HAMFI	>30-50% HAMFI	>50-80% HAMFI	>80-100% HAMFI	>100% HAMFI
Household contains at least one person age 75 or older	475	615	330	220	635
Households with one or more children 6 years old or younger	115	170	375	180	2,620

Table 6 - Total Households Table

Data Source: 2011-2015 CHAS

Housing Needs Summary Tables

1. Housing Problems (Households with one of the listed needs)

	Renter					Owner				
	0-30% AMI	>30- 50% AMI	>50- 80% AMI	>80- 100% AMI	Total	0-30% AMI	>30- 50% AMI	>50- 80% AMI	>80- 100% AMI	Total
NUMBER OF HOUSEHOLDS										
Substandard Housing - Lacking complete plumbing or kitchen facilities	45	50	50	15	160	10	15	0	0	25
Severely Overcrowded - With >1.51 people per room (and complete kitchen and plumbing)	0	30	0	0	30	0	0	0	0	0
Overcrowded - With 1.01-1.5 people per room (and none of the above problems)	10	30	50	10	100	0	0	4	0	4
Housing cost burden greater than 50% of income (and none of the above problems)	1,005	1,095	440	65	2,605	390	365	275	225	1,255

	Renter					Owner				
	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total
Housing cost burden greater than 30% of income (and none of the above problems)	115	250	1,120	420	1,905	55	155	195	220	625
Zero/negative Income (and none of the above problems)	165	0	0	0	165	50	0	0	0	50

Table 7 – Housing Problems Table

Data source: 2011-2015 CHAS

2. Housing Problems 2 (Households with one or more Severe Housing Problems: Lacks kitchen or complete plumbing, severe overcrowding, severe cost burden)

	Renter					Owner				
	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total
NUMBER OF HOUSEHOLDS										
Having 1 or more of four housing problems	1,065	1,200	535	90	2,890	400	380	280	225	1,285
Having none of four housing problems	205	375	1,475	940	2,995	160	475	630	640	1,905
Household has negative income, but none of the other housing problems	165	0	0	0	165	50	0	0	0	50

Table 8 – Housing Problems 2

Data source: 2011-2015 CHAS

3. Cost Burden > 30%

	Renter				Owner			
	0-30% AMI	>30-50% AMI	>50-80% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	Total
NUMBER OF HOUSEHOLDS								
Small Related	200	680	810	1,690	89	140	80	309
Large Related	10	0	40	50	0	4	94	98
Elderly	515	330	210	1,055	260	335	205	800
Other	430	440	560	1,430	100	55	90	245
Total need by income	1,155	1,450	1,620	4,225	449	534	469	1,452

Table 9 – Cost Burden > 30%

Data source: 2011-2015 CHAS

4. Cost Burden > 50%

	Renter				Owner			
	0-30% AMI	>30-50% AMI	>50-80% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	Total
NUMBER OF HOUSEHOLDS								
Small Related	200	490	160	850	85	115	50	250
Large Related	10	0	15	25	0	4	4	8
Elderly	400	235	85	720	215	205	145	565
Other	430	425	185	1,040	90	40	75	205
Total need by income	1,040	1,150	445	2,635	390	364	274	1,028

Table 10 – Cost Burden > 50%

Data Source: 2011-2015 CHAS

5. Crowding (More than one person per room)

	Renter					Owner				
	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total
NUMBER OF HOUSEHOLDS										
Single family households	10	70	50	10	140	0	0	4	0	4
Multiple, unrelated family households	0	0	0	0	0	0	0	0	0	0
Other, non-family households	0	0	0	0	0	0	0	0	0	0

	Renter					Owner				
	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total
Total need by income	10	70	50	10	140	0	0	4	0	4

Table 11 – Crowding Information

Data Source: 2011-2015 CHAS

	Renter				Owner			
	0-30% AMI	>30-50% AMI	>50-80% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	Total
Households with Children Present (Age 6 or Younger)	115	140	285	540	85	100	135	320

Table 12 – Households with Children

Data Source: 2011-2015 CHAS

Describe the number and type of single family households in need of housing assistance.

Single family households, especially those that are renters and those in the very low-to-extremely low-income categories, face severe cost burden as a housing problem and would benefit the most from housing assistance. This is a prevalent issue in Redondo Beach, causing single families to buy smaller houses, which leads to a common problem of overcrowding in their homes. As shown above, there are 140 cases of overcrowding (more than one person per room) among households that bring in the average income or less. Of these 140 cases, 100% are in single family households. 134 of them (95.7%) are in low-income households as well. Therefore, these vulnerable households are in need of housing assistance.

Estimate the number and type of families in need of housing assistance who are disabled or victims of domestic violence, dating violence, sexual assault and stalking.

Housing data available from the Housing Authority indicates that the agency administers 613 Section 8 Vouchers (Housing Authority 2019 Annual PHA Plan). NA-35 reveals that about 22% of the vouchers are held by disabled families. The percentage of current voucher households with disabilities makes evident the need for affordable housing for individuals with disabilities.

What are the most common housing problems?

The most common housing problem faced by low-income households in Redondo Beach is cost burden. 76.8% of low-income households are paying a minimum of 30% of their income and 49.5% of renters in the low-income category are paying more than 50% of their income towards housing.

Are any populations/household types more affected than others by these problems?

The problem of housing cost burden is more prevalent among owners (66.2%) than renters (60.7%). However, severe housing cost burden is more prevalent among renters (19.2%) than owners (13.8%). The percentage of households affected is far higher for all lower income categories among renter-occupied households than owner-occupied units. For extremely low-income renters, 80.81% are cost burdened, along with 92.33% of very low-income renters and 81.17% of low-income renters. For comparison, extremely low-income owner-occupied households experience cost burden at a rate of 79.29%, along with 66.29% of very low-income owners and 62.19% of low-income renters.

These differences are also apparent when it comes to severe housing cost burden. For extremely low-income renters, 72.05% experience severe housing cost burden, along with 69.01% of very low-income renters and 21.75% of low-income renters. This can be compared to a rate of 65.71% of extremely low-income owner households, along with 47.19% of very low-income owners and 33.33% of low-income owners.

Describe the characteristics and needs of Low-income individuals and families with children (especially extremely low-income) who are currently housed but are at imminent risk of either residing in shelters or becoming unsheltered 91.205(c)/91.305(c)). Also discuss the needs of formerly homeless families and individuals who are receiving rapid re-housing assistance and are nearing the termination of that assistance

Households, both individuals and families with children, in the extremely low-income group are at high risk of becoming homeless due to limited or lack of income or because of a high housing cost burden. Job loss coupled with a shortage of affordable housing further increases the risk of homelessness for individuals and families with children in the extremely low-income group. According to the 2019 Greater Los Angeles Homeless Count, there were 4,409 homeless persons reported in the South Bay (SPA 8) on a given night. 85% were single adults, 581 were in families and 0 were unaccompanied youth. Single adults (including transition ages, 18-24, as well as veterans) made up 87% of the homeless population with families making up 13%. The 0% representation of youths was a decrease from 6% in 2013.

Los Angeles County has an extensive network of churches, nonprofit agencies, and governmental entities that offer assistance to keep people in their homes by providing temporary rental and utility assistance. Agencies providing homeless prevention services recognize that their common aim is to stabilize households and improve their housing stability to avoid future housing crises.

The Los Angeles CoC recognizes that families and individuals who become homeless are grappling with underlying issues that precipitated their housing crisis. The ultimate goal for those serving individuals and families at high risk of homelessness is to help them move toward self-sufficiency. Activities and services aimed at reducing the incidence of homelessness include:

- Rent/mortgage assistance
- Utility assistance
- Credit counseling
- Legal/mediation services
- Food banks and pantries
- Transportation/gas voucher
- Clothing assistance

- Prescription/medical/dental services
- Workforce development

If a jurisdiction provides estimates of the at-risk population(s), it should also include a description of the operational definition of the at-risk group and the methodology used to generate the estimates:

NA

Specify particular housing characteristics that have been linked with instability and an increased risk of homelessness

For Redondo Beach residents, the primary housing characteristic that is linked to instability and an increased risk of homelessness is housing cost burden (paying more than 30% of gross income toward housing costs). Paying this percentage of income toward housing, especially for lower income households, leaves insufficient resources to meet other needs such as food and clothing. This would also provide little, if any, ability to save money. Loss of a job or an unexpected bill force these households to make difficult decisions.

Discussion

See above.

NA-15 Disproportionately Greater Need: Housing Problems – 91.205 (b)(2)

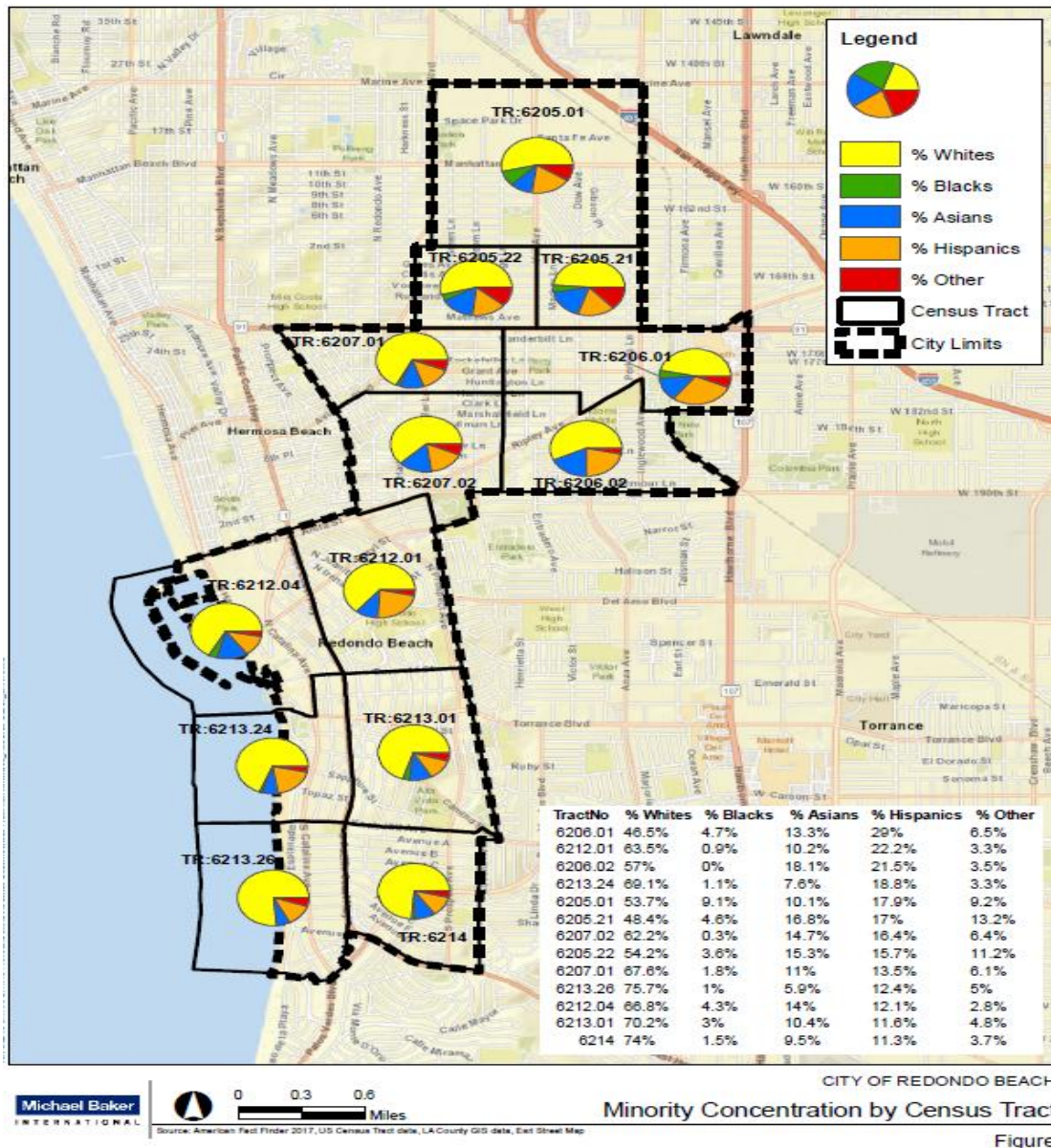
The next three sections will be assessing the need of any racial or ethnic group that has disproportionately greater need in comparison to the needs of that category of need as a whole.

Introduction

The racial and ethnic makeup of the City of Redondo Beach is as follows:

Racial/Ethnic Group	Percentage
White	65.89%
Black / African American	2.87%
Asian	11.71%
American Indian, Alaskan Native	0.18%
Native Hawaiian, Pacific Islander	0.30%
Some Other Race	0.23%
Two or More Races	3.58%
Hispanic	15.24
Total	100%

The map below provides locational data for Racial/Ethnic Groups within the City:



The ConPlan must identify racial or ethnic groups that experience a disproportionately greater extent of housing problems. HUD defines a disproportionately greater extent as a racial or ethnic group with at least 10 percent more housing problems than the percentage of population in the category as a whole. A household is considered to have a housing problem when their home lacks a complete kitchen or plumbing facilities, when there is more than one person per room, or, when a cost burden (30% or more of household income is used for housing expenses) exists.

For the purposes of this ConPlan, disproportionately greater need is assumed to exist when the percentage of persons in a category of need who are members of a particular racial or ethnic group is at least 10 percentage points higher than the percentage of persons in the category as a whole.

A disproportionately greater need of households experiencing one or more of four housing problems will

be assessed at the extremely low-income level (0 – 30% of the Area Median Income – AMI), the very low-income level (30% - 50% AMI) and the low-income level (50% - 80% AMI).

0%-30% of Area Median Income

Housing Problems	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	1,635	195	215
White	1,060	155	140
Black / African American	45	0	0
Asian	115	10	30
American Indian, Alaska Native	0	0	0
Pacific Islander	0	0	0
Hispanic	350	15	20

Table 13 - Disproportionally Greater Need 0 - 30% AMI

Data Source: 2011-2015 CHAS

*The four housing problems are:

1. Lacks complete kitchen facilities, 2. Lacks complete plumbing facilities, 3. More than one person per room, 4. Cost Burden greater than 30%

30%-50% of Area Median Income

Housing Problems	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	1,990	445	0
White	1,245	245	0
Black / African American	30	45	0
Asian	235	55	0
American Indian, Alaska Native	0	0	0
Pacific Islander	0	0	0
Hispanic	440	75	0

Table 14 - Disproportionally Greater Need 30 - 50% AMI

Data Source: 2011-2015 CHAS

*The four housing problems are:

1. Lacks complete kitchen facilities, 2. Lacks complete plumbing facilities, 3. More than one person per room, 4. Cost Burden greater than 30%

50%-80% of Area Median Income

Housing Problems	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	2,130	790	0
White	1,415	460	0
Black / African American	40	70	0
Asian	265	100	0
American Indian, Alaska Native	25	0	0
Pacific Islander	0	0	0
Hispanic	325	110	0

Table 15 - Disproportionally Greater Need 50 - 80% AMI

Data Source: 2011-2015 CHAS

*The four housing problems are:

1. Lacks complete kitchen facilities, 2. Lacks complete plumbing facilities, 3. More than one person per room, 4. Cost Burden greater than 30%

80%-100% of Area Median Income

Housing Problems	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	955	945	0
White	600	560	0
Black / African American	0	30	0
Asian	100	145	0
American Indian, Alaska Native	35	0	0
Pacific Islander	0	40	0
Hispanic	180	100	0

Table 16 - Disproportionally Greater Need 80 - 100% AMI

Data Source: 2011-2015 CHAS

*The four housing problems are:

1. Lacks complete kitchen facilities, 2. Lacks complete plumbing facilities, 3. More than one person per room, 4. Cost Burden greater than 30%

Discussion

Overall, 77.8% of low-income households in Redondo Beach experience at least one housing problem. There are two groups with a disproportionate deviation of at least 10%. Low-income black households experience a disproportionately lesser extent of housing problems at only 50%. This is a major decrease from the previous ConPlan, when this rate was 88% for black households. American Indians experience a disproportionate need at 100%. The sample size for Black and American Indian households is small in Redondo Beach however, so it is difficult to draw meaningful conclusions.

At the extremely low- income level, about 90.9% of Hispanic households experience one or more housing problems, which is disproportionately high. At this level, housing problems also disproportionately affect black households, at a rate of 100%.

There is a greater incidence of housing problems at the lower income levels. About 81% of households whose income is between 30% and 50% of Area Median Income (AMI) have one or more housing problems, while 73% of the households between 50% & 80% (AMI) experience housing problems and just 50% of households whose income falls between 80% and 100% AMI have at least one of the four housing problems.

NA-20 Disproportionately Greater Need: Severe Housing Problems – 91.205 (b)(2)

This next section will assess the need of any racial or ethnic group that has disproportionately greater need in comparison to the needs of that category of need as a whole.

Introduction

A household is considered to have severe housing problems when their home lacks complete kitchen or plumbing facilities, when there is more than one and a half persons per room or when a cost burden (50% or more of income toward housing) exists.

For the purposes of this ConPlan, disproportionately greater need is assumed to exist when the percentage of persons in a category of need who are members of a particular racial or ethnic group is at least 10 percentage points higher than the percentage of persons in the category as a whole.

A disproportionately greater need of households experiencing one or more of four severe housing problems will be assessed at the extremely low-income level (0 – 30% of AMI), very low-income level (30% - 50% AMI) and the low-income level (50% - 80% AMI).

0%-30% of Area Median Income

Severe Housing Problems*	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	1,465	365	215
White	980	235	140
Black / African American	45	0	0
Asian	95	30	30
American Indian, Alaska Native	0	0	0
Pacific Islander	0	0	0
Hispanic	285	80	20

Table 17 – Severe Housing Problems 0 - 30% AMI

Data Source: 2011-2015 CHAS

*The four severe housing problems are:

1. Lacks complete kitchen facilities, 2. Lacks complete plumbing facilities, 3. More than 1.5 persons per room, 4. Cost Burden over 50%

30%-50% of Area Median Income

Severe Housing Problems*	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	1,580	850	0
White	1,005	490	0
Black / African American	30	45	0
Asian	154	135	0
American Indian, Alaska Native	0	0	0
Pacific Islander	0	0	0
Hispanic	355	160	0

Table 18 – Severe Housing Problems 30 - 50% AMI

Data Source: 2011-2015 CHAS

*The four severe housing problems are:

1. Lacks complete kitchen facilities, 2. Lacks complete plumbing facilities, 3. More than 1.5 persons per room, 4. Cost Burden over 50%

50%-80% of Area Median Income

Severe Housing Problems*	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	815	2,105	0
White	680	1,195	0
Black / African American	0	115	0
Asian	65	295	0
American Indian, Alaska Native	0	25	0
Pacific Islander	0	0	0
Hispanic	70	360	0

Table 19 – Severe Housing Problems 50 - 80% AMI

Data Source: 2011-2015 CHAS

*The four severe housing problems are:

1. Lacks complete kitchen facilities, 2. Lacks complete plumbing facilities, 3. More than 1.5 persons per room, 4. Cost Burden over 50%

80%-100% of Area Median Income

Severe Housing Problems*	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	315	1,580	0
White	240	920	0
Black / African American	0	30	0
Asian	15	235	0
American Indian, Alaska Native	0	35	0
Pacific Islander	0	40	0
Hispanic	60	220	0

Table 20 – Severe Housing Problems 80 - 100% AMI

Data Source: 2011-2015 CHAS

*The four severe housing problems are:

1. Lacks complete kitchen facilities, 2. Lacks complete plumbing facilities, 3. More than 1.5 persons per room, 4. Cost Burden over 50%

Discussion

Overall, 52% of low-income households in Redondo Beach experience at least one severe housing problem, a decrease from 55% in the previous ConPlan. There are no racial or ethnic groups experiencing a disproportionately greater extent of one or more severe housing problems. The groups facing the highest extent of severe housing problems are White (59%) and Hispanic (53%). The remaining groups actually experience severe housing problems at a disproportionately lesser extent than average, at rates of 39% (Asian), 32% (Black) and 0% (American Indian).

The experience of facing severe housing problems is greater for the lower income groups. At least 72% of extremely low-income households experience one or more severe housing problems while 65% of very low-income households and 28% of low-income households experience at least one or more severe housing problems. Households with an income that is 80-100% of AMI experience severe housing problems at a rate of just 17%.

NA-25 Disproportionately Greater Need: Housing Cost Burdens – 91.205 (b)(2)

This section will assess the need of any racial or ethnic group that has disproportionately greater need in comparison to the needs of that category of need as a whole.

Introduction:

Housing cost burden is defined as a household spending more than 30% of its gross income on housing expenses. A severe cost burden exists when a household expends more than 50% of its gross income on housing expenses.

A disproportionately greater need is assumed to exist when the percentage of persons in a category of need who are members of a particular racial or ethnic group is at least 10 percentage points higher than the percentage of persons in the category as a whole.

For purposes of comparison, the City's racial/ethnic breakdown per 2013-2017 ACS data was:

- White – 61.84%
- Asian – 12.19%
- Hispanic – 17.08%
- Black – 2.77%
- Some other - 0.66%
- Two or more races – 5.17%
- American Indian/Alaskan Native – 0.24%
- Hawaiian/Pacific Islander – 0.06%

Housing Cost Burden

Housing Cost Burden	<=30%	30-50%	>50%	No / negative income (not computed)
Jurisdiction as a whole	17,560	5,330	4,615	235
White	12,790	3,385	3,145	140
Black / African American	465	110	170	0
Asian	1,885	775	425	50
American Indian, Alaska Native	35	60	0	0
Pacific Islander	85	0	0	0
Hispanic	1,885	810	770	20

Table 21 – Greater Need: Housing Cost Burdens AMI

Data Source: 2011-2015 CHAS

Discussion:

Overall, 36% of Redondo Beach households experience a housing cost burden. There was one racial/ethnic group that experiences a disproportionate housing cost burden. The highest disproportion experience of cost burden is experienced by American Indians at 63% (though the total group size was small). Hispanic households were slightly shy of being disproportionate, at 45%. This is a decrease from the previous Consolidated Report, when Hispanics were disproportionately affected. These groups were trailed by Blacks at 38%, Asians at 38%, Whites at 34%, and Pacific Islanders 0%.

NA-30 Disproportionately Greater Need: Discussion – 91.205(b)(2)

Are there any Income categories in which a racial or ethnic group has disproportionately greater need than the needs of that income category as a whole?

A few racial/ethnic groups experienced disproportionate need in terms of housing problems and cost burden, however, no group was consistently disproportionate in the three previous sections (Housing Problems, Severe Housing Problems, Housing Cost Burden). American Indians experience a disproportionately greater extent of housing problems; however, the sample size is very small. Hispanics experience a greater share of cost burden than the other groups. Hispanics overall tended to have high rates of housing problems, severe housing problems and cost burden than the other racial groups. Whites experienced the highest percentage of severe housing problems.

There appeared to be a greater incidence of severe housing problems and housing problems in general. An estimated 72% of extremely low-income households experienced housing problems compared with 65% for very low-income and 28% for low-income. A similar pattern was observed for general housing problems, and housing cost burden.

If they have needs not identified above, what are those needs?

Affordable housing and tenant-landlord mediation to correct housing problems

Are any of those racial or ethnic groups located in specific areas or neighborhoods in your community?

There are no census tracts in Redondo Beach where there is a disproportionate concentration of racial or ethnic groups when compared to City populations in total. However, there is a one block group in north Redondo Beach with that is predominantly Hispanic (Census tract 6206.01, Block Group 1). It is the only block group within the city that is not predominantly white.

NA-35 Public Housing – 91.205(b)

Introduction

Public housing programs within the Redondo Beach are managed by the Housing Authority of the City of Redondo Beach. The Housing Authority operates as a City department of the City of Redondo Beach, and the City retains control over the local Section 8 Housing Choice voucher program. The Housing Authority does not operate any public housing units within the City of Redondo Beach, but they do offer the Housing Choice Voucher (HCV) Program to residents of Redondo Beach. During the 2018-2019 program year the Housing Authority provided Section 8 vouchers to 12 new households of an average monthly lease-up of approximately 560 units. The 2019 Housing Authority PHA Plan allocating 613 Section 8 Vouchers. Housing Choice Vouchers require an inspection of the unit prior to move-in to ensure health and safety standards are met.

The numbers included in the table below are the number of housing in the City of Redondo Beach and the characteristics of the residents.

Totals in Use

	Program Type								
	Certificate	Mod-Rehab	Public Housing	Vouchers					
				Total	Project - based	Tenant - based	Special Purpose Voucher		
							Veterans Affairs Supportive Housing	Family Unification Program	Disabled *
# of units vouchers in use	0	0	0	538	0	537	5	0	0

Table 22 - Public Housing by Program Type

***includes Non-Elderly Disabled, Mainstream One-Year, Mainstream Five-year, and Nursing Home Transition**

Data Source: PIC (PIH Information Center)

Characteristics of Residents

	Program Type							
	Certificate	Mod-Rehab	Public Housing	Vouchers				
				Total	Project - based	Tenant - based	Special Purpose Voucher	
							Veterans Affairs Supportive Housing	Family Unification Program
Average Annual Income	0	0	0	15,563	0	15,497	51,114	0
Average length of stay	0	0	0	9	0	9	1	0
Average Household size	0	0	0	1	0	1	1	0
# Homeless at admission	0	0	0	0	0	0	0	0
# of Elderly Program Participants (>62)	0	0	0	273	0	272	1	0
# of Disabled Families	0	0	0	104	0	104	0	0
# of Families requesting accessibility features	0	0	0	538	0	537	1	0
# of HIV/AIDS program participants	0	0	0	0	0	0	0	0
# of DV victims	0	0	0	0	0	0	0	0

Table 23 – Characteristics of Public Housing Residents by Program Type

Data Source: PIC (PIH Information Center)

Race of Residents

Race	Program Type								
	Certificate	Mod-Rehab	Public Housing	Vouchers					
				Total	Project - based	Tenant - based	Special Purpose Voucher		
							Veterans Affairs Supportive Housing	Family Unification Program	Disabled *
White	0	0	0	323	0	423	0	0	0

Program Type									
Race	Certificate	Mod-Rehab	Public Housing	Vouchers					
				Total	Project - based	Tenant - based	Special Purpose Voucher		
							Veterans Affairs Supportive Housing	Family Unification Program	Disabled *
Black/African American	0	0	0	95	0	82	1	0	0
Asian	0	0	0	28	0	25	0	0	0
American Indian/Alaska Native	0	0	0	4	0	6	0	0	0
Pacific Islander	0	0	0	2	0	1	0	0	0
Other	0	0	0	0	0	0	0	0	0
*includes Non-Elderly Disabled, Mainstream One-Year, Mainstream Five-year, and Nursing Home Transition									

Table 24 – Race of Public Housing Residents by Program Type

Data Source: PIC (PIH Information Center)

Ethnicity of Residents

Program Type									
Ethnicity	Certificate	Mod-Rehab	Public Housing	Vouchers					
				Total	Project - based	Tenant - based	Special Purpose Voucher		
							Veterans Affairs Supportive Housing	Family Unification Program	Disabled *
Hispanic	0	0	0	108	0	125	0	0	0
Not Hispanic	0	0	0	452	0	412	1	0	0
*includes Non-Elderly Disabled, Mainstream One-Year, Mainstream Five-year, and Nursing Home Transition									

Table 25 – Ethnicity of Public Housing Residents by Program Type

Data Source: PIC (PIH Information Center)

Section 504 Needs Assessment: Describe the needs of public housing tenants and applicants on the waiting list for accessible units:

Not applicable. There are no public housing units in Redondo Beach.

Most immediate needs of residents of Public Housing and Housing Choice voucher holders

About 81.8% of extremely low- and very low-income households in the City experience cost burden (spend more than 30% of income on housing costs) indicating the lack of affordable housing for these very low-income groups. Additionally, seniors and persons with disabilities can be more seriously impacted by these issues, due to the challenges of aging, disabilities and limited financial support. The federal Section 8 Housing Choice Voucher program provides rental assistance to very low-income households overpaying for housing.

Low- and moderate-income Housing Choice voucher (HCV) participants clearly need continued access to housing assistance. The median contract rent (as of 2017) in Redondo Beach was \$1,878.

Many HCV program participants also need help to maintain their stability in housing, including family self-sufficiency, case management and access to mental health and disability services. The Housing Authority of the City of Redondo Beach has a Family Self-Sufficiency (FSS) program that assists participants so that they may maintain their economic goals through assistance from the program. With low average annual incomes, HCV participants, and particularly elderly, in Redondo Beach also have an immediate need for affordable housing that will continue to increase as the population ages. Seniors also need supportive services to age-in-place. Persons with disabilities on the HCV program have a need for supportive services.

How do these needs compare to the housing needs of the population at large

While the challenging economy poses obstacles for many families, needs are generally more acute among low-income families. This is evidenced by the fact that the median income for HCV households in Redondo Beach is at the extremely low-income level (30% of area median income) for Los Angeles County. Once 30% of the household's income is paid for housing costs, little remaining income is available for other household expenses.

Discussion

HCV program participants need housing assistance and services that will allow them to maintain their housing stability and increase their income and assets. While there are no public housing developments in Redondo Beach, the Housing Authority administers Section 8 Housing Choice Vouchers and the City has an inventory of five publicly assisted housing projects.

NA-40 Homeless Needs Assessment – 91.205(c)

Introduction:

The amount of people experiencing homelessness has been gradually increasing throughout the County as well as the City. Homelessness is a tricky matter because one situation is not the sole cause to homelessness. There are many intricate and overlapping layers to homelessness that one cannot state the cause of homelessness with one situation. The City of Redondo Beach is part of Service Planning Area (SPA) 8. According to the 2019 Greater Los Angeles Homeless Count, SPA 8 reported 4,409 individuals experiencing homelessness; this is a 7 percent increase from last year.

People experiencing homelessness have needs that must be addressed, especially in terms of housing and health assistance. In consultation with the Los Angeles County Substance Abuse Prevention and Control, the most common issue is providing housing with additional services to these people. Mental Health and drug services should be provided so individuals may become more stable in order to receive an education and pursue other efforts in the community. This desire is echoed by Harbor Interfaith Services, a non-profit organization that work with the SPA 8 community to provide shelter, transitional housing, and various life-skill trainings.

There is a great need to connect individuals to various services, such as nursing and recuperative care.

The City coordinates efforts to address homelessness issues in Redondo Beach.

If data is not available for the categories "number of persons becoming and exiting homelessness each year," and "number of days that persons experience homelessness," describe these categories for each homeless population type (including chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth):

Nature and Extent of Homelessness: (Optional)

Homeless Persons by Race/Ethnicity in SPA-8			
Race/Ethnicity	Sheltered	Unsheltered	Total
Hispanic/Latino	246	1,430	1,676
Black/African-American	433	930	1,363
White	114	996	1,110
American Indian/Alaskan Native	3	94	97
Asian	2	44	46
Native Hawaiian/Other Pacific Islander	3	51	54
Multi-Racial Other	9	54	63

Estimate the number and type of families in need of housing assistance for families with children and the families of veterans.

The 2019 Greater Los Angeles Homeless Count revealed 173 persons were unsheltered the night of the PIT Count in Redondo Beach. This is a 12 percent increase from 2018 Homeless Count. SPA 8 reported 4,409 people experiencing homelessness, which is a 7 percent increase from 2018. As noted, homelessness is prevalent and continuing to affect the City.

Describe the Nature and Extent of Homelessness by Racial and Ethnic Group.

The Los Angeles Housing and Services Authority (LAHSA) reported data on homelessness by racial/ethnic group for the 2019 Greater Los Angeles Homeless Count. Hispanic/Latino comprised 38 percent, Black/African-American 31 percent, White 25 percent, American Indian/Alaskan Native 2 percent, Asian 1 percent, Native Hawaiian/Other Pacific Islander 1.2 percent, and Multi-Racial/Other 1 percent. American Indian/Alaska Native represented the greatest change from the 2018 Homeless County with a 3,133 percent increase, and Multi-Racial/Other represented a 271 percent increase, Native Hawaiian/Other Pacific represented a 59 percent increase, Hispanic/Latino represented a 30 percent increase, while Asian represented a 19 percent decrease, White represented a 15 percent decrease, and Black/African-American represented a 4 percent decrease.

Describe the Nature and Extent of Unsheltered and Sheltered Homelessness.

The following data is taken from the 2019 Greater Los Angeles Count which occurred on January 23, 2019. The people experiencing homelessness and special populations count is for SPA 8. There were 4,409 total people counted: 3,828 were solo individuals, 581 were in families, 263 were veterans. Single adults composed of 87 percent of the homeless population with family members making up 13 percent and veterans 6 percent.

Approximately 73 percent of the homeless population identified as male while 1 percent identified as transgender.

Of the total people experiencing homeless count, 353 individuals were under the age 18, which accounted for 8 percent of the that population. There were 540 people who were 62 and older, which makes up 12 percent of the population.

There were 1,404 chronically homeless individuals, which represented a 44 percent increase from the previous year. Of these chronically homeless persons, 43 were in family units and 1,361 were individuals not in family units. Data Source: *Redondo Beach Police Department statistics, DV & IPV, FBOs and CBOs serving this population.*

Discussion:

See discussion above.

NA-45 Non-Homeless Special Needs Assessment - 91.205 (b,d)

Introduction:

Certain groups may have more difficulty finding housing and may require specialized services or assistance. Due to their special circumstances, they are more likely to be low-income. These groups include the following:

- Elderly Households;
- Persons with Disabilities and Developmental Disabilities;
- Large households;
- Single Parent Households; and
- Homeless persons;

Describe the characteristics of special needs populations in your community:

There are no shelters in the South Bay, with the closest shelter being 15 miles away (Project:NEEDS). Characteristics for each population are laid out below.

Elderly Households

According to the 2017 Affirmatively Further Fair Housing (AFFHT) and 2013-2017 ACS, there were 12,140 individuals in Redondo Beach that were at least 60 years and over, with 68.6 being the median age. There are approximately 8,661 households with one or more people who are 60 years and over. This accounts for roughly 31% of total households consists of at least one elderly person. Of the 3,273 individuals who make income that is below poverty level, about 24% of those individuals are seniors. These elderly individuals are more vulnerable to becoming homeless because they are living and/or retired on a fixed income and may not be able to afford the raise in cost of housing. Seniors may also be using their income for health care costs or personal care costs.

Individuals with Physical, Health, and Mental Disabilities

According to the 2013-2017 ACS, individuals with a disability accounted for 7.3 percent of the City's population. The 2019 Great Los Angeles Homeless County identified a 293 percent increase of people experiencing homelessness with a developmental disability. People with a serious mental illness and experiencing homelessness increased by 12 percent. Nearly 42 percent of the City's population with disabilities comprised of residents aged 65 and older. Approximately 50 percent of those with an ambulatory difficulty is aged 65 and older. Of the residents who are 65 and older, ambulatory difficulties and independent living difficulties were the most common disabilities. Disabilities to physique, health, and mental health may hinder one's capacity to work or finding accessible and affordable housing. With the increasing aging population with disabilities, it is crucial to start accounting for these individuals and provide housing that can address all their specific needs.

Families

Often times when homelessness is discussed, families are not properly. Family incomes are not keeping up with housing costs which makes them vulnerable to becoming homeless. However, it is crucial to account for homeless families due to the varying dynamics they have with each other. Family members may rely on each for support, thus when given the option to reside in a shelter, many will choose not to. Shelters will separate males and females, so families will choose to stick together rather than to find shelter.

Individuals with Vulnerable Health

Lack of affordability is a general problem. However, it is more difficult for those with vulnerable health to be able to find housing and continue to be housed. Those who are sick need to be connected to nurses, recuperative care, or even permanent housing (Harbor Interfaith). They require specific care due to their health which make it all more difficult to stay housed.

What are the housing and supportive service needs of these populations and how are these needs determined?

Elderly Households

Seniors need more assistance in terms of housing because many seniors are living off a single, fixed income. This makes it more difficult for seniors to afford housing due to the fluctuating costs of housing which their fixed income does not cover. They are also a vulnerable community in which they have more needs to address such as health care costs and personal care costs. In consultation with the Los Angeles County Development Authority and the LAHSA, Los Angeles County does not have rent control thus rent is increased several times in one year. Some seniors may be able to afford the increase in housing as a one-time payment, however many will not be able to afford the consistent rise in costs.

Individuals with Physical, Health and Mental Disabilities

There is a need for housing with additional services to be able to serve and provide service to those with mental and drug issues. Housing may provide physical place to sleep; however, it will not address their mental capacities. Providing treatment for drug abuse and mental health will greatly contribute to their wellbeing as well as opening opportunities for permanent housing and education (Drug & Alcohol Stakeholder). According to the 2019 Greater Los Angeles Homeless Count, the amount of people experiencing homelessness with a development disability increased 293 percent from last year, while people with a physical disability increased by 53 percent. People with a serious mental illness and experiencing homelessness increased by 12 percent. Thus, it is crucial for the City to start accounting for these individuals and provide services that can address all their specific needs.

Families

In consultation with Family Promise, often times families are not considered when homelessness is discussed. Family incomes are not keeping up with housing costs which makes them vulnerable to becoming homeless. However, it is crucial to account for homeless families due to the varying dynamics they have with each other. Family members may rely on each for support, thus when given the option to

reside in a shelter, many will choose not to. Shelters will separate males and females, so families will choose to stick together rather than to find shelter.

Individuals With Vulnerable Health

Lack of affordability is a general problem. However, it is more difficult for those with vulnerable health to be able to find housing and continue to be housed. Those who are sick need to be connected to nurses, recuperative care, or even permanent housing (Harbor Interfaith). They require specific care due to their health which make it all more difficult to stay housed.

Discuss the size and characteristics of the population with HIV/AIDS and their families within the Eligible Metropolitan Statistical Area:

HIV infection can generally be broken down into three distinct stages: primary infection, clinical latency when symptoms may subside and progression from HIV to AIDS. Statistics from the California Department of Public Health report as of June 30, 2018 there were 51,161 persons living with diagnosed HIV Infection in Los Angeles County. A local non-profit, Friends without Barriers (Amigos Sin Barreras) serves HIV/AIDS victims in the South Bay area including Redondo Beach. The program serves 14 HIV/AIDS clients per year through a food pantry program and by providing holistic treatment. Serving HIV/AIDS clients is quite costly as they are generally living on low-incomes which make it difficult to afford even basic necessities including food. Further, they are in need of medical treatment that oftentimes they cannot afford. It was estimated by the program director that about 5,000 HIV/AIDS patients are served by the Harbor/UCLA medical center.

Discussion:

Special needs groups with high priority housing and supportive services needs include elderly persons, persons with disabilities, female-headed households, and the homeless. These populations would generally benefit from permanent housing with supportive services on-site. SPA 8, serving the South Bay region surrounding Redondo Beach, does have a number of providers that serve special needs populations, shown in the table below.

Organization Name	Organization Type
Rainbow Services	Emergency Shelter
1736 Family Crisis Center	Family Center
Center for Pacific Asian Families	Domestic Violence Shelter and Services
National Community Renaissance (CORE)	Senior Services
Beacon Light Mission	Community Services
Doors of Hope	Community Services
South Bay Alcoholism Services	Support Services
House of Yahweh	Transitional Housing
Joint Efforts: WECAN House	Housing Services
Harbor Interfaith Services: Villages at Cabrillo	Housing Services
Los Angeles Community Outreach	Homeless Services

Harbor Interfaith Services: Family Shelter Program	Shelter Program
Department of Children and Family Services	Family Services
Midnight Mission	Community Services
Community's Child: Building Hope	Community Services
Casa de los Angelitos	Homeless Families with Children
Westside Center for Independent Living	Disabled Services
Project New Hope: Dallas House	Housing Services
Project New Hope: Herbert Benton House	Housing Services
Friends Without Barriers (Amigos Sin Barreras)	HIV/AIDS Services

NA-50 Non-Housing Community Development Needs – 91.215 (f)

Describe the jurisdiction's need for Community Facilities:

For Redondo Beach residents, there is a desire for more funds dedicated towards Americans with Disabilities Act (ADA) improvements and senior facilities due to a noticeable increase in the City's aging population. Residents would like to see more facilities and services for seniors, such as educational programs connecting children and seniors, that will promote an active lifestyle and provide them with activities outside of stationary facilities.

According to Los Angeles County Public Health Director, development of housing near freeways seem to become an issue. There are many health risks involved by residing near the freeway due to the pollution emitting from mass transit.

How were these needs determined?

Priority non-housing needs for the City was obtained from data collected, HUD data provided and the Community Needs Survey and the Redondo Beach Five-Year Capital Improvements Program 2014-2019.

Describe the jurisdiction's need for Public Improvements:

Infrastructure improvements including: sidewalk improvements; street Improvements and ADA accessible curb ramps were all identified as priorities by both the ConPlan Priorities Needs Survey and the City's capital improvements program.

How were these needs determined?

Priority non-housing needs for the City was obtained from local public works data collected, the Community Needs Survey and the Redondo Beach Five-Year Capital Improvements Program 2014-2019.

Describe the jurisdiction's need for Public Services:

The consultation process revealed a continued need for public services to address the needs of low- and moderate-income persons and special needs populations. Specifically, there will be an increased need for senior services as the population ages; there is a need for health and dental services to serve the uninsured; low-income families have an increased demand for food distributions; and persons with HIV/AIDS have few financial resources for holistic health treatments. The ConPlan Community Needs Survey indicated that there was a need for senior services; youth services, disabled services; shelter and counseling and homeless services.

How were these needs determined?

Priority non-housing needs for the City was obtained from data collected, HUD data provided, Stakeholder interviews, a public meeting, and a Community Needs Survey.

Housing Market Analysis

MA-05 Overview

Housing Market Analysis Overview:

The purpose of the Market Analysis is to provide a clear picture of the City's housing market including the significant characteristics of housing supply, housing demand and housing conditions and cost. The Housing Market Analysis, in conjunction with the needs assessment, will provide the basis for the Strategic Plan to identify programs and projects to be funded and administered as part of the CDBG program.

Redondo Beach's housing stock is primarily single-family homes (54%), with an owner-occupant rate of 49.9%. The majority of owner-occupied single-family homes have at least three bedrooms, while the majority of renter-occupied units have two or less bedrooms. There is an affordability mismatch between the price of housing and the amount households can afford to pay. The affordability table below shows that extremely low- and very low-income households suffer from the greatest affordability mismatch. There remains a need for more affordable housing particularly for the lower-income households.

MA-10 Number of Housing Units – 91.210(a)&(b)(2)

Introduction

The majority of Redondo Beach's housing units are single-family homes (54%). The multi-family units are fairly evenly distributed across 2-4 units (14%), 5-19 units (16%) and 20 or more units (16%).

Most of the ownership units are larger homes with three or more bedrooms (76%), with the balance being predominantly two-bedroom units (21%). There are a very small number of owner-occupied studio (no bedroom) and one-bedroom units (4%).

Rental units comprise 50.1% of the occupied housing stock. Rental units are available in a range of sizes from studio (no bedroom) to three or more bedrooms. Almost half of the rental units (48%) are two-bedroom units with a large number of one-bedroom units (28%). The supply of rental units for larger families is limited with only 21% of the rental units with three or more bedrooms.

All residential properties by number of units

Property Type	Number	%
1-unit detached structure	11,830	40%
1-unit, attached structure	4,195	14%
2-4 units	4,055	14%
5-19 units	4,905	16%
20 or more units	4,675	16%
Mobile Home, boat, RV, van, etc	110	0%
Total	29,770	100%

Table 26 – Residential Properties by Unit Number

Data Source: 2011-2015 ACS

Unit Size by Tenure

	Owners		Renters	
	Number	%	Number	%
No bedroom	40	0%	485	3%
1 bedroom	490	4%	3,915	28%
2 bedrooms	2,850	21%	6,620	48%
3 or more bedrooms	10,460	76%	2,880	21%
Total	13,840	101%	13,900	100%

Table 27 – Unit Size by Tenure

Data Source: 2011-2015 ACS

Describe the number and targeting (income level/type of family served) of units assisted with federal, state, and local programs.

The City of Redondo Beach currently has three primary housing assistance programs serving different target groups. The CDBG-funded Mobility Access and Emergency Repair Program serves low-income/disabled homeowners with minor home improvements to improve mobility access or provide for emergency repairs. The City's Section 8 program administered by the Redondo Beach Housing Authority serves very low-income households with rental assistance funded through HUD. The Housing Authority gives priority on the waiting list to families, senior citizens and disabled individuals. Finally, there are five publicly assisted affordable housing projects in Redondo Beach providing rental assistance to very low-to-low-income seniors (see Table below).

Provide an assessment of units expected to be lost from the affordable housing inventory for any reason, such as expiration of Section 8 contracts.

The City's Housing Element provides an analysis of existing assisted housing developments that are "at risk" of converting from low-income housing to market-rate housing during the next ten years. Two of the assisted housing projects, Seaside Villa and Heritage Pointe are "at risk" of converting to market-rate units. Seaside Villa must keep the building for senior citizens and disabled persons until at least the year 2017. The City will monitor the status of Heritage Pointe to explore options to preserve this project.

Does the availability of housing units meet the needs of the population?

Housing in the City is available for the different household types, but it is costly and not affordable to all income groups when HUD's affordability standard is applied. A unit is considered affordable if gross rent, including utilities, is no more than 30% of the household income. Only 240 rental units are affordable to extremely low-income households in the City. 680 units are affordable to very low-income households. This disparity is also seen in the data for cost-burdened households for those populations.

Approximately 80.32% of the extremely low-income households experience cost-burden (spending more than 30% of their monthly income on housing costs). Approximately 70.02% of that population experience severe cost burden (spending more than 50% of their monthly income on housing costs). About 83.10% of very low-income households experience cost burden, with about 61.10% experiencing extreme cost-burden.

Describe the need for specific types of housing:

The need for affordable housing for families, accessible units for seniors, emergency shelter space and affordable rental housing were identified as priority. This is also evidenced by the fact that the Housing Authority maintains a waiting list for affordable housing.

Discussion

MA-15 Housing Market Analysis: Cost of Housing - 91.210(a)

Introduction

The cost of housing within a jurisdiction is an important consideration as it determines the affordability of housing to residents within various income groups. The cost of housing table below indicates that housing costs have decreased from 2009 to 2015 for owners, however, they have risen for renters. The median home value decreased by 4% from a median home value of \$764,100 in 2009 to \$736,100 in 2015. Although decreasing, the high cost of ownership units makes it prohibitive for low-income households to purchase housing in Redondo Beach. Rents have increased by 18% from a median monthly rent of \$1,437 in 2009 to \$1,697 in 2015. Renters feel the impact of this as 27.9% of renters pay \$2,000 or more for rent each month and 35.0% pay between \$1,500 and \$1,999.

Cost of Housing

	Base Year: 2009	Most Recent Year: 2015	% Change
Median Home Value	764,100	736,100	(4%)
Median Contract Rent	1,437	1,697	18%

Table 28 – Cost of Housing

Data Source: 2005-2009 ACS (Base Year), 2011-2015 ACS (Most Recent Year)

Rent Paid	Number	%
Less than \$500	488	3.5%
\$500-999	930	6.7%
\$1,000-1,499	3,740	26.9%
\$1,500-1,999	4,865	35.0%
\$2,000 or more	3,875	27.9%
Total	13,898	100.0%

Table 29 - Rent Paid

Data Source: 2011-2015 ACS

Housing Affordability

% Units affordable to Households earning	Renter	Owner
30% HAMFI	240	No Data
50% HAMFI	510	170
80% HAMFI	2,480	224
100% HAMFI	No Data	329
Total	3,230	723

Table 30 – Housing Affordability

Data Source: 2011-2015 CHAS

Monthly Rent

Monthly Rent (\$)	Efficiency (no bedroom)	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Fair Market Rent	\$1,158	\$1,384	\$1,791	\$2,401	\$2,641
High HOME Rent	\$1,158	\$1,253	\$1,506	\$1,730	\$1,911
Low HOME Rent	\$913	\$979	\$1,175	\$1,357	\$1,515

Table 31 – Monthly Rent
Data Source: HUD FMR and HOME Rents

Is there sufficient housing for households at all income levels?

The Housing Affordability table above provides the number of affordable rental and owner units for each income range. Housing is considered affordable if housing costs are no more than 30% of the household income. The table identifies an insufficient supply of units for both very low- and extremely low-income households. For over 4,025 households earning 30% or less of household area median family income (HAMFI) only 240 rental units are affordable, while zero owner units are affordable. For 2,860 households at the very low-income level (30%-50% HAMFI) only 680 units (510 rental; 170 owner) are affordable. This disparity is also evidenced in the data for cost burdened households for those populations. 80.32% of the extremely low-income households experience cost burden (household spending more than 30% of monthly income on housing costs). 70.02% of that population experiences severe cost-burden (spending more than 50% of their income on housing costs). 83.10% of very low-income households experience cost burden, with 61.10% experiencing extreme cost-burden.

The high cost of housing in Redondo Beach results in households having to pay more than 30% of their household income on housing costs. This may be possible for higher income homeowners, but it becomes a financial hardship for extremely low- and very low-income households.

How is affordability of housing likely to change considering changes to home values and/or rents?

The economic challenges of the past several years resulting in higher unemployment and drops in the housing market resulted in reductions in housing prices in Redondo Beach. There were also a moderate number of foreclosures in the City. The desirability of living in a beach community has somewhat insulated Redondo Beach from extreme drops in housing values. As a result, the cost of housing has stayed relatively high over time. The City's 2013-2021 Housing Element reports median sales prices of \$1,313,000 in the 90277 zip code and \$1,090,000 in the 90278 zip code during the month of December 2016. This compares to a median sales price of \$464,640 for Los Angeles County as a whole in December 2016. Average median rents reported for the same general time period (February 2017) were \$2,450 for two bedrooms and \$3,350 for three bedrooms. The result is that many homebuyers may need to spend more than 30% of their household income on housing in order to purchase a home. Extremely low- and very low-income households will struggle to find rental housing that is affordable without some form of housing assistance.

How do HOME rents / Fair Market Rent compare to Area Median Rent? How might this impact your strategy to produce or preserve affordable housing?

Further evidence demonstrates the high cost of rental housing currently in the City. HUD's listing of 2019 Fair Market Rents in the Los Angeles-Long Beach Metro area is as follows:

2019 Fair Market Rents – Los Angeles – Long Beach Metro Area					
1 Bedroom	2 Bedrooms	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
\$1,384	\$1,791	\$2,401	\$2,641	\$3,037	\$3,433
Source: 2019 ACS Data					
\$1,530	\$1,885	\$2,477	\$2,492		
Source: 2019 Zillow					

These median rents can be compared with 2019 data from various sources including the Housing Authority for the County of Los Angeles, Zillow, and ACS data. The median rents indicate that the actual cost for rental housing is slightly higher than HUD's Fair Market Rents for all categories except 4+ bedroom units.

Discussion

The cost of housing can be a challenge for low-to-moderate-income households, which are sometimes forced to spend more than 30% of their gross income for rental or homeowner housing costs due to market factors, including availability, resale pricing, interest rates, and property taxes and assessments. The challenges households face varies by income level:

- For low-income households, the primary challenge is homeownership, especially at a time when demand is high and competition from investors further limits supply. Rental housing is generally affordable to low-income households though in a beach community like Redondo Beach market rents were seen to be higher than affordable rents.
- For very low-income households, both renting and purchasing is a challenge.
- In general, extremely low-income households are not advised to purchase homes. These households face the most difficulty finding affordable rents within the City.

MA-20 Housing Market Analysis: Condition of Housing – 91.210(a)

Introduction

This section reviews significant characteristics of the existing housing supply include: such as the age and condition of housing, the risk posed by lead-based paint, and the number of vacant and abandoned units. This housing data is important in understanding the possible need for housing rehabilitation programs and lead-based paint abatement to maintain safe and sanitary housing as an affordable housing option in the community.

Definitions

Indicators of substandard housing include units without complete plumbing and/or without complete kitchen facilities. The Census defines “complete plumbing facilities” as having “Hot and cold piped water, a flushable toilet, and a bathtub or shower” and “complete kitchen facilities” as having “a sink with piped water, a range or cook stove, and a refrigerator.” Units without these facilities would be considered in need of rehabilitation.

The City conducted a housing conditions survey in 1990 and 2000 and identified units in need of rehabilitation due to minor defects such as broken windows, peeling paint, and missing shingles, or due to more significant defects such as aging roofs, holes in the walls, floor, or ceiling, inadequate foundations and other structural problems.

Substantial rehabilitation is defined as the extensive reconstruction of a building’s major structural components to fix major disrepair.

Many following tables incorporate additional data from 2011-2015 CHAS data.

Condition of Units

Condition of Units	Owner-Occupied		Renter-Occupied	
	Number	%	Number	%
With one selected Condition	4,635	34%	5,500	40%
With two selected Conditions	4	0%	215	2%
With three selected Conditions	15	0%	40	0%
With four selected Conditions	0	0%	0	0%
No selected Conditions	9,175	66%	8,145	59%
Total	13,829	100%	13,900	101%

Table 32 - Condition of Units

Data Source: 2011-2015 ACS

Year Unit Built

Year Unit Built	Owner-Occupied		Renter-Occupied	
	Number	%	Number	%
2000 or later	1,980	14%	315	2%
1980-1999	4,540	33%	2,225	16%
1950-1979	5,665	41%	9,960	72%
Before 1950	1,650	12%	1,405	10%
Total	13,835	100%	13,905	100%

Table 33 – Year Unit Built

Data Source: 2011-2015 ACS

Risk of Lead-Based Paint Hazard

Risk of Lead-Based Paint Hazard	Owner-Occupied		Renter-Occupied	
	Number	%	Number	%
Total Number of Units Built Before 1980	7,315	53%	11,365	82%
Housing Units build before 1980 with children present	1,840	13%	1,360	10%

Table 34 – Risk of Lead-Based Paint

Data Source: 2011-2015 ACS (Total Units), 2011-2015 CHAS (Units with Children present)

Vacant Units

	Suitable for Rehabilitation*	Not Suitable for Rehabilitation*	Total
Vacant Units			2,109
Abandoned Vacant Units			
REO Properties			0
Abandoned REO Properties			

Table 35 - Vacant Units

*There is not additional information on abandoned vacant units and or abandoned REO properties.

Need for Owner and Rental Rehabilitation

Housing age is an important indicator of housing condition. Housing that is 30–40 years old may be in need of rehabilitation, if maintenance on the home has been deferred. Data on the age of housing reported in 2011-2015 CHAS data indicates that 88% of the City's housing units were built after 1950 meaning that only about 12% of the housing stock was about 69 years old or younger. These findings suggest that there may be a need for maintenance and rehabilitation, including remediation of lead-based paint, for a significant amount of the city's housing stock.

There is clear evidence that the housing stock is aging and in need of continued maintenance. The City conducted housing condition surveys in 1990 and in 2000 which targeted single-family residential structures more than 30 years old. As discussed in the City of Redondo Beach 2013-2021 Housing Element, the 1990 survey reported no dilapidated structures and .5 percent of the units surveyed (18 units) in need of substantial rehabilitation. The 2000 survey reported 41 dilapidated structures with 6.6 percent of the units surveyed (154) in need of substantial rehabilitation.

In an effort to ensure that deferred housing maintenance does not result in deterioration of the city's housing stock, the goal of the City's Code Enforcement Program is to address housing concerns before they become serious problems. The Code Enforcement Program has helped to reduce structural deterioration by identifying problems and informing residents of programs to assist with improvements. In addition, the City addresses issues related to lead-based paint through its rehabilitation program for single-family homes and mobile home units.

Estimated Number of Housing Units Occupied by Low or Moderate Income Families with LBP Hazards

Lead-based paint used in residential structures occupied by young children present a health risk. The use of lead-based paint in housing was banned in 1978. For purposes of this plan, the number of units built before 1980 occupied by households with children serves as a baseline of units that contain lead-based paint hazards. Table 39 provides the estimated risk of lead-based paint hazards for households with children as 13% (1,840) of owner-occupied housing and 10% (1,360 units) of renter-occupied housing.

Discussion

The condition of housing units noted in the tables above display the number of housing units by tenure and conditions of housing including: (1) lacks complete plumbing facilities; (2) lacks complete kitchen facilities; (3) has more than one person per room, and; (4) has a cost burden greater than 30%. The table shows that renter-occupied units face a slightly greater rate of these negative housing conditions than owner-occupied housing. About 34% (4,635) of owner-occupied units have one of these conditions compared to about 40% (5,500) of renter-occupied units. Only about 2% of rental occupied units had 2 selected conditions.

The City has a limited amount of older housing with only 12% of owner-occupied housing and 10% of renter-occupied housing built before 1950. However, renter-occupied housing is an older housing stock relative to owner-occupied housing with 82% of the former being built before 1980 compared to 53% for the latter.

Vacant units in a community include those units for lease and those for sale without occupants. Abandoned vacant units include: units that are at least 90 days delinquent in mortgage, leasehold or tax payments; a code enforcement determination is made that the property is not habitable and no corrective actions have been taken within 90 days; or the property is subject to a court-ordered receivership or nuisance abatement related to abandonment. Data reports from 2017 ACS Estimates show a 7.05% vacancy rate for the City, which is higher than the 6.0% overall vacancy rate for Los Angeles County.

As discussed in the Redondo Beach 2013-2021 Housing Element, conserving and improving the housing stock helps maintain investment in the community and keeps existing housing affordable. Preventing deferred maintenance and addressing deteriorating housing conditions protects the safety and welfare of residents and assists in preserving the existing affordable housing units in the City's housing stock.

MA-25 Public and Assisted Housing – 91.210(b)

Introduction

Redondo Beach administers its own housing authority. The mission of the housing authority is to promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination for as many program-eligible persons as funding permits. The City allocates 613 Section 8 Vouchers (Housing Authority 2019 Annual PHA Plan). The Housing Authority of the City of Redondo Beach does not own or manage any public housing units.

Totals Number of Units

	Certificate	Mod-Rehab	Public Housing	Program Type					
				Vouchers					
				Total	Project - based	Tenant - based	Special Purpose Voucher		
							Veterans Affairs Supportive Housing	Family Unification Program	Disabled *
# of units vouchers available				593			0	0	0
# of accessible units									

*includes Non-Elderly Disabled, Mainstream One-Year, Mainstream Five-year, and Nursing Home Transition

Table 36 – Total Number of Units by Program Type

Describe the supply of public housing developments:

The City of Redondo Beach does not own or manage any public housing units.

Describe the number and physical condition of public housing units in the jurisdiction, including those that are participating in an approved Public Housing Agency Plan:

The City of Redondo Beach does not own or manage any public housing units. As a result, the City cannot report on the condition of public housing units. The City works to address the needs for affordable housing by allocating 613 Section 8 Vouchers (Housing Authority 2019 Annual PHA Plan). There are also five publicly assisted affordable housing projects in the City providing 241 units of affordable housing to very low- to low-income seniors. The City also provides housing assistance to homeowners in the form of grants up to \$5,000 for mobility access and emergency repair improvements.

Public Housing Condition

Public Housing Development	Average Inspection Score

Table 37 - Public Housing Condition

Describe the restoration and revitalization needs of public housing units in the jurisdiction:

The City of Redondo Beach does not own any public housing units.

Describe the public housing agency's strategy for improving the living environment of low- and moderate-income families residing in public housing:

The mission of the Redondo Beach Housing Authority is to promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination for as many program-eligible persons as funding permits.

The Housing Authority administers the Section 8 housing assistance program for very low-income households. One of the programs offered by the Housing Authority promotes economic self-sufficiency for Section 8 housing residents.

The Redondo Beach Housing Authority participates in the Family Self-Sufficiency (FSS) Program offered by HUD. The FSS Program encourages and assists clients in increasing their earned income, thereby increasing their ability to become economically self-sufficient. Resources offered through the FSS Program include job training and searching assistance, financial counseling, credit repair, and regular one-on-one or group support. The FSS Program also offers incentives to encourage participation and enhance ability to achieve self-sufficiency. The main incentive offered to all clients is the ability to build savings during participation in FSS program. The savings earned is distributed to eligible clients (clients who have completed their goals, are not receiving cash assistance, and are employed at 32 hours a week). FSS participants also have a number of personal incentives for involvement, including structured goal planning, greater opportunity to increase their standard of living, an enhanced support system and increased self-esteem.

Discussion:

See above discussion.

MA-30 Homeless Facilities and Services – 91.210(c)

Introduction

The City of Redondo Beach does not have an emergency shelter facility within the City limits however, the City partners with homeless services and social service agencies that serve the homeless and aid in the prevention of homelessness. The City has provided funding to two social service agencies that offer housing for victims of domestic violence (1736 Family Crisis Center) and hot meals and a food pantry (Project Needs)

Facilities and Housing Targeted to Homeless Households (County of Los Angeles)

	Emergency Shelter Beds		Transitional Housing Beds	Permanent Supportive Housing Beds	
	Year Round Beds (Current & New)	Voucher / Seasonal / Overflow Beds	Current & New	Current & New	Under Development
Households with Adult(s) and Child(ren)	1,868	4,341	1,273	10,828	
Households with Only Adults	4,686	1,159	2,123	18,059	
Chronically Homeless Households				6,555	
Veterans	175	103	472	6,338	
Unaccompanied Youth	39				

Table 38 - Facilities and Housing Targeted to Homeless Households

Data Source: 2019 Housing Inventory Count

Describe mainstream services, such as health, mental health, and employment services to the extent those services are used to complement services targeted to homeless persons

Homeless persons and those threatened with homelessness in the City of Redondo Beach are served through a network of agencies serving the homeless, social services agencies, churches, City departments and other county health and social services departments. There are several programs offered in SPA 8 that target different homeless client groups. A brief description of each program is provided below. Additionally, there is a federal program serving veterans and their families in the effort to end veteran homelessness.

Homeless Family Solutions System (HFSS) – This program is a network of family homeless service providers who address the needs of homeless families or those in imminent risk of losing their housing. It works cooperatively with system partners to help families complete housing and service plans.

Coordinated Entry System (CES) – The CES is a framework that unites regional providers working collaboratively to house chronically homeless individuals. Through the use of a common assessment tool, individuals are prioritized into the most appropriate housing based on their needs. CES also brings the coordination of county and federal resources from agencies such as the Department of Mental Health, Department of Health Services, housing authorities, and Veterans Affairs.

First 5 LA Supportive Housing Program (First 5 LA) – This program is a needs-based assistance program aimed at serving homeless or at-risk families with children birth to 5, some with current or past involvement with Department of Children and Family Services (DCFS).

Supportive Services for Veteran Families (SSVF) – This program is a community-based, competitive grant program that rapidly re-houses homeless Veteran families and prevents homelessness for those at imminent risk due to a housing crisis. The program’s objective is to achieve housing stability through a short-term, focused intervention. SSVF employs a Housing First model. Housing First focuses on helping individuals and families access and sustain permanent rental housing as quickly as possible and without precondition, while facilitating access to those services that will help the Veteran’s family keep their housing.

HUD-VASH Vouchers (VASH) – The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA). VA provides these services for participating Veterans at VA medical centers (VAMCs) and community-based outreach clinics.

List and describe services and facilities that meet the needs of homeless persons, particularly chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth. If the services and facilities are listed on screen SP-40 Institutional Delivery Structure or screen MA-35 Special Needs Facilities and Services, describe how these facilities and services specifically address the needs of these populations.

Provided below is a summary of programs in the area that serve chronically homeless individuals, families with children, veterans and their families, and unaccompanied youth to transition to permanent housing and independent living.

South Bay Coalition to End Homelessness – the lead homelessness collaborative in the Los Angeles Continuum of Care, located in SPA 8, provides referral and guides to and extensive range of homeless and related service programs in the area.

Coordinated Entry System (CES) – The CES is a framework that unites regional providers working collaboratively to house chronically homeless individuals. Using a common assessment tool, individuals are prioritized into the most appropriate housing based on their needs. The CES also coordinates county and federal resources from agencies such as the Department of Mental Health, the Department of Health Services, housing authorities, and the Department of Veterans Affairs.

Homeless Family Solutions System – This program is a network of family homeless service providers who

address the needs of homeless families or those at imminent risk of losing their housing. It works cooperatively with system partners to help families complete housing and service plans.

First 5 LA Supportive Housing Program (First 5 LA) – This program is a needs-based assistance program aimed at serving homeless or at-risk families with children from birth to age 5, some with current or past involvement with the Department of Children and Family Services.

Supportive Services for Veteran Families (SSVF) – This program is a community-based, competitive grant program that rapidly re-houses homeless veteran families and prevents homelessness for those at imminent risk due to a housing crisis. The program’s objective is to achieve housing stability through a short-term, focused intervention.

HUD-VASH Vouchers (VASH) – The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs (VA).

Unaccompanied Youth – There are several programs to serve this target group, including 1736 Emergency Youth Shelter, Hathaway-Sycamore: Independent Living Program, Divinity Prophet: Independent Living Program, and Richstone: THP and Transitional Living.

Moving Assistance (MA) – The MA Program helps CalWORKs Welfare-to-Work (WtW) families who are homeless or at risk of becoming homeless due to a financial crisis resulting from circumstances out of the family’s control.

Emergency Assistance to Prevent Eviction (EAPE) – The EAPE Program helps CalWORKS Welfare-to-Work (WtW) families who are behind in rent and/or utility bills due to a financial crisis which could lead to an eviction and homelessness.

Homeless Assistance (HA) – The CalWORKS HA Program provides Temporary HA and Permanent HA. Temporary HA provides temporary shelter payments to homeless families while they are looking for permanent housing.

MA-35 Special Needs Facilities and Services – 91.210(d)

Introduction

Special needs populations often have an increased need for housing, services and facilities. Identified special needs populations in the City of Redondo Beach include the elderly (including frail elderly), and persons with disabilities.

Special needs populations often benefit from supportive housing, which is a combination of housing and services intended to help people live more stable, productive lives. Supportive housing is widely believed to work well for those who face the most complex challenges and is coupled with such social services as job training, life skills training, substance abuse programs, educational programs, and case management.

Including the elderly, frail elderly, persons with disabilities (mental, physical, developmental), persons with alcohol or other drug addictions, persons with HIV/AIDS and their families, public housing residents and any other categories the jurisdiction may specify, and describe their supportive housing needs

The following special needs facilities and services are offered in the SPA 8 region:

South Bay Alcoholism Services: Satellite Housing Center (Alcoholism and Drug Addition)

Project New Hope: Dallas House (HIV/AIDS)

Project New Hope: Herbert Benton House

Telecu: New Hope Courtyard Apts.

A community of Friends: California Hotel (Mental Illness)

Homes for Life: Denker House

Homes for Life: Harbor Gateway Homes

SHARE

National Community Renaissance (CORE): Encanto Court (Elderly)

Describe programs for ensuring that persons returning from mental and physical health institutions receive appropriate supportive housing

The Los Angeles County Department of Mental Health acknowledges that housing provides a fundamental level of stability for people to achieve their goals of wellness, recovery and eventual self-sufficiency. The County offers Project Based Operational Subsidy funds for subsidies for Unit-Based Permanent Supportive Housing which includes Youth-Oriented programs to address the long-term housing needs of persons with serious mental illness and emotional problems.

Specify the activities that the jurisdiction plans to undertake during the next year to address the housing and supportive services needs identified in accordance with 91.215(e) with respect to persons who are not homeless but have other special needs. Link to one-year goals. 91.315(e)

During the 2019-20 program year, the City will continue to fund public services agencies that provide a range of supportive services including services to address the needs of frail elderly, persons with developmental disabilities and persons with HIV/AIDS identified as priority needs in the strategic plan.

For entitlement/consortia grantees: Specify the activities that the jurisdiction plans to undertake during the next year to address the housing and supportive services needs identified in accordance with 91.215(e) with respect to persons who are not homeless but have other special needs. Link to one-year goals. (91.220(2))

During the 2019-20 program year, the City will continue to fund public services agencies that provide a range of supportive services including services to address the needs of frail elderly, persons with developmental disabilities and persons with HIV/AIDS identified as priority needs in the strategic plan.

MA-40 Barriers to Affordable Housing – 91.210(e)

Negative Effects of Public Policies on Affordable Housing and Residential Investment

One of the most significant barriers to affordable housing in the City of Redondo Beach is the cost of housing. Factors contributing to the cost include the availability of land and the cost of development. The City's ability to mitigate high construction costs is limited without direct subsidies. Construction cost is also related to development density. The construction costs for multiple-family attached units are slightly lower as developers can usually benefit from economies of scale. The cost of land, however, is the single largest constraint to affordable housing in a coastal city like Redondo Beach. The City's supply of vacant residential land is extremely limited which drives up the cost of land. The General Plan policies aim at preserving existing single family and low-density multiple-family neighborhoods; however, it also provides for additional capacity for growth by allowing for higher density development. Establishing selected areas for increased residential densities enhance the affordability and range of housing opportunities.

The Housing Element further notes that government housing regulations are necessary to ensure housing is constructed and maintained in a safe manner to assure the density and design of housing is consistent with community standards, and to facilitate the provision of adequate infrastructure to support new housing. Government regulation can potentially have an inhibiting or constraining effect on housing development, particularly for affordable housing which must be developed in a cost-efficient manner. City fees, procedures, and requirements related to housing development in Redondo Beach are comparable to other cities in the region and therefore are not excessive or highly restrictive. It should be noted, however, the South Bay cities contain high cost housing. According to 2017 ACS data, the median home value for Redondo Beach was \$817,300 compared to \$486,148 in Los Angeles County.

The elimination of California Redevelopment low/mod housing funds in February 2012 has directly impacted a primary funding source of the City of Redondo Beach for subsidizing the cost of affordable housing.

MA-45 Non-Housing Community Development Assets – 91.215 (f)

Introduction

Operating through the City of Redondo Beach Waterfront and Economic Development Office are the Harbor Department and the Business Assistance Program. The function of the City's Harbor Department is to manage the City's property along the waterfront to ensure an attractive area for recreation and commerce. Assistance offered through the Business Assistance Program include Ombudsman Services (providing coordination services with other City departments as well as local, regional, county, state and federal agencies), Technical Assistance resources and a Small Business Loan Program providing technical assistance to support loan requests and business management.

Serving the Redondo Beach community is the South Bay One-Stop Business & Career Center with the mission to provide a fully integrated One-Stop workforce system to maximize employment and economic opportunity in partnership with business and the community.

Economic Development Market Analysis

Business Activity

Business by Sector	Number of Workers	Number of Jobs	Share of Workers %	Share of Jobs %	Jobs less workers %
Agriculture, Mining, Oil & Gas Extraction	251	61	1	0	-1
Arts, Entertainment, Accommodations	3,403	4,747	11	19	8
Construction	883	806	3	3	0
Education and Health Care Services	3,833	1,953	13	8	-5
Finance, Insurance, and Real Estate	2,300	1,013	8	4	-4
Information	2,457	301	8	1	-7
Manufacturing	3,702	6,124	12	25	13
Other Services	972	913	3	4	0
Professional, Scientific, Management Services	4,662	2,265	16	9	-6
Public Administration	0	0	0	0	0
Retail Trade	2,360	3,707	8	15	7
Transportation and Warehousing	1,316	626	4	3	-2
Wholesale Trade	1,753	653	6	3	-3
Total	27,892	23,169	--	--	--

Table 39 - Business Activity

Data Source: 2011-2015 ACS (Workers), 2015 Longitudinal Employer-Household Dynamics (Jobs)

Labor Force

Total Population in the Civilian Labor Force	40,265
Civilian Employed Population 16 years and over	37,595
Unemployment Rate	6.65
Unemployment Rate for Ages 16-24	19.77
Unemployment Rate for Ages 25-65	5.14

Table 40 - Labor Force
Data Source: 2011-2015 ACS

Occupations by Sector	Number of People
Management, business and financial	16,105
Farming, fisheries and forestry occupations	985
Service	2,455
Sales and office	8,885
Construction, extraction, maintenance and repair	1,270
Production, transportation and material moving	920

Table 41 – Occupations by Sector
Data Source: 2011-2015 ACS

Travel Time

Travel Time	Number	Percentage
< 30 Minutes	20,240	60%
30-59 Minutes	9,615	28%
60 or More Minutes	3,920	12%
Total	33,775	100%

Table 42 - Travel Time
Data Source: 2011-2015 ACS

Education:

Educational Attainment by Employment Status (Population 16 and Older)

Educational Attainment	In Labor Force		Not in Labor Force
	Civilian Employed	Unemployed	
Less than high school graduate	820	75	455
High school graduate (includes equivalency)	3,115	235	1,025
Some college or Associate's degree	8,465	870	2,005
Bachelor's degree or higher	21,050	980	2,890

Table 43 - Educational Attainment by Employment Status
Data Source: 2011-2015 ACS

Educational Attainment by Age

	Age				
	18–24 yrs	25–34 yrs	35–44 yrs	45–65 yrs	65+ yrs
Less than 9th grade	29	25	150	170	370
9th to 12th grade, no diploma	335	89	315	605	335
High school graduate, GED, or alternative	855	865	925	2,580	1,150
Some college, no degree	1,295	1,835	2,205	3,870	1,880
Associate's degree	245	725	1,000	1,730	615
Bachelor's degree	900	4,450	4,750	6,495	1,735
Graduate or professional degree	60	2,250	3,030	4,035	1,560

Table 44 - Educational Attainment by Age

Data Source: 2011-2015 ACS

Educational Attainment – Median Earnings in the Past 12 Months

Educational Attainment	Median Earnings in the Past 12 Months
Less than high school graduate	19,090
High school graduate (includes equivalency)	37,047
Some college or Associate's degree	45,017
Bachelor's degree	74,795
Graduate or professional degree	90,621

Table 45 – Median Earnings in the Past 12 Months

Data Source: 2011-2015 ACS

Based on the Business Activity table above, what are the major employment sectors within your jurisdiction?

The largest employers in the City by business sector are Manufacturing (25%), followed by Arts, Entertainment and Accommodations (19%), Retail Trade (15%) and Professional, Scientific and Management Services (9%), as reported in Table 45.

Describe the workforce and infrastructure needs of the business community:

The labor force in the City is comprised of 40,265 persons (16 years and over) with 37,595 employed and a 6.65% unemployment rate. Table 47 identifies occupation by sector in the City. The largest number of people (16,105) are employed in the Management, business and financial sectors, followed by the Sales and Office sector (8,885) and the Service sector (2,455). The City's work force is well located to take advantage of jobs in the region as indicated by the relatively low travel time. Table 48 indicates that 60% of the work force has travel times of less than 30 minutes.

Describe any major changes that may have an economic impact, such as planned local or regional public or private sector investments or initiatives that have affected or may affect job

and business growth opportunities during the planning period. Describe any needs for workforce development, business support or infrastructure these changes may create.

The City of Redondo Beach Waterfront and Economic Development Department offers assistance to businesses and developers through their Ombudsman Services. These services include coordination services with other City departments, as well as local, regional, county, state and federal agencies. Services may include permit expediting, project coordination and site location assistance. Referral services to appropriate agencies for other technical and financial assistance programs, as well as coordination of such services.

How do the skills and education of the current workforce correspond to employment opportunities in the jurisdiction?

The workforce in Redondo Beach is well educated, according to Table 49, which indicates that about 63% have a bachelor's degree or higher and an additional 25% of the workforce have some college or Associate's degree. The high educational attainment level of the workforce is suitable for the high number of jobs in the Management, business and financial sectors. Table 50 presenting educational attainment by age further suggests that the work force is well educated with over 64% of the 25-34 and 35-44 age groups having a bachelor's degree or other professional degree. The older age groups drop off in educational attainment with 54% of the 45-65 age group and 43% of the 65+ age group attaining a bachelor's or other professional degree. Table 51 supports the fact that increased with increased educational attainment there is an increase in median earnings.

Describe any current workforce training initiatives, including those supported by Workforce Investment Boards, community colleges and other organizations. Describe how these efforts will support the jurisdiction's Consolidated Plan.

Located within the City is the Beach Cities One-Stop Business and Employment Center. It is a partnership of business, education, training, local government and non-profit organizations working together to assist businesses with their employment needs.

The primary goal of the One-Stop Centers is to offer convenient access to a wide array of services under one roof. Job information, training and job placement services including job club, labor market information, career workshops, job and career placement assistance, individualized assessment are all available. One of the primary services offered through the program is outplacement for dislocated workers. Services are offered to adults and youth.

Does your jurisdiction participate in a Comprehensive Economic Development Strategy (CEDS)?

The City of Redondo Beach does not participate in a Comprehensive Economic Development Strategy.

If so, what economic development initiatives are you undertaking that may be coordinated with the Consolidated Plan? If not, describe other local/regional plans or initiatives that impact economic growth.

N/A

Discussion

See Above

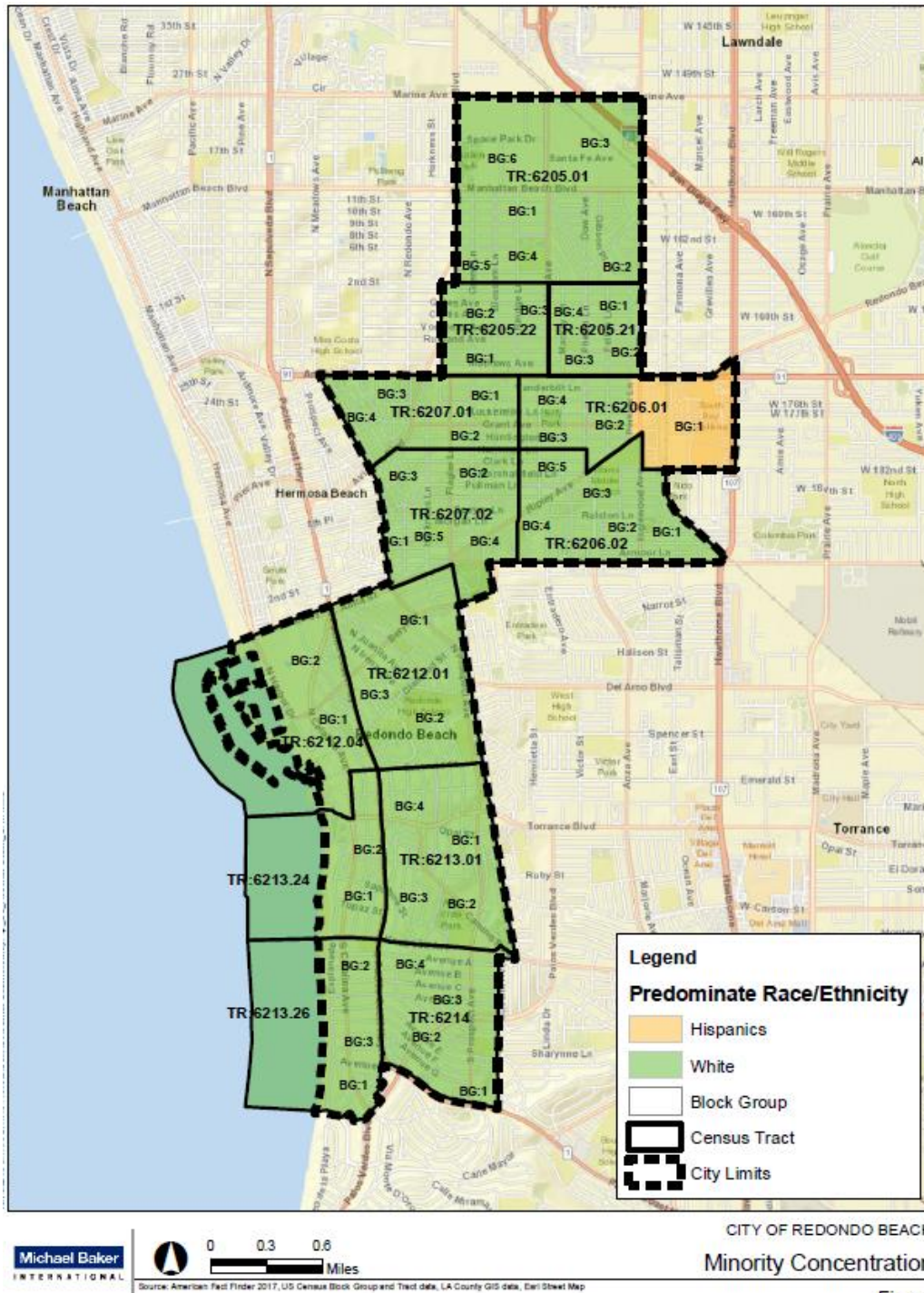
MA-50 Needs and Market Analysis Discussion

Are there areas where households with multiple housing problems are concentrated? (include a definition of "concentration")

Data was not available to map areas of multiple housing problems for the City. However, there are areas within the City that have higher concentrations of LMI populations than others. These areas are more likely to experience multiple housing problems (such as cost burden and crowding) than non-LMI areas. For the City, there are LMI concentrated block group populations in Census Tracts 6212.04 (Block Group 2) and 6206.02 (Block Group 3).

Are there any areas in the jurisdiction where racial or ethnic minorities or low-income families are concentrated? (include a definition of "concentration")

Redondo Beach defines “areas of minority concentrations” as Census tracts where the total percentage of minority residents is 20 percentage points greater than the percentage of minority residents for the City as a whole. Based on this criterion, and seen in the table below, there are zero census tracts where percentages of populations differ by 20% when compared to the City at-large. Overall, the racial/ethnic group concentrations in the City appeared to be scattered across tracts and of relatively low concentrations. There is only one block group in the City with a predominant race other than White. It is Block Group 1 in tract 6206.01, which is predominantly Hispanic, however, the tract at large is still predominantly White. This area can be seen in the minority concentration map below.



Cities receiving CDBG funds must meet one of three national objectives including principally benefitting low- and moderate-income persons. In the case of activities serving a service area, these activities generally meet the low- and moderate-income principal benefit requirement if 51 percent of the residents in the activity's service area are low- and moderate-income. Some communities, however, have no or very few areas in which 51 percent of the residents are low- and moderate-income. The CDBG law authorizes

an exception criterion in order for such grantees to be able to undertake area benefit activities. Under this criterion, an activity shall be considered to principally benefit low- and moderate-income persons when the area served by such activity is within the highest quartile of all areas within the jurisdiction of such city in terms of the degree of concentration of persons of low- and moderate-income.

Redondo Beach, in 2014, was identified as an Exception Grantee. The first year of the 2020-2025 ConPlan the City will utilize an exception threshold of 33.33%. This percentage represents the minimum percentage of low- and moderate-income persons that must reside in the service area of an area benefit activity for the activity to be assisted with CDBG funds. Provided below is Low- and Moderate-Income area map identifying low- and moderate-income census tracts and block groups that meet the exception criterion.



What are the characteristics of the market in these areas/neighborhoods?

The characteristics of the market are discussed in detail in earlier sections MA-05 through MA-25. Most of the same characteristics as described in those discussions apply to the market in these areas.

Current census data identifies two areas in Redondo Beach with the highest concentration of low- and moderate-income census block groups (6206.02 BG 3; 6212.04 BG 2) in the City, and one census block group (6206.01 BG 1) with a concentration of Hispanic households.

This was identified as a target area in the 2010-2015 ConPlan described as the Artesia/ Aviation Corridor) noted as the largest CDBG target area in North Redondo including portions of Census tracts 6206.01 and 6205.21. This area contains the largest concentration of low-income block groups in the City and is somewhat deteriorated and in need of improved public and commercial facilities. The area was targeted for commercial rehabilitation program activities.

Are there any community assets in these areas/neighborhoods?

Community assets generally include facilities such as schools, libraries, community centers, parks, and access to commercial establishments such as grocery stores, general merchandise stores, and pharmacy retailers, among others. Community assets are dispersed throughout the City.

Are there other strategic opportunities in any of these areas?

In addition to the many programs and facilities provided by the Community Services Department, the City makes a concerted effort to inform residents of the City about programs and services through a quarterly electronic City newsletter.

MA-60 Broadband Needs of Housing occupied by Low- and Moderate-Income Households - 91.210(a)(4), 91.310(a)(2)

Describe the need for broadband wiring and connections for households, including low- and moderate-income households and neighborhoods.

According to Federal Communications Commission (FCC) datasets, the City appears to be a well-connected area for all households and neighborhoods. This includes having multiple options to choose from. According to the data, just 0.6% of City households, or about 500 households, have their broadband options limited to only one provider. In addition, fiber connections instead of cable can be more expensive when offered to City residents, and therefore, becomes a more exclusive service that is harder to obtain for LMI households. However, residential fiber service is available to 99% of all City households according to FCC data.

With better service connections (fiber instead of cable), the City's average download speeds pace far higher than State and National average. In the City, the average download speed is 81.48 Mbps, which is 168.1% faster than State average, and 32.0% faster than the National average. Another FCC metric shows the percent of households in an area that have access to quicker speeds. For example, the State averages 95.6% of households with access to download speeds of at least 100 Mbps. However, the City paces higher than this rate. The two main providers for the region (Frontier and Spectrum) offer high rates of download speed Citywide. Frontier service of 100 Mbps is available to 99.5% of households, while Spectrum service of 940 Mbps is available to all households. Overall, FCC data seems to show that access to quality connections is available to all household types and all neighborhoods.

Describe the need for increased competition by having more than one broadband Internet service provider serve the jurisdiction.

While nearly 100% of the City has access to more than one provider, the City may still benefit from increased competition. This is due to the City being dominated by two main providers competing for consumers (Spectrum and Frontier). FCC data shows that there are 6 residential providers in the City, however, the remaining four are either very slow or not accessible. For example, the provider Consolidated Smart Systems is only available to 2.6% of households, although it offers speeds up to five times faster than Frontier. Others are highly available yet offer exceedingly low speeds. This includes Viasat and HughesNet, which are both 100% available yet offer max speeds of 35 Mbps and 25 Mbps, far below National averages.

Overall, the City is mostly controlled by the two services that offer quick fiber speeds, Spectrum and Frontier.

MA-65 Hazard Mitigation - 91.210(a)(5), 91.310(a)(3)

Describe the jurisdiction's increased natural hazard risks associated with climate change.

The City's Local Hazard Mitigation Plan (the Plan) identifies many hazard types that have a medium-high priority for the City. Most these can have increased risks when it comes to climate change, higher temperatures, and stronger storms. For hazard types deemed to be of high priority, climate change can heavily affect Coastal Inundation, which is defined by the City as coastal flooding and storm surge. Climate change has been shown to create stronger, more volatile storms that can bring about strong storm surges and higher rates of flooding. Another hazard with high priority is Seismic Hazards, but this has long been a concern for the State independent of climate change.

Other hazards have a medium priority for the City can also have increased risk associated with climate change. These include Severe Weather (heat, wind, storms), Coastal Inundation (sea level rise), and General Flooding. Once again, climate change can increase the likelihood and volatility for these hazards in the City. More extreme temperatures can create high heat and longer dry seasons to produce drought or wildfire. As mentioned previously, stronger storms will lead to more flooding and potential coastal erosion.

Describe the vulnerability to these risks of housing occupied by low- and moderate-income households based on an analysis of data, findings, and methods.

While the Plan does not run through vulnerabilities for LMI households for each hazard, nor does it use maps showing LMI neighborhoods and area of risk, it does acknowledge the overall vulnerability for these populations. The Plan specifically speaks on issues facing families that live below the poverty line, instead of mentioning risks for all LMI households. The acknowledgment for these families states that they are less likely to have the financial resources to prepare or cope with impact of hazard events. Therefore, if a hazard event disrupts the local economy, they could face substantial hardships.

For each hazard alone, risks can be assessed using the maps displaying LMI concentrations for the City. There are only two block groups in the entire City that are LMI concentrated (51+% LMI), with one in census tract 6212.04 on the coast, and the other in census tract 6206.02 which is more inland. For the coastal block group, these LMI populations are more vulnerable to strong storm surges, coastal flooding and coastal erosion. The inland tract is more vulnerable to broad hazards such as general flooding and stronger storms that may create powerful heat, wind and rains.

Strategic Plan

SP-05 Overview

Strategic Plan Overview

The five-year Housing and Community Development Strategic Plan is a planning document. It identifies the programs and projects the City will undertake or consider in the five-year period. All programs and projects are subject to availability of funds and the City's annual budget adoption process. The Strategic Plan is the centerpiece of the City of Redondo Beach's 2020-2024 ConPlan. The Strategic Plan describes:

- Resources available;
- General priorities for assisting households;
- Strategies and activities to assist those households in need; and
- Specific objectives identifying proposed accomplishments.

The Strategic Plan outlined in this section is the result of all the information gathered and consultations held throughout the ConPlan planning process. This section also discusses resources available to implement housing and community development activities, institutional structures, coordination, monitoring, and performance measures. The Strategic Plan includes the following sections:

- Geographic Priorities
- Priority Needs
- Influence of Market Conditions
- Anticipated Resources
- Institutional Delivery Structure
- Goals
- Public Housing
- Barriers to Affordable Housing
- Homelessness Strategy
- Lead-Based Paint Hazards
- Anti-Poverty Strategy
- Monitoring

The City's overall objective for the Community Development Block Grant (CDBG) program is to create a viable community by providing decent housing, a suitable living environment, and economic opportunities, principally for persons of low- and moderate-income. To accomplish this objective in Redondo Beach, the following priority needs and goals were adopted:

CONSOLIDATED PLAN PRIORITY NEEDS:

- Preserve and improve existing housing stock
- Create new affordable housing
- Provide rental assistance
- Equal access to housing
- Homeless housing and supportive services

- Assist special needs residents
- Health and dental services for LMI youth and families
- Public Improvements to Services and Facilities
- Expand economic opportunities for residents and businesses

CONSOLIDATED PLAN GOALS:

1. Support the Development of Decent Housing
2. Expand Affordable Housing Opportunities
3. Create Sustainable Neighborhoods
4. Provide Vital Public Services
5. Create Economic Opportunities
6. Planning and Administration

SP-10 Geographic Priorities – 91.215 (a)(1)

Geographic Area

The Geographic Priority Areas table has been deleted, as the City does not allocate funds on a geographic basis.

General Allocation Priorities

Describe the basis for allocating investments geographically within the jurisdiction (or within the EMSA for HOPWA)

As noted previously, the City does not allocate funds on a geographic basis; instead, funds are allocated to organizations that provide low-income households with housing and supportive services. On an annual basis, the City prioritizes the use of its CDBG funding for housing and community development activities, including preservation and conservation of affordable housing and activities that serve low-income households and programs to address homelessness.

Public improvements and public facilities are undertaken in lower-income areas. Activities identified under the public service category and targeted to special needs populations are offered on a citywide basis and/or where resources can be coordinated with existing facilities or services.

SP-25 Priority Needs - 91.215(a)(2)

Priority Needs

Priority is assigned based on the level of need that is demonstrated by the data collected during the preparation of the plan, specifically in the Needs Assessment and Market Analysis; the information gathered during the consultation and citizen participation process; and the availability of resources to address these needs.

Table 46 – Priority Needs Summary

1. Priority Need	Decent Housing – Preserve and improve the existing stock
Priority Level	High
Population	Low- and moderate-income Large families Families with children Elderly Individuals
Geographic Areas Affected	Citywide
Associated Goals	Expand affordable housing opportunities.
Description	The City intends to utilize CDBG funds, as available, to support local housing rehabilitation and neighborhood preservation programs in an effort to meet housing goals.
Basis for Relative Priority	According to data provided in the Needs Assessment, approximately 86.7% of extremely low- and very low-income renter households and 72.0% of extremely low- and very low-income owner households were overpaying for housing. Based on this data and the housing market analysis, which points out the high cost of housing particularly for low-income households and the need to preserve affordable housing; in accordance with the City’s Housing Element, the City will focus its efforts on housing rehabilitation and neighborhood preservation to maintain affordable housing units in the current housing stock.
2. Priority Need	Affordable Housing – Create new affordable housing opportunities
Priority Level	High
Population	Low- and moderate-income Large families Families with children Elderly Individuals

Geographic Areas Affected	Citywide
Associated Goals	Support the development of decent housing.
Description	The City intends to utilize CDBG funds, as available, to support the development of new affordable housing to meet the needs and goals consistent with the Housing Element.
Basis for Relative Priority	Based on the housing market analysis, the high cost of housing particularly for low-income households and in accordance with the City's Housing Element, the City will begin to focus its efforts on seeking new housing opportunities in targeted properties.
3. Priority Need	Public Services – Provide rental assistance
Priority Level	High
Population	Low- and moderate-income Large families Families with children Elderly Individuals
Geographic Areas Affected	Citywide
Associated Goals	Provide vital public services.
Description	The City supports the efforts of the Redondo Beach Housing Authority to provide rental assistance to extremely low- and very low-income households. Eligible tenants pay 30 to 40% of their adjusted monthly income toward rent and utilities with HUD paying the remaining portion of the rent directly to the landlord on behalf of the tenant.
Basis for Relative Priority	According to data provided in the Needs Assessment, approximately 86.7% of extremely low- and very low-income renter households and 72.0% of extremely low- and very low-income owner households were overpaying for housing. Based on this data, and the housing market analysis, this points to the high cost of housing particularly for low-income households and the need to preserve affordable housing. The City supports this program which utilizes other federal funding to increase the opportunities for availability of affordable housing units.
4. Priority Need	Public Services – Equal access to housing
Priority Level	High
Population	Low- and moderate-income Large families Families with children Elderly

	<p>Individuals</p> <p>Disabled persons</p>
Geographic Areas Affected	Citywide
Associated Goals	Provide vital public services.
Description	The City supports the housing needs of all segments of the community by promoting equal housing opportunities for all persons regardless of race, religion, sex, family size, marital status, ancestry, national origin, color age, or physical disability. The City contracts with the Housing Rights Center, a nonprofit organization, to help educate the public about fair housing laws and to investigate reported cases of housing discrimination.
Basis for Relative Priority	The City certifies that it will affirmatively further fair housing and will conduct an analysis of impediments to fair housing choice within the jurisdiction, take actions appropriate to overcome the effects of any impediments identified through that analysis and maintain records reflecting that analysis and actions taken.
5. Priority Need	Public Services - Homelessness housing and supportive services
Priority Level	High
Population	<p>Extremely low-income</p> <p>Low-income</p> <p>Moderate-income</p> <p>Large families</p> <p>Families with children</p> <p>Elderly</p> <p>Chronic homelessness</p> <p>Individuals</p> <p>Mentally ill</p> <p>Chronic substance abuse</p> <p>Veterans</p> <p>Persons with HIV/AIDS</p> <p>Victims of domestic violence</p> <p>Unaccompanied youth</p>
Geographic Areas Affected	Citywide
Associated Goals	Provide vital public services.
Description	The City intends to use a portion of its CDBG allocation to fund public services activities, which include housing and social services programs to

address homelessness and serve in the prevention of homeless.

Basis for Relative Priority	There were 4,409 homeless persons reported in the South Bay (SPA 8) in 2019. 84.7% were single adults, 581 were in families and 0 were unaccompanied youth. Single adults made up 84.7% of the homeless population with families making up 15.3% and unaccompanied youth 0%. The homeless count for 2019 reported 173 homeless persons in Redondo Beach. Vehicular homelessness is quite prevalent in Redondo Beach, consisting of 57% of the homeless population.
6. Priority Need	Public Services – Assist special needs residents.
Priority Level	High
Population	Extremely low-income Low-income Moderate-income Large families Families with children Elderly Individuals Mentally ill Veterans Victims of domestic violence Unaccompanied youth Frail elderly Persons with mental disabilities Persons with physical disabilities Persons with developmental disabilities Persons with alcohol or other addictions Persons with HIV/AIDS and their families
Geographic Areas Affected	Citywide
Associated Goals	Provide vital public services.
Description	The City intends to use a portion of its CDBG allocation to fund public services activities that benefit low- and moderate-income seniors, frail elderly and other persons with special needs or disabilities.
Basis for Relative Priority	During the consultation process, City recreation staff acknowledged that the demand for senior and frail elderly services will increase with the aging population. The ConPlan Priority Needs Survey revealed that senior

services, youth services and disabled services were the top three ranked community services priority needs.

7. Priority Need

Public Services – Health and dental services for low- and moderate-income youth and families

Priority Level

Low

Population

Extremely low-income
Low-income
Moderate-income
Large families
Families with children

Geographic Areas Affected

Citywide

Associated Goals

Provide vital public services.

Description

The City intends to use a portion of its CDBG allocation for public services activities to provide health services for low- and moderate-income youth and families.

Basis for Relative Priority

Results from the ConPlan Priority Needs Survey indicated that youth services were the second highest ranking community services priority need. According to data provided in the Needs Assessment, 86.7% of extremely low- and very low-income rental households and 72.0% of extremely low- and very low-income owner household are paying more than 30% of their income on housing. When a large amount of household income is paid for housing costs, less expendable income is available for other essential costs including health and dental care.

8. Priority Need

Community/Public Facilities – Public improvements and public

facilities to benefit low- and moderate-income persons

Priority Level	High
Population	Extremely low-income Low-income Moderate-income Large families Families with children Elderly Persons with Special Needs
Geographic Areas Affected	Citywide
Associated Goals	Create sustainable neighborhoods.
Description	The City intends to use CDBG funds to address identified infrastructure and public facilities need to benefit primarily low- and moderate-income persons.
Basis for Relative Priority	According to the ConPlan Priority Needs Survey and capital improvements budget information, residents and the City have identified specific infrastructure and public facilities needs as a high priority. Sidewalk improvements and street improvements were ranked the top two priorities in the Business and Other Needs category. Youth centers, senior centers and parks and recreational facilities were ranked as the top three Community Facility priority needs.

9. Priority Need **Expand Economic Opportunities for residents and businesses**

Priority Level	Low
Population	Extremely low-income Low-income Moderate-income Families with children Elderly Veterans
Geographic Areas Affected	Citywide
Associated Goals	Create economic opportunities.

Description

The City intends to utilize other non- CDBG funds to fund economic opportunities activities for job development and job training as part of the City's anti-poverty strategy. The Workforce Investment Act (WIA) Program office, that is a separate entity from the City but located at the City site, will provide classroom training, employment counseling, on-the-job training and work placement assistance to lower income persons who have been displaced, persons who are in the welfare to work program, at-risk residents, youth, or residents who are in need of job skills. The WIA also provides a one stop career center called Beach Cities One Stop (BCOS) Business and Employment Center. The BCOS Center makes available computers, phone, fax and copier, reference materials and job vacancy announcements.

Basis for Relative Priority

Employment training was ranked as the third highest priority need of the Business and Other Needs category.

Narrative (Optional)

SP-30 Influence of Market Conditions – 91.215 (b)

Influence of Market Conditions

Affordable Housing Type	Market Characteristics that will influence the use of funds available for housing type
Tenant Based Rental Assistance (TBRA)	Redondo Beach does not receive HOME funds and will not fund TBRA
TBRA for Non-Homeless Special Needs	Redondo Beach does not receive HOME funds and will not fund TBRA.
New Unit Production	According to data provided in the Needs Assessment, 59% of Redondo Beach households experience a housing cost burden, while 86.7% of extremely low- and very low-income rental households and 72.0% of extremely low- and very low-income owner households are paying too much for housing. Based on this data and the housing market analysis completed as part of this plan, there is a need for more affordable housing units. A policy in the Housing Element indicates that the City will assist in the development of affordable.
Rehabilitation	Based on the data provided in the Needs Assessment and the Market Analysis completed as part of this plan, while housing Redondo Beach is generally in good condition, there is a need for continued maintenance of the city's older housing stock.
Acquisition, including preservation	According to data provided in the Needs Assessment, 59% of Redondo Beach households experience a housing cost burden, while 86.7% of extremely low- and very low-income rental households and 72.0% of extremely low- and very low-income owner household are paying too much for housing. Based on this data and the Market Analysis completed as part of this plan, the City will advocate and facilitate the conservation and rehabilitation of the city's older residential properties by homeowners and landlords.

Table 47 – Influence of Market Conditions

SP-35 Anticipated Resources - 91.215(a)(4), 91.220(c)(1,2)

Introduction

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	Public-federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	\$325,000			\$325,000	1,300,000	Based on HUD 2019-2020 allocation and projection through the ConPlan period

Table 48 - Anticipated Resources

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

CDBG funds are often coupled with local funds and private funding from nonprofits to generate a sufficient budget for a project to move forward. All sources and types of funds are more limited now due to the current economic climate, along with the demise of statewide redevelopment tax-increment funds and housing set-aside funds. However, as in the past, the City will be as creative as possible to find other sources of funding from local, state, federal, and private sources to develop and deliver efficient and cost-effective projects.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

The City of Redondo Beach has no publicly owned land or property located in the jurisdiction that may be used to address needs identified in the plan.

Discussion

The City will use all available dollars to complete the activities set forth in the AAP.

SP-40 Institutional Delivery Structure – 91.215(k)

Explain the institutional structure through which the jurisdiction will carry out its ConPlan including private industry, non-profit organizations, and public institutions.

Responsible Entity	Responsible Entity Type	Role	Geographic Area Served
City of Redondo Beach	Community Services Department	Homelessness, Non-homeless special needs, recreation neighborhood improvements public facilities public services	City
City of Redondo Beach	Community Development Department	Developers, Non profit housing developers	City
Redondo Beach Housing Authority	Government	Rental assistance Economic Opportunities	City
Public Services Agencies	Non-profit agencies	Homelessness, Non-homeless special needs, public facilities public services	City
Housing Developers	Private Developers	Affordable housing Market rate housing	City

Table 49 - Institutional Delivery Structure

Assess of Strengths and Gaps in the Institutional Delivery System

The above table represents the lead agencies and organizations that will play a major role in administering CDBG, based on partnerships with these entities. This is not intended to be a comprehensive list given that some public services organizations will not be selected to participate until after the Plan has been approved.

CDBG funds received by the City are administered by the Community Services Department. The City relies on a number of governmental department and agencies, private, nonprofit organizations as well as for-profit developers to carry-out the City's housing and community development program. The City's

Community Development Department's functions directly to impact and facilitate the development of housing. Housing developers are an important partner essential for the development of market rate and affordable housing. Private developers are unable to build affordable units without government or other subsidies because of the high cost of land in the City. The Public Works Department is responsible for the design, construction, maintenance, and operation of public facilities as well as administering infrastructure projects. The Redondo Beach Housing Authority administers the HUD Section 8 Housing Choice Vouchers that benefits the City's low-income population with publicly assisted rental housing. There are several non-profit public services agencies that provide emergency shelter, transitional and special needs housing, and services to the homeless population and low-and moderate-income households.

There are a few gaps or weaknesses in the institutional structure that must be addressed. The loss of the redevelopment program presents a significant challenge for continued support for affordable housing. The end of redevelopment funding has resulted in a loss of the primary funding source for affordable housing and a loss of administrative resources for housing programs. The recent termination of redevelopment and reductions in CDBG funding has forced cutbacks in programs like the Home Improvements Program and the Commercial Rehabilitation Program. The cutbacks in funding have impacted public services programming, resulting in limited staff and limited budgets. Cutback in funding has also resulted in limited staffing at the Housing Authority. While the City has limited control over tight budgets, City staff will continue to work closely with these entities to make efforts to achieve housing and community development goals.

Availability of services targeted to homeless persons and persons with HIV and mainstream services

Homelessness Prevention Services	Available in the Community	Targeted to Homeless	Targeted to People with HIV
Homelessness Prevention Services			
Counseling/Advocacy	X	X	X
Legal Assistance	X	X	X
Mortgage Assistance	X		
Rental Assistance	X	X	X
Utilities Assistance	X	X	X
Street Outreach Services			
Law Enforcement	X	X	
Mobile Clinics		X	
Other Street Outreach Services	X	X	

Supportive Services			
Alcohol & Drug Abuse	X	X	X
Child Care	X	X	
Education	X	X	
Employment and Employment Training	X	X	
Healthcare	X	X	X
HIV/AIDS	X	X	X
Life Skills	X	X	X
Mental Health Counseling	X	X	X
Transportation	X	X	X
Other			
Other			

Table 50 - Homeless Prevention Services Summary

Describe how the service delivery system including, but not limited to, the services listed above meet the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth)

The City of Redondo Beach is a participant in the Los Angeles Homeless Services Authority (LAHSA) CoC. The City is served by the Service Planning Area 8 (SPA 8) located in the South Bay. SPA 8 is comprised of 18 cities including Redondo Beach and five unincorporated areas. The needs of homeless persons in the City and the surrounding area are served through a network of agencies and service providers including: LAHSA; the City; Redondo Beach Police Department; the school districts in the area; and social service agencies.

SPA 8 is comprised of a network of agencies/organizations that provide housing for the homeless and supportive services. SPA 8 serves a number of different client groups including: victims of domestic violence; homeless individuals; homeless families with children; emancipated youth; persons with HIV/AIDS; veterans; persons with mental illness and seniors.

The SPA 8 homeless housing inventory includes: 574 beds of emergency housing; 270 beds of transitional housing; and 458 beds of permanent housing.

Describe the strengths and gaps of the service delivery system for special needs population and persons experiencing homelessness, including, but not limited to, the services listed above

The local service providers maintain a strong network to coordinate their service delivery and to refer clients when necessary.

Provide a summary of the strategy for overcoming gaps in the institutional structure and service delivery system for carrying out a strategy to address priority needs

To assist in maintaining the City's affordable housing stock, the City will continue a housing rehabilitation program for low-income homeowners. This is a collaborative effort between the City, low-and moderate-income homeowners and contractors.

The Housing Authority will continue making adjustments to forms and procedures in response to HUD's new requirements and mandates and the needs of their clients. Housing Authority staff have a collaborative relationship with the WIA program through the Beach Cities One Stop Center (BCOS). Housing Authority staff refers residents to BCOS for job development and job training.

In order to help local human service agencies, provide needed services to lower income residents, the City plans to commit up to 15% of its CDBG entitlement each year during the planning period to public service agency funding. This public service funding links the City to a network of agencies providing services to meet the needs of low- and moderate-income persons.

SP-45 Goals Summary – 91.215(a)(4)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Support the Development of Decent Housing	2020	2025	Fair Housing	Citywide	Preserve and Improve Existing Housing Stock	CDBG: \$240,000	Homeowner housing rehabilitation Rehab Grants - Housing Units: 50
2	Expand Affordable Housing Opportunities	2020	2025	Affordable Housing	Citywide	Preserve and Improve Affordable Housing Stock	CDBG: \$120,000	Other-HUD Housing Vouchers Household Rental Assistance:40 Other – Fair housing activities Persons Served:700
3	Create Sustainable Neighborhoods	2020	2025	Non-Housing Community Development	Citywide	Increase sustainability within the City	CDBG: \$199,000	Public service activities other than low/moderate-income housing benefit Persons Served: 1,500
4	Provide Vital Public Services	2020	2025	Non-Housing Community Developments	Citywide	Public Improvements to Services and Facilities	CDBG: \$625,000	Public Facilities or Infrastructure activities other than low/moderate income housing Public Improvements: 5

5	Create Economic Opportunities	2020	2025	Economic Developments	Citywide	Create Economic Opportunities	CDBG: Other State and Federal Funding	Other – Job training and job development, Persons Served:9
6	Planning and Administration	2020	2025	Administration	Citywide	Plan Oversight	CDBG: \$200,500	Other

Table 51 – Goals Summary

Goal Descriptions

1	Goal Name	Support the Development of Decent Housing
	Goal Description	Promote projects and programs that maintain, rehab and modernize the City's existing housing stock. Provide local agency resources and support activities including codes enforcement, rental and or owner-occupied housing rehab, senior housing improvements, home improvement programs, façade programs, and assistance for special needs populations.
2	Goal Name	Expand Affordable Housing Opportunities
	Goal Description	Increase affordable housing through new residential unit development, streamlined affordable housing development process, land use regulation amendments designed to be flexible and inclusionary of diverse income levels, mixed use development, increased senior living opportunities, and rehab vacant properties.
3	Goal Name	Create Sustainable Neighborhoods
	Goal Description	Promote neighborhood programs and project work developed to increase security, increase the quality of life for seniors and children, provide solutions for homelessness, clean-up activities, green public spaces, repair city streets, sidewalks, curbing, and other public recreation, park and infrastructure improvements.
4	Goal Name	Provide Vital Public Services
	Goal Description	Support vital local and regional public and non-for profit social services that provide solutions and prevention programs for homelessness, nutrition and food bank services, family and financial counseling, utility subsidies, wrap-around or after-placement services, new homeowner or renter services, programs that provide subsidies for low-income families programs for at-risk youth and other children and family preservation programs and services.
5	Goal Name	Create Economic Opportunities
	Goal Description	Provide support and available resources for activities that create viable businesses and or expand business opportunities including programs that provide commercial façade rehab, convenient public transportation, workforce training and career development.
6	Goal Name	Planning and Administration
	Goal Description	Redondo Beach will continue to provide planning and administration services required to manage and operate the City's CDBG and HOME programs. Such funds will assist in managing community development, housing, and economic development programs. Funds will also be used for other planning initiatives such as: strategies to further fair housing, reduce homelessness, and create solutions to increase affordable housing.

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.315(b)(2)

The City of Redondo Beach receives no HOME funds to provide for affordable housing for low- and moderate-income households. CDBG funds will likely only be used for Housing Rehabilitation programs to provide homeowners an incentive to remain in their homes and help preserve the existing affordable housing stock. The City's 2013-2021 Housing Element has adopted policies to assist in the development of affordable housing by utilizing density bonus as an incentive to facilitate the development of affordable housing; create collaborative partnerships for the provision of affordable housing; and address the housing needs of special needs populations and extremely low-income households.

SP-50 Public Housing Accessibility and Involvement – 91.215(c)

Need to Increase the Number of Accessible Units (if Required by a Section 504 Voluntary Compliance Agreement)

The Redondo Beach Housing Authority administers the Section 8 Housing Choice Voucher Program but does not manage or operate any public housing units.

Activities to Increase Resident Involvements

The Housing Authority has continued to educate Section 8 program participants and the public about anti-discrimination laws; the Authority undertook measures to ensure participants were aware of their rights, including their rights to reasonable accommodations and accessible housing. The Housing Authority provided economic opportunities for tenants interested in the Family Self-Sufficiency Program.

Is the public housing agency designated as troubled under 24 CFR part 902?

No, the Redondo Beach Housing Authority is not designated as troubled.

Plan to remove the ‘troubled’ designation

The Redondo Beach Housing Authority is not designated as troubled.

SP-55 Barriers to affordable housing – 91.215(h)

Barriers to Affordable Housing

One of the most significant barriers to affordable housing in the City of Redondo Beach is the cost of housing. Factors contributing to the cost include the availability of land and the cost of development. The City's ability to mitigate high construction costs is limited without direct subsidies. Construction cost is also related to development density. The construction costs for multiple-family attached units are slightly lower as developers can usually benefit from economies of scale. The cost of land, however, is the single largest constraint to affordable housing in a coastal city like Redondo Beach. The City's supply of vacant residential land is extremely limited which drives up the cost of land. The General Plan policies aim at preserving existing single family and low-density multiple-family neighborhoods; however, it also provides for additional capacity for growth by allowing for higher density development. Establishing selected areas for increased residential densities enhance the affordability and range of housing opportunities.

The Housing Element further notes that government housing regulations are necessary to ensure housing is constructed and maintained in a safe manner to assure the density and design of housing is consistent with community standards, and to facilitate the provision of adequate infrastructure to support new housing. Government regulation can potentially have an inhibiting or constraining effect on housing development, particularly for affordable housing which must be developed in a cost-efficient manner. City fees, procedures, and requirements related to housing development in Redondo Beach are comparable to other cities in the region and therefore are not excessive or highly restrictive. It should be noted, however, the South Bay cities contain high cost housing. According to 2011–2016 US Census data, the median home values were \$1,500,000+ in Manhattan Beach, \$1,166,800 in Hermosa Beach, and \$775,300 in Redondo Beach compared to \$465,200 in Los Angeles County overall.

The elimination of California Redevelopment low/mod housing funds in February 2012 has directly impacted a primary funding source of the City of Redondo Beach for subsidizing the cost of affordable housing.

Strategy to Remove or Ameliorate the Barriers to Affordable Housing

The General Plan Land Use Element and the Zoning Ordinance of the City of Redondo Beach establish the permitted locations and densities for housing development within the City. The City's strategy, under the General Plan, to remove barriers to affordable housing will : (1) open up new areas of the City for housing development; (2) open up new areas for mixed use development; (3) to provide incentives for affordable housing development; and (4) provide for a total potential capacity of 34,652 units at buildout of the Land Use Element while preserving existing single-family and low-density multiple-family neighborhoods.

This strategy will increase housing development potential through designating certain commercial and industrial areas to mixed use or residential use. Where densities higher than those allowed are necessary and appropriate for the development of low- and moderate-income housing, the City may grant density bonuses above the permitted density.

This strategy is designed to accomplish several objectives: (1) to continue to provide reasonable opportunities to accommodate new multiple-family housing; (2) to provide opportunities for new types of housing , such as in mixed use developments, to serve broader segments of the housing market; (3) to establish selected areas for increased residential densities to enhance the affordability and range of housing opportunities available; and (4) to help maintain the basic character and scale of existing residential neighborhoods.

The City's strategies related to CDBG-funded affordable housing efforts relate to maintaining the affordable housing stock through the Housing Improvements Program, providing rental assistance programs like the Section 8 Housing Choice Voucher, and assisting with homelessness prevention by funding public service agencies such as 1736 Family Crisis Center.

SP-60 Homelessness Strategy – 91.215(d)

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The City works in close coordination with the LAHSA, the lead agency for the County of Los Angeles' CoC. Los Angeles County is divided into eight Service Planning Areas (SPAs), 1 through 8. The division of the County makes it easier for the Department of Public Health to target and track the needs of each area. Redondo Beach is located in SPA 8.

Every year, the Los Angeles CoC coordinates the Greater Los Angeles Homeless Count, a homeless count, as well as a Shelter/Housing Inventory Count (HIC). The HIC is a point-in-time (PIT) inventory of service projects and a record of utilization of services. HIC records how many beds and units are dedicated to serving people experiencing homelessness (e.g., emergency shelter, transitional housing, and safe haven) or people who have experienced homelessness and are now in permanent housing. This year's count was on January 23, 2019. Data showed that there were 4,409 total homeless persons in SPA-8, with 3,599 unsheltered. In addition, the City of Redondo Beach had 173 homeless persons, an increase from just 70 in 2013. Using the Coordinated Entry System (CES), individual profiles were created for these homeless persons, detailing specific needs and services each are requiring, in an effort to efficiently connect available resources to these individuals.

For 2019-2020, the City will allocate CDBG funds to the following agencies located in SPA 8 to address homelessness: 1736 Family Crisis Center to provide emergency and transitional shelter, counseling, support, and referral services to victims of domestic violence; and St. Paul's United Methodist Church Project Needs program to provide meals to the homeless or those at risk of becoming homeless.

The City works with several homeless services providers who have a great capacity to address multiple areas of homelessness, including meals, shelter, and hygiene.

Addressing the emergency and transitional housing needs of homeless persons

The City's Zoning Ordinance permits emergency shelters in Industrial Zone 1B. However, the SPA 8 region

offers a variety of homeless housing facilities serving different client groups including:

Emergency Shelter

608 beds serving individuals and families with children

Transitional Housing

605 bed serving individuals and families with children

Safe Haven

50 beds serving single men and women 18 years and over

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again.

Provided below is a summary of programs in the area that serve chronically homeless individuals, families with children, veterans and their families, and unaccompanied youth to transition to permanent housing and independent living.

South Bay Coalition to End Homelessness - the lead homelessness collaborative in the Los Angeles CoC, located in SPA 8, provides referral and guides to and extensive range of homeless and related service programs in the area.

Coordinated Entry System (CES) – The CES is a framework that unites regional providers working collaboratively to house chronically homeless individuals. Using a common assessment tool, individuals are prioritized into the most appropriate housing based on their needs. The CES also coordinates county and federal resources from agencies such as the Department of Mental Health, the Department of Health Services, housing authorities, and the Department of Veterans Affairs.

Homeless Family Solutions System – This program is a network of family homeless service providers who address the needs of homeless families or those at imminent risk of losing their housing. It works cooperatively with system partners to help families complete housing and service plans.

First 5 LA Supportive Housing Program (First 5 LA) – This program is a needs-based assistance program aimed at serving homeless or at-risk families with children from birth to age 5, some with current or past

involvement with the Department of Children and Family Services.

Supportive Services for Veteran Families (SSVF) – This program is a community-based, competitive grant program that rapidly re-houses homeless veteran families and prevents homelessness for those at imminent risk due to a housing crisis. The program’s objective is to achieve housing stability through a short-term, focused intervention.

HUD-VASH Vouchers (VASH) – The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs (VA).

Unaccompanied Youth – There are several programs to serve this target group, including 1736 Emergency Youth Shelter, Hathaway-Sycamore: Independent Living Program, Divinity Prophet: Independent Living Program, and Richstone: THP and Transitional Living.

Moving Assistance (MA) – The MA Program helps CalWORKs Welfare-to-Work (WtW) families who are homeless or at risk of becoming homeless due to a financial crisis resulting from circumstances out of the family’s control.

Emergency Assistance to Prevent Eviction (EAPE) – The EAPE Program helps CalWORKs Welfare-to-Work (WtW) families who are behind in rent and/or utility bills due to a financial crisis which could lead to an eviction and homelessness.

Homeless Assistance (HA) – The CalWORKs HA Program provides Temporary HA and Permanent HA. Temporary HA provides temporary shelter payments to homeless families while they are looking for permanent housing.

Help low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families who are likely to become homeless after being discharged from a publicly funded institution or system of care, or who are receiving assistance from public and private agencies that address housing, health, social services, employment, education or youth needs

The Los Angeles County Department of Mental Health acknowledges that housing provides a fundamental level of stability for people to achieve their goals of wellness, recovery, and eventual self-sufficiency. The County offers Project-Based Operational Subsidy funds for subsidies for unit-based permanent supportive housing, which includes youth-oriented programs to address the long-term housing needs of persons with serious mental illness and emotional problems.

Discussion

The programs identified above to address the needs of homeless persons and subpopulations of homeless indicate that serving the homeless is a complex issue requiring a network of agencies, departments, and

nonprofit community services agencies. It is fortunate that the City can utilize this network of agencies to provide housing and supportive services in addition to using limited CDBG funding.

SP-65 Lead based paint Hazards – 91.215(i)

Actions to address LBP hazards and increase access to housing without LBP hazards

The City's Housing Improvement Program follows the requirements of Lead-Safe Housing Regulation 24 CFR Part 35 effective September 15, 2000, and the subsequent September 2000 HUD transition assistance policy. The City will use, when required, State of California certified lead-based paint inspectors/risk assessors to test for lead paint and perform risk assessments on houses testing positive, and certified lead-based paint contractors to remove and/or abate lead paint. With the loss of redevelopment funding, the only remaining Housing Improvements Program provides grants up to \$5,000 for mobility access and emergency repair in which the impact of lead-based paint is minimal. However, the lead-based paint program requirements are still followed as the scope of work determines.

How are the actions listed above related to the extent of lead poisoning and hazards?

The City will continue to take action as necessary to reduce lead-based paint hazards in accordance with HUD regulations. Housing units with lead-based paint as identified will have actions taken to remove the hazard.

How are the actions listed above integrated into housing policies and procedures?

The City will comply with lead-based requirements at 24 CFR 570.608 as part of the administration of the CDBG program. The implementation of the lead-based paint hazards strategy to reduce the risk of lead-based paint poisoning is incorporated as part of the procedures of the City's housing rehabilitation program.

SP-70 Anti-Poverty Strategy – 91.215(j)

Jurisdiction Goals, Programs and Policies for reducing the number of Poverty-Level Families

The City's anti-poverty strategy to reduce the number of poverty-level families is carried out through job development and job training programs. The local Workforce Innovation and Opportunity Act (WIOA) program is operated through the South Bay Workforce Investment Board office in Torrance, which offers convenient access to a wide array of services under one roof. Job information, training, and job placement services, including a job club, labor market information, career workshops, job and career placement assistance, individualized assessment, and much more, are available.

City residents have access to the WIOA Program that will continue to assist low-income residents gain access to the job market through job training and work placement. WIOA services include needs assessments, classroom training, employment counseling, on-the-job training, and job placement. Furthermore, the agency will make concentrated efforts to place the special needs population, which is often economically disadvantaged. WIOA will also refer clients, where needed, to local agencies for free counseling, medical, and benefits advocacy services. Clients will also be referred to the Section 8 Rental Assistance program as appropriate. Staff from the Housing Authority of the City of Redondo Beach refers residents to the South Bay Workforce Investment Board office in Torrance to participate in the WIOA program.

The Housing Authority of the City of Redondo Beach will continue to operate its Family Self-Sufficiency program. This program will integrate the Section 8 Rental Assistance program with various service programs in the community. The Family Self-Sufficiency program will make services such as job training, childcare, and transportation available to new Section 8 voucher holders. The purpose of the program is to help participants become economically independent. The Family Self-Sufficiency program currently serves 16 low-income residents and is planning to serve 25 residents during the planning period. The Housing Authority is working with the WIOA program.

How are the Jurisdiction poverty reducing goals, programs, and policies coordinated with this affordable housing plan

The City's anti-poverty strategy is consistent with one of the City's ConPlan goals of providing for economic opportunities

SP-80 Monitoring – 91.230

Describe the standards and procedures that the jurisdiction will use to monitor activities carried out in furtherance of the plan and will use to ensure long-term compliance with requirements of the programs involved, including minority business outreach and the comprehensive planning requirements

The City will monitor activities carried out as part of the ConPlan process. Activity progress and accomplishments will be assessed and tracked through the Consolidated Annual Performance and Evaluation Reporting (CAPER) Narrative. City staff will closely monitor the timeliness of expenditures.

The City of Redondo Beach has developed a monitoring system to ensure that the activities carried out in furtherance of the plan are done in a timely manner in accordance with the federal monitoring requirements of 24 CFR 570.501(b) and 24 CFR 85.40 and all other applicable laws, regulations, policies, and sound management and accounting practices.

The City's on-site monitoring program has been designed to provide program staff with information to verify the accuracy of data provided by subrecipients, ensure that subrecipients are carrying individual activities as described in their contracts, and ensure that appropriate accounting and record-keeping methods are used by subrecipients as related to the use of CDBG funds. During the solicitation of funding applications from subrecipients, the City reviews the CDBG program goals, objectives and subrecipient obligations and reviews regulations related to the CDBG program that impact subrecipients in the implementation of their programs. For agencies receiving funding, the City reviews the content of the subrecipient agreements with the subrecipients. During the fiscal year, subrecipients must submit quarterly accomplishment reports and must provide adequate documentation to support CDBG reimbursement requests.

The City will also conduct annual, formal on-site visits with subrecipients. Staff utilizes a standardized monitoring checklist during each on-site visit, which identifies specific items to be reviewed during the visit.



CITY OF REDONDO BEACH

2020-2021 ANNUAL ACTION PLAN

DRAFT MARCH 30, 2020

Annual Action Plan

AP-15 Expected Resources – 91.220(c)(1,2)

Introduction

The City of Redondo Beach, as an entitlement jurisdiction, receives CDBG and HOME funds annually from HUD. As part of the HUD's planning process, the City is required to complete a ConPlan report every five. The ConPlan identifies the City's housing and community development needs, community services priorities, goals, and strategies and to stipulate how funds will be allocated to housing and community development activities over the next five-year period. The ConPlan also includes year one's Annual Action Plan (AAP). The City prepares the AP consistent with the priority needs and goals outlined in the ConPlan. The City and its social service partners work together to meet and exceed the project activity outcomes anticipated in the AAP.

The AP details the annual activities the City will undertake to address and or accomplish the City's priority needs and goals using CDBG and other housing funds received during program year 2020-2021. The City in 2020 will receive \$286,252 in CDBG funds.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	Public-Federal	Housing and Homeless Programs, Public Services, Public Facilities, Public Improvements, Economic Development, Planning & Administration	\$286,252	\$0	\$0	\$286,252	\$1,113,748	Over a 5-year period the City anticipates \$1,400,000 In Year 1, the City was allocated \$286,252 in CDBG entitlement funds. Any carry-over funds will be allocated to public improvements

Table 53 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

CDBG funds are often coupled with local funds and private funding from nonprofits to generate a sufficient budget for a project to move forward. All sources and types of funds are more limited now due to the current economic climate, along with the demise of statewide redevelopment tax-increment funds and housing set-aside funds. However, as in the past, the City will be as creative as possible to find other sources of funding from local, state, federal, and private sources in order to develop and deliver efficient and cost-effective projects.

CDBG 2020/2021 funds will be leveraged with local sources to stretch the effectiveness of each activity. Agencies receiving CDBG funds will leverage them with funding from the County, State, and/or local foundations and private fundraising activities.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

The City has no publicly owned land or property located in the jurisdiction that may be used to address needs identified in the plan.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Priority is assigned and based on the level of need that is demonstrated by the data collected and community outreach activities during the preparation of the plan, specifically in the Needs Assessment and Market Analysis sections. Priority needs and goals include:

CONSOLIDATED PLAN PRIORITY NEEDS:

- Preserve and improve existing housing stock
- Create new affordable housing
- Provide rental assistance
- Equal access to housing
- Homeless housing and supportive services
- Assist special needs residents
- Health and dental services for LMI youth and families
- Public improvements to services and facilities
- Expand economic opportunities for residents and businesses

CONSOLIDATED PLAN GOALS:

- Support the development of decent housing
- Expand affordable housing opportunities
- Create sustainable neighborhoods
- Provide vital public services
- Create economic opportunities
- Planning and administration

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Support the development of decent housing	2020	2025	Fair Housing	Citywide	Preserve and Improve Existing Housing Stock	CDBG: \$60,000	5: owner-occupied units rehabilitated
2	Expand affordable housing opportunities	2020	2025	Affordable Housing	Citywide	Preserve and Improve Affordable Housing Stock	CDBG: \$0	X: units improved
3	Create sustainable neighborhoods	2020	2025	Non-Housing Community Development	Citywide	Increase sustainability within the City	CDBG: \$150,000	300: Persons Assisted. Public facilities activities other than LMI housing activities
4	Provide vital public services	2020	2025	Non-Housing Community Developments	Citywide	Public improvements to services and facilities	CDBG: \$35,000	1: Persons assisted other than LMI housing activities 10: Households assisted with fair housing services
5	Create economic opportunities	2020	2025	Economic Developments	Citywide	Create Economic Opportunities	CDBG: \$0	
6	Planning and administration	2020	2025	Administration	Citywide	Plan Oversight	CDBG: \$42,000	Assist City and grantees with program administration
Total							\$287,000	

Table 54 – Goals Summary

Goal Descriptions

1	Goal Name	Support the development of decent housing
	Goal Description	Promote projects and programs that maintain, rehab and modernize the City's existing housing stock. Provide local agency resources and support activities including codes enforcement, rental and or owner-occupied housing rehab, senior housing improvements, home improvement programs, façade programs, and assistance for special needs populations.
2	Goal Name	Expand affordable housing opportunities
	Goal Description	Increase affordable housing through new residential unit development, streamlined affordable housing development process, land use regulation amendments designed to be flexible and inclusionary of diverse income levels, mixed use development, increased senior living opportunities, and rehab vacant properties.
3	Goal Name	Create sustainable neighborhoods
	Goal Description	Promote neighborhood programs and project work developed to increase security, increase the quality of life for seniors and children, provide solutions for homelessness, clean-up activities, green public spaces, repair city streets, sidewalks, curbing, and other public recreation, park and infrastructure improvements.
4	Goal Name	Provide vital public services
	Goal Description	Support vital local and regional public and non-for profit social services that provide solutions and prevention programs for homelessness, nutrition and food bank services, family and financial counseling, utility subsidies, wrap-around or after-placement services, new homeowner or renter services, programs that provide subsidies for low-income families programs for at-risk youth and other children and family preservation programs and services.
5	Goal Name	Create economic opportunities
	Goal Description	Provide support and available resources for activities that create viable businesses and or expand business opportunities including programs that provide commercial façade rehab, convenient public transportation, workforce training and career development.
6	Goal Name	Planning and administration
	Goal Description	Redondo Beach will continue to provide planning and administration services required to manage and operate the City's CDBG and HOME programs. Such funds will assist in managing community development, housing, and economic development programs. Funds will also be used for other planning initiatives such as: strategies to further fair housing, reduce homelessness, and create solutions to increase affordable housing.

Table – 55 Goal Descriptions

Projects

AP-35 Projects – 91.220(d)

Introduction

In FY 2020-2021, the City will use Federal funds to address its priority housing and community development needs by undertaking the activities listed below. These activities are consistent with the needs identified in the ConPlan and are further described, including a brief description and proposed funding in the Project Summary table.

Projects

#	Project Name	Allocation
1	Housing Improvement Program	\$60,000
2	Public Improvements	\$126,065
3	Planning & Administration	\$47,250
4	1736 Family Crisis Center	\$12,937
5	Fair Housing	\$10,000
6	Redondo Beach Salvation Army Meals Program	\$8,000
7	South Bay Family Health Care Center	\$10,000
8	St. Paul's United Methodist Church – Project: NEEDS	\$6,000
9	Independent Living Services (ILS) Program	\$6,000
		\$286,252

Table 56 – Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The City recognizes that special needs populations are more likely to become homeless because they are on limited incomes and have other issues which require housing and supportive services, therefore, the City considers supportive services and housing a high priority. The City intends to fund six social services to assist in helping special needs populations. Additionally, the following organizations assist and serve chronically homeless individuals, families with children, veterans and their families, and unaccompanied youth to transition to permanent housing and independent living:

- South Bay Coalition to End Homelessness - the lead homelessness collaborative in the Los Angeles CoC, located in SPA 8, provides referral and guides to an extensive range of homeless and related service programs in the area.
- Coordinated Entry System (CES) – The CES is a framework that unites regional providers working collaboratively to house chronically homeless individuals. Using a common assessment tool, individuals are prioritized into the most appropriate housing based on their needs. The CES also coordinates county and federal resources from agencies such as the Department of Mental Health, the Department of Health Services, housing authorities, and the Department of Veterans Affairs.
- Homeless Family Solutions System – This program is a network of family homeless service providers who address the needs of homeless families or those at imminent risk of losing their housing. It works

cooperatively with system partners to help families complete housing and service plans.

- First 5 LA Supportive Housing Program (First 5 LA) – This program is a needs-based assistance program aimed at serving homeless or at-risk families with children from birth to age 5, some with current or past involvement with the Department of Children and Family Services.
- Supportive Services for Veteran Families (SSVF) – This program is a community-based, competitive grant program that rapidly re-houses homeless veteran families and prevents homelessness for those at imminent risk due to a housing crisis. The program’s objective is to achieve housing stability through a short-term, focused intervention.
- HUD-VASH Vouchers (VASH) – The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs (VA).
- Unaccompanied Youth – There are several programs to serve this target group, including 1736 Emergency Youth Shelter, Hathaway-Sycamore: Independent Living Program, Divinity Prophet: Independent Living Program, and Richstone: THP and Transitional Living.
- Moving Assistance (MA) – The MA Program helps CalWORKs Welfare-to-Work (WtW) families who are homeless or at risk of becoming homeless due to a financial crisis resulting from circumstances out of the family’s control.
- Emergency Assistance to Prevent Eviction (EAPE) – The EAPE Program helps CalWORKs Welfare-to-Work (WtW) families who are behind in rent and/or utility bills due to a financial crisis which could lead to an eviction and homelessness.
- Homeless Assistance (HA) – The CalWORKs HA Program provides Temporary HA and Permanent HA. Temporary HA provides temporary shelter payments to homeless families while they are looking for permanent housing.

AP-38 Project Summary

Project Summary Information

1	Project Name	Housing Improvement Program
	Target Area	Citywide
	Goals Supported	Support the development of decent housing
	Needs Addressed	Preserve and improve existing housing stock
	Funding	CDBG: \$60,000
	Description	Provide grants to homeowners for mobility access and emergency repairs
	Target Date	6/30/2021
	Estimate the number and type of families that will benefit from the proposed activities	5 units, eligible LMI homeowners
	Location Description	Homes of income eligible applicant's citywide.
	Planned Activities	Provide grants to homeowners for mobility access and emergency repairs
2	Project Name	Public Improvements
	Target Area	CDBG eligible Census Tract and Block Group
	Goals Supported	Create sustainable neighborhoods
	Needs Addressed	Public Improvements to Services and Facilities
	Funding	CDBG: \$126,065
	Description	Install new ADA accessibility ramps
	Target Date	6/30/2021
	Estimate the number and type of families that will benefit from the proposed activities	1 Public Improvements
	Location Description	Eligible Census Tract and Block Groups
	Planned Activities	Install new accessibility ramps
3	Project Name	Planning & Administration
	Target Area	Citywide
	Goals Supported	Planning and administration
	Needs Addressed	Planning and administration
	Funding	CDBG: \$47,250
	Description	Administration of CDBG Programs
	Target Date	6/30/2021
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	1922 Artesia Blvd. Redondo Beach, CA 90278
	Planned Activities	Administration of CDBG Programs
4	Project Name	1736 Family Crisis Center
	Target Area	Citywide

	Goals Supported	Provide vital public services
	Needs Addressed	Homeless housing and supportive services
	Funding	CDBG: \$12,934
	Description	Provide counseling for Redondo Beach residents who may be in jeopardy of becoming homeless due to domestic violence.
	Target Date	6/30/2021
	Estimate the number and type of families that will benefit from the proposed activities	150 Residents
	Location Description	2116 Arlington Ave. Suite 200 Los Angeles, CA 90018
	Planned Activities	Provide counseling for Redondo Beach residents who may be in jeopardy of becoming homeless due to domestic violence.
5	Project Name	Fair Housing
	Target Area	Citywide
	Goals Supported	Create sustainable neighborhoods
	Needs Addressed	Equal access to housing
	Funding	CDBG: \$10,000
	Description	Tenant-landlord counseling and investigation of discriminatory housing complaints
	Target Date	6/30/2021
	Estimate the number and type of families that will benefit from the proposed activities	50 families
	Location Description	3255 Wilshire Blvd. Los Angeles CA 90016
	Planned Activities	Provide Fair Housing Services to the City
6	Project Name	Redondo Beach Salvation Army Meals Program
	Target Area	Citywide
	Goals Supported	Provide vital public services
	Needs Addressed	Assist special needs residents
	Funding	CDBG: \$8,000
	Description	Provide home delivered meals to seniors.
	Target Date	6/30/2021
	Estimate the number and type of families that will benefit from the proposed activities	245 individuals
	Location Description	125 W. Beryl St. Redondo Beach, CA 90277
	Planned Activities	Provide home delivered meals to seniors.
7	Project Name	South Bay Family Health Care Center
	Target Area	Citywide
	Goals Supported	Provide vital public services
	Needs Addressed	Health & Dental Services for LMI youth and families
	Funding	CDBG: \$10,000

	Description	Dental Services for homeless, low to moderate individuals, youth, and families
	Target Date	6/30/2021
	Estimate the number and type of families that will benefit from the proposed activities	135 individuals
	Location Description	23430 Hawthorne Blvd. Torrance CA 90505
	Planned Activities	Dental Services for homeless, low to moderate individuals, youth, and families
8	Project Name	St. Paul's United Methodist Church - Project: NEEDS
	Target Area	Citywide
	Goals Supported	Provide vital public services
	Needs Addressed	Homeless Housing and Supportive Services
	Funding	CDBG: \$6,000
	Description	Provides two programs to assist homeless: 1) Tuesday meals 2) Food Pantry
	Target Date	6/30/2021
	Estimate the number and type of families that will benefit from the proposed activities	300 individuals
	Location Description	2600 Nelson Redondo Beach CA 90278
	Planned Activities	Provides two programs to assist homeless: 1) Tuesday meals 2) Food Pantry
9	Project Name	Independent Living Services (ILS) Program
	Target Area	Citywide
	Goals Supported	Provide vital public services
	Needs Addressed	Assist special needs residents Equal access to housing
	Funding	CDBG: \$6,000
	Description	Training and support for senior citizens and disabled individuals to promote capability for independent living.
	Target Date	6/30/2021
	Estimate the number and type of families that will benefit from the proposed activities	20 households
	Location Description	12901 Venice Blvd. Los Angeles, CA 90066
	Planned Activities	Training and support for senior citizens and disabled individuals to promote capability for independent living.

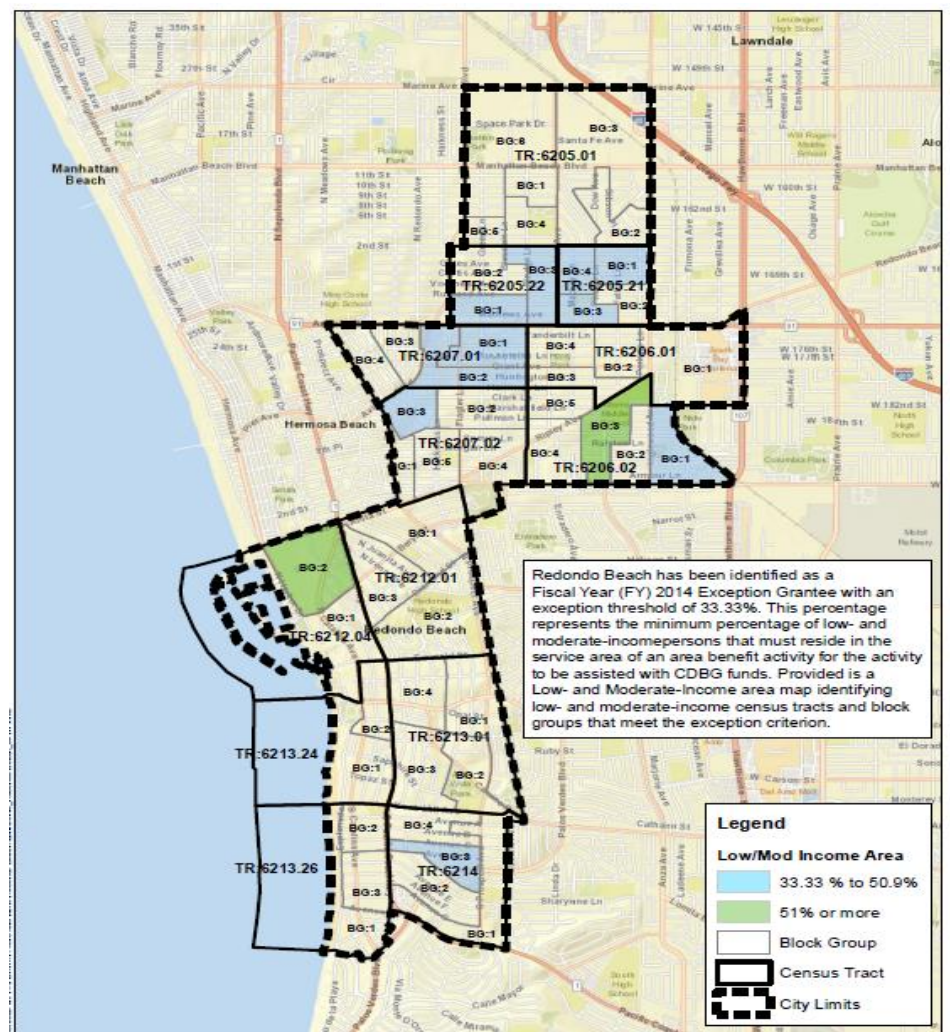
Table 57 - Projects

AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

HUD permits an exception to the Low-Mod Income (LMI) area benefit requirement that an area contain 51% LMI residents. This exception applies to entitlement communities that have few, if any, areas within their jurisdiction with 51% or more LMI residents. This exception is referred to as the “exception criteria” or the “upper quartile.”

Redondo Beach, in 2014, was identified as an Exception Grantee. The first year of the 2020-2025 ConPlan the City will utilize an exception threshold of 33.33%. This percentage represents the minimum percentage of low- and moderate-income persons that must reside in the service area of an area benefit activity for the activity to be assisted with CDBG funds. Provided below is Low- and Moderate-Income area map identifying low- and moderate-income census tracts and block groups that meet the exception criterion.



Michael Baker
INTERNATIONAL



0 0.3 0.6
Miles

CITY OF REDONDO BEACH
Areas of Low and Moderate Income Concentration

Source: HUD Open Data 2010, US Census Block Group and Tract data, LA County GIS data, Esri StreetMap

Figure

Geographic Distribution

Target Area	Percentage of Funds
Citywide	56%
CDBG eligible Census Tract and Block Group	44%

Table 58 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

The City will allocate housing resources citywide and does not plan to target select neighborhoods or geographic areas.

Discussion

As noted previously, the City does not allocate funds on a geographic basis, instead, funds are allocated to organizations that provide low-income households with housing and supportive services. On an annual basis, the City prioritizes the use of its CDBG funding for housing and community development activities, including preservation and conservation of affordable housing and activities that serve low- and moderate-income households and programs to address homelessness.

Public improvements and public facilities are qualified as benefitting low- and moderate-income persons. Activities identified under the public services category and targeted to special needs populations are offered on a citywide basis and/or where resources can be coordinated with existing facilities or services.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

As stated, there are limited opportunities and funding available to provide affordable housing opportunities. The City will attempt to seek new development partnerships for affordable housing in the upcoming year. During FY 2020-2021 the City has addressed affordable housing with the following goals:

One Year Goals for the Number of Households to be Supported	
Homeless	450
Non-Homeless	50
Special-Needs	400
Total	600

Table 59 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	550
The Production of New Units	0
Rehab of Existing Units	5
Acquisition of Existing Units	0
Total	555

Table 60 - One Year Goals for Affordable Housing by Support Type

Discussion

The City's strategies related to CDBG-funded affordable housing efforts relate to maintaining the affordable housing stock through the Housing Improvements Program, providing rental assistance programs like the Section 8 Housing Choice Voucher, and assisting with homelessness prevention by funding public service agencies such as St. Paul's United Methodist Church that, on a weekly basis, feeds the homeless or at risk for homelessness and 1736 Family Crisis Center that provides counseling services for those suffering from domestic violence and are at risk of homelessness.

AP-60 Public Housing – 91.220(h)

Introduction

The City of Redondo Beach does not own or manage public housing units.

Actions planned during the next year to address the needs to public housing

The City of Redondo Beach does not own or manage public housing.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

The Redondo Beach Housing Authority (Housing Authority) offers the Family Self-Sufficiency program (FSS) to assist residents toward greater independence and homeownership opportunities. The FSS Program encourages and assists clients in increasing their earned income, thereby increasing their ability to become economically self-sufficient. Resources offered through the FSS Program include job training and searching assistance, financial counseling, credit repair, and regular one-on-one or group support. The main incentive offered to all clients is the ability to build savings during participation in FSS program. Participants also have a number of personal incentives for involvement, including structured goal planning, greater opportunity to increase their standard of living, an enhanced support system and increased self-esteem. FSS currently serves 16 low-income residents and plans to serve 25 residents in the 2020-2021 planning period.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

The Housing Authority is in good standing and not designated as a troubled agency.

Discussion

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

The City recognizes the importance of assisting the homeless and near homeless with a CoC approach that not only addresses a homeless person's immediate shelter needs, but also provides transitional housing, support services, and employment opportunities to break the cycle of homelessness. To a significant extent, the City collaborates and relies on its nonprofit partners to reach out to homeless persons (especially unsheltered persons), the elderly, and special needs persons in assessing individual needs and addressing emergency shelter and transitional housing needs of homeless persons, and to help homeless persons make the transition to permanent housing and independent living.

Homelessness is a priority topic for the City. A Homeless Task Force was created in 2014 to respond to the ever increasing homeless population. The Task Force 2015 report included homelessness policies, partnerships and strategies. City Council approved an agreement with Abby Arnold for consulting services to prepare a five year strategy. In 2019 City Council approved a Five Year Plan to Address Homelessness. The City intends to access Measure H funding for the next ten years. Goals of the plan include:

1. Continue to develop and strengthen City's response to homelessness while ensuring community safety.
 - a. Ongoing service provider agreements
 - b. Enhanced Response Pilot
 - c. Dedicated City resources
2. Expand community education efforts around homelessness and raise awareness about available resources and best practices.
 - a. Homeless information section on City website (Housing Division)
 - b. Active coordination with residents and stakeholders
 - c. Upcoming community meetings for coordinated Beach Cities grant
 - d. Monitor status of Martin vs. City of Boise case for impact to local cities
3. Improve and expand local and regional homeless services.
 - a. Expanded Dept. of Mental Health services
 - b. Coordination with regional cities, South Bay Cities Council of Governments (SBCCOG) and LA County Homeless Initiative
4. To prevent homelessness among Redondo Beach residents.
 - a. Lead training participant for LA County Homeless Count
 - b. Training community stakeholders to process people experiencing homelessness into the Coordinated Entry System
 - c. Providing education to older adult and senior populations regarding housing stress, financial management, fraud, etc.
5. Support appropriate local and regional opportunities toward increasing access to crisis and supportive housing, shelters, and affordable housing for at-risk populations in the Beach Cities area.
 - a. Monitoring State housing legislation
 - b. Monitoring efforts for regional housing opportunities for emergency shelters, transitional

and permanent housing; support policy that permits regionally oriented shelter response.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

City Council has made policy that seeks to proactively address homelessness, including service partnerships with PATH, HIS and the Department of Mental Health. These organizations work in collaboration with City police and other City departments to provide outreach and services to the homeless. The first step of implementation is to better understand how to handle residents' complaints. Therefore, handling complaints according to a homeless individual's instance. There are three overarching categories of homeless:

- 1) Those with chronic mental illness
- 2) Those with drug additions
- 3) Habitual offenders who live on the street committing small crimes

A pilot program began where city police directly works with PATH or HIS to review and direct homeless individuals attain the right services. The local court system also works with these organizations as part of sentencing procedures. A demographic survey is attached to the Five Year Plan to Address Homelessness. Findings include:

- People experiencing homelessness in Redondo Beach are less likely to have been involved in the legal system (jail, prison, probation, etc.)
- Majority of people experiencing homelessness in Redondo Beach have pets.
- Higher than average number of people experiencing homelessness in Redondo Beach are veterans.
- People experiencing homelessness in Redondo Beach are somewhat older than those in the continuum of care County-wide.
- People experiencing homelessness in Redondo Beach are much more likely to self-identify as Caucasian.
- The primary gender of homeless individuals is 84% male.

The City also works in close coordination with the LAHSA, the lead agency for the County of Los Angeles' CoC. Los Angeles County is divided into eight Service Planning Areas (SPAs), 1 through 8. The division of the County makes it easier for the Department of Public Health to target and track the needs of each area. Redondo Beach is located in SPA 8.

Every year, the Los Angeles CoC coordinates the Greater Los Angeles Homeless Count, a homeless count, as well as a Shelter/Housing Inventory Count (HIC). The HIC is a point-in-time (PIT) inventory of service projects and a record of utilization of services. HIC records how many beds and units are dedicated to serving people experiencing homelessness (e.g., emergency shelter, transitional housing, and safe haven) or people who have experienced homelessness and are now in permanent housing. This year's count was on January 23, 2019 and revealed 4,409 homeless persons in SPA-8.

The City recommends those experiencing homelessness to utilize LA-HOP, an online tool to seek our appropriate services needed. The portal walks you through a step by step process to figure out where you are in relation to where the right services can be provided. An outreach coordinator services as an agent

that fulfills requests and deploys the most appropriate outreach team with the goal of reducing response times to those in need. <http://lacounty.gov/lahop/>

For 2020-2021, the City allocated CDBG funds to the following agencies located in SPA 8 to address homelessness: 1736 Family Crisis Center to provide emergency and transitional shelter, counseling, support, and referral services to victims of domestic violence; First United Methodist Church's Shared Bread Program; and St. Paul's United Methodist Church Project Needs program.

Addressing the emergency shelter and transitional housing needs of homeless persons

Emergency Shelter

608 beds serving individuals and families with children

Transitional Housing

605 beds serving individuals and families with children

Safe Haven

50 beds serving single men and women 18 years and over

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

Provided below is a summary of programs in the area that serve chronically homeless individuals, families with children, veterans and their families, and unaccompanied youth to transition to permanent housing and independent living.

South Bay Coalition to End Homelessness - the lead homelessness collaborative in the Los Angeles CoC, located in SPA 8, provides referral and guides to an extensive range of homeless and related service programs in the area.

Coordinated Entry System (CES) – The CES is a framework that unites regional providers working collaboratively to house chronically homeless individuals. Using a common assessment tool, individuals are prioritized into the most appropriate housing based on their needs. The CES also coordinates county and federal resources from agencies such as the Department of Mental Health, the Department of Health Services, housing authorities, and the Department of Veterans Affairs.

Homeless Family Solutions System – This program is a network of family homeless service providers who address the needs of homeless families or those at imminent risk of losing their housing. It works cooperatively with system partners to help families complete housing and service plans.

First 5 LA Supportive Housing Program (First 5 LA) – This program is a needs-based assistance program

aimed at serving homeless or at-risk families with children from birth to age 5, some with current or past involvement with the Department of Children and Family Services.

Supportive Services for Veteran Families (SSVF) – This program is a community-based, competitive grant program that rapidly re-houses homeless veteran families and prevents homelessness for those at imminent risk due to a housing crisis. The program’s objective is to achieve housing stability through a short-term, focused intervention.

HUD-VASH Vouchers (VASH) – The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs (VA).

Unaccompanied Youth – There are several programs to serve this target group, including 1736 Emergency Youth Shelter, Hathaway-Sycamore: Independent Living Program, Divinity Prophet: Independent Living Program, and Richstone: THP and Transitional Living.

Moving Assistance (MA) – The MA Program helps CalWORKs Welfare-to-Work (WtW) families who are homeless or at risk of becoming homeless due to a financial crisis resulting from circumstances out of the family’s control.

Emergency Assistance to Prevent Eviction (EAPE) – The EAPE Program helps CalWORKs Welfare-to-Work (WtW) families who are behind in rent and/or utility bills due to a financial crisis which could lead to an eviction and homelessness.

Homeless Assistance (HA) – The CalWORKs HA Program provides Temporary HA and Permanent HA. Temporary HA provides temporary shelter payments to homeless families while they are looking for permanent housing.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

The City in 2020-2021 budgeted over \$388,287 to help fund the Enhance Response Pilot Program and its partners. The City in 2020 applied for Measure H funding to further support the implementation of the City’s homeless initiatives. The continuation of these programs in future years would be contingent upon directed funding allocations.

The Los Angeles County Department of Mental Health acknowledges that housing provides a fundamental level of stability for people to achieve their goals of wellness, recovery, and eventual self-sufficiency. The County offers Project-Based Operational Subsidy funds for subsidies for unit-based permanent supportive housing, which includes youth-oriented programs to address the long-term housing needs of persons with

serious mental illness and emotional problems.

Discussion

The programs identified above to address the needs of homeless persons and subpopulations of homeless indicate that serving the homeless is a complex issue requiring a network of agencies, departments, and nonprofit community services agencies. It is fortunate that the City has become so connected to the network of agencies that provide housing and supportive services.

AP-75 Barriers to affordable housing – 91.220(j)

Introduction:

One of the most significant barriers to affordable housing in Redondo Beach is the cost of housing. According to 2011–2016 US Census data, the median home values were \$1,500,000+ in Manhattan Beach, \$1,166,800 in Hermosa Beach, and \$775,300 in Redondo Beach compared to \$465,200 in Los Angeles County overall. Factors contributing to the cost include the availability of land and the cost of development. The City's ability to mitigate high construction costs is limited without direct subsidies. Construction cost is also related to development density. The construction costs for multiple-family attached units are slightly lower, as developers can usually benefit from economies of scale. The cost of land, however, is the single largest constraint to affordable housing in a coastal city like Redondo Beach. The city's supply of vacant residential land is extremely limited, which drives up the cost of land. The major or high priority BARRIERS TO AFFORDABLE HOUSING based on community engagement activities and data analysis as recorded in the City's adopted AI include:

- High cost of home ownership
- Low support or assistance from financial institutions
- Low number of approved FHA home loans
- Lack of innovative programs to increase LMI homeownership
- English proficiency
- High cost of preserving existing housing stock
- Low number of available rental units particularly larger units
- Lack of fair housing education for tenants and landlords
- Low number of accessible rental units
- Lack of affordable housing developers
- Lack of homelessness prevention programs:
 - a. Limited tenant-based rental assistance opportunities
 - b. Limited rapid re-housing opportunities
 - c. Limited beds or shelters for homeless
- Limited land use planning for elderly and family households
- Local codes compliance hurdles for housing rehabilitation
- Limited incentives for new affordable housing development
- Limited outreach from local and regional service providers

General Plan policies aim at preserving existing single-family and low-density multiple-family neighborhoods; however, the General Plan also provides additional capacity for growth by allowing higher-density development. Establishing selected areas for increased residential densities enhances the affordability and range of housing opportunities. The Housing Element further notes that government housing regulations are necessary to ensure housing is constructed and maintained in a safe manner to ensure the density and design of housing are consistent with community standards, and to facilitate the provision of adequate infrastructure to support new housing. Government regulation can potentially have an inhibiting or constraining effect on housing development, particularly for affordable housing which must be developed in a cost-efficient manner. City fees, procedures, and requirements related to housing development in Redondo Beach are comparable to other cities in the region and therefore are not

excessive or highly restrictive. It should be noted, however, that the South Bay cities contain high cost housing.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

Redondo Beach's Regional Housing Needs Allocation (RHNA) for the 2013-2021 planning period has been determined by SCAG to be 1,397 housing units, including 186 units for extremely low-income households, 186 units for very low-income households, 223 units for low income households, 238 units for moderate income households, and 564 units for above moderate-income households. In this 2017 Midterm Update to the 2013-2021 Housing Element, the City is reassessing its residential development capacity in relationship to its remaining RHNA for the planning period.

Since adoption of the 2013-2021 Housing Element in March 2013, the City has completed or permitted several housing projects. Combined these projects total 341 units, including two units affordable to moderate income households.

Projected future housing needs in Redondo Beach are based upon the Regional Housing Needs Allocation (RHNA) that are adopted by the Southern California Association of Governments (SCAG). The City conducted a midterm update of its 2013 to 2021 Housing Element in September 2017. After the update of the Housing Element, it is valid for a four-year planning period.

This strategy will increase housing development potential by designating certain commercial and industrial areas for mixed use or residential use. Where densities higher than those allowed are necessary and appropriate for the development of low- and moderate-income housing, the City may grant density bonuses above the permitted density. Depending on the allowed density, the bonus could increase the density from 10 to 50 percent. An example is the new South Bay Galleria in the City, which will include 300 residential rental apartment units, of which 15-30 will be affordable.

Implementation of the Housing Element, executes key objectives: (1) to continue to provide reasonable opportunities to accommodate new multiple-family housing; (2) to provide opportunities for new types of housing, such as in mixed-use developments, to serve broader segments of the housing market; (3) to establish selected areas for increased residential densities to enhance the affordability and range of housing opportunities available; and (4) to help maintain the basic character and scale of existing residential neighborhoods.

Discussion:

The City's strategy to remove barriers to affordable housing involves allowing more development opportunities for housing, particularly affordable housing, and maximizing densities as a tool for the development of affordable housing. Another tool to remove barriers to affordable housing is direct subsidies, which was lost as a local funding source with the loss of Redevelopment Housing Set-Aside

funds.

AP-85 Other Actions – 91.220(k)

Introduction:

This section discusses the City's efforts in addressing the underserved needs, expanding and preserving affordable housing, reducing lead-based paint hazards, and developing institutional structure for delivering housing and community development activities.

Actions planned to address obstacles to meeting underserved needs

The City recognizes that special needs populations face challenges due to low-income and the special conditions that they face. Special needs populations are more likely to become homeless because of these factors. Special needs populations require housing and supportive services. The City considers supportive services and housing for special needs populations a high priority. In 2020-21, the City will fund several public service agencies that provide assistance for housing and supportive services.

The City intends to provide funding to 1736 Family Crisis Center, a social service agency that offers housing for victims of domestic violence, Project: Needs who provides hot meals and a food pantry, and First United Methodist Church Shared Bread Program who provides hygiene items provisions, counseling and meals.

Specifically, Project: NEEDS, stated that the program serves numerous families and individuals in the Redondo Beach area, including low-income homeowners and renters, as well as individuals that are homeless. They support about 150 families twice monthly at their food pantry, serving a hot meal to 75 persons per week. Their demand has increased in 2019 by over 25%, making it more difficult to distribute enough food.

Although CDBG funding was not awarded to Family Promise, this agency uses funding to support, on average, 40 individuals per month in the City. Their support focuses on homeless families with children, a service population that they believe is underserved. They have recently expanded their service to include a transitional housing program to assist these families. In addition to this service, they help the homeless population every day through shelters, meals, basic necessities, eviction prevention, and after-care among others.

Actions planned to foster and maintain affordable housing

According to data provided in the Needs Assessment, approximately 86.7% of extremely low- and very low-income renter households and 72.0% of extremely low- and very low-income owner households were overpaying for housing. Based on this data and the housing market analysis, which points out the high cost of housing particularly for low-income households and the need to preserve affordable housing; in accordance with the City's Housing Element, the City will focus its efforts on housing rehabilitation and neighborhood preservation to maintain affordable housing units in the current housing stock.

The City will continue to fund its Housing Improvement Program as a strategy to maintain affordable housing. The City will also maintain rental assistance programs such as the Section 8 Housing Choice

Vouchers, helping households before they lose their housing and monitoring residential sites inventory to ensure no net loss in housing units.

Actions planned to reduce lead-based paint hazards

The City will continue to take action as necessary to reduce lead-based paint hazards in accordance with HUD regulations. Housing units with lead-based paint as identified will have actions taken to remove the hazard. The City's Housing Improvement Program, currently funded through CDBG funds, follows the requirements of Lead-Safe Housing Regulation 24 CFR Part 35 effective September 15, 2000, and the subsequent September 2000 HUD transition assistance policy. The City will use, when required, State of California certified lead-based paint inspectors/risk assessors to test for lead paint and perform risk assessments on houses testing positive, and certified lead-based paint contractors to remove and/or abate lead paint. The Program provides grants up to \$5,000 for mobility access and emergency repair in which the impact of lead-based paint is minimal. However, the lead-based paint program requirements are still followed as the scope of work determines.

Actions planned to reduce the number of poverty-level families

The City's anti-poverty strategy to reduce the number of poverty-level families is carried out through job development and job training programs. The local Workforce Innovation and Opportunity Act (WIOA) program is operated through the South Bay Workforce Investment Board office in Torrance, which offers convenient access to a wide array of services under one roof. Job information, training, and job placement services, including a job club, labor market information, career workshops, job and career placement assistance, individualized assessment, and much more, are available.

City residents have access to the WIOA Program that will continue to assist low-income residents gain access to the job market through job training and work placement. WIOA services include needs assessments, classroom training, employment counseling, on-the-job training, and job placement. Furthermore, the agency will make concentrated efforts to place the special needs population, which is often economically disadvantaged. WIOA will also refer clients, where needed, to local agencies for free counseling, medical, and benefits advocacy services. Clients will also be referred to the Section 8 Rental Assistance program as appropriate. Staff from the Housing Authority refers residents to the South Bay Workforce Investment Board office in Torrance to participate in the WIOA program.

The Housing Authority will continue to operate its Family Self-Sufficiency program. This program will integrate the Section 8 Rental Assistance program with various service programs in the community. The Family Self-Sufficiency program will make services such as job training, childcare, and transportation available to new Section 8 voucher holders. The purpose of the program is to help participants become economically independent. The Family Self-Sufficiency program plans to serve 25 residents during the 2020-2021 planning period. The Housing Authority is working with the WIOA program.

Actions planned to develop institutional structure

CDBG funds received by the City are administered by the Community Services Department. The City relies on several governmental departments and agencies to carry out the City's housing and community

development program. The Community Services Department will work with the following departments and agencies during the 2020-2021 program year:

- Community Development
- Public Works Department
- Redondo Beach Housing Authority
- Nonprofit social service agencies
- Contractors

Although, cutbacks in funding has impacted public services programming, resulting in limited staff and limited budgets, City staff will continue to work closely with these entities to make efforts to achieve housing and community development goals. While the City has limited control over tight budgets, the City hopes to continue to leverage other state and local funds to implement the ConPlan goals.

Actions planned to enhance coordination between public and private housing and social service agencies

There are opportunities to enhance coordination between service departments and agencies. The City of Redondo Beach funds several public service agencies and in this way, participates in the large network of social and health services in the county. The City also coordinates local efforts to address homelessness issues in the city in coordination with the Los Angeles CoC. The Housing Authority interacts directly with HUD and collaborates with the South Bay Workforce Investment Board office in Torrance.

The city has also orchestrated a strategy, Five Year Plan to Address Homelessness, that relies on partnerships with social service networks to ultimately reduce homelessness.

Discussion:

See above discussion.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(I)(1,2,4)

Introduction:

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.220(I)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	\$0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan	\$0
3. The amount of surplus funds from urban renewal settlements	\$0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan.	\$0
5. The amount of income from float-funded activities	\$0

Other CDBG Requirements

1. The amount of urgent need activities	\$0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	70%

Appendix A – Public Notifications

**CITY OF REDONDO BEACH
NOTICE OF PUBLIC HEARING BEFORE THE CITY COUNCIL TO RECEIVE THE
DRAFT CONSOLIDATED PLAN AND ANNUAL ACTION PLAN AND START OF THE
30-DAY COMMENT PERIOD TO OBTAIN PUBLIC INPUT ON HOUSING AND
COMMUNITY DEVELOPMENT NEEDS FOR THE CITY'S COMMUNITY
DEVELOPMENT BLOCK GRANT (CDBG) 2020-2025 FIVE YEAR CONSOLIDATED
PLAN AND FISCAL YEAR 2020-2021 ANNUAL ACTION PLAN**

NOTICE IS HEREBY GIVEN that the City Council of the City of Redondo Beach, California will hold a public hearing on Tuesday, April 7, 2020, at 6:00 p.m. in the City Council Chambers of City Hall, 415 Diamond Street, Redondo Beach, California. The purpose of the hearing is for the City Council to receive the Draft 5-Year Consolidated Plan and Draft 1-Year Annual Action Plan and to receive public input regarding the City's Community Development Block Grant (CDBG) Five Year Consolidated Plan and fiscal year 2020-2021 Draft Action Plan.

It is also noticed that from April 8th to May 9th the Draft Consolidated Plan and Annual Action Plan may be reviewed at the following locations: Redondo Beach Main Library, 303 Pacific Coast Highway; North Branch Library, 2000 Artesia Boulevard; Redondo Beach City Clerk's Office, 415 Diamond Street; and Community Services Department, 1922 Artesia Blvd. Residents and interested parties have 30 days to review and comment on the Draft Consolidated Plan and Annual Action Plan.

The Consolidated Plan is designed to aid the City in assessing affordable housing and community development needs for the next five-year (2020 – 2025) period. The Consolidated Plan determines how funds from the U.S. Department of Housing and Urban Development (HUD) are used.

The Annual Action Plan is a federally mandated document that includes goals and budgets for City housing and community development activities. The plan will outline the City's fiscal year 2020-2021 Community Development Block Grant (CDBG) projects and activities.

The CDBG Program provides federal funds for local improvement projects and programs. Activities assisted with CDBG funds must meet one of three national objectives: principally benefit low and moderate-income persons, aid in the prevention or elimination of slums and blight or meet other community development needs having a

particular urgency. The City's CDBG allocation for fiscal year 2020-2021 is estimated to be \$286,252.

If you would like to make comments but cannot attend the public hearing, please call John La Rock at 310-318-0671, or email at john.larock@redondo.org.

CITY OF REDONDO BEACH, CALIFORNIA

Eleanor Manzano

City Clerk of the City of Redondo Beach



The City of Redondo Beach invites you to participate in COMMUNITY OUTREACH



The City of Redondo Beach is in the process of preparing its Analysis of Impediments (AI to Fair Housing Choice and its Consolidated Plan for the use of the City's Community Development Block Grant (CDBG) funds. The Consolidated Plan will provide a strategy for addressing community development needs in the City for the next five years. As part of the process, we are reaching out to the community to **attend public meetings and hearings as well as take a short online survey.**

Public Meeting: Wednesday, August 21, 2019 at 6:00-8:00 PM at the Redondo Beach Performing Arts Center at 1935 Manhattan Beach Blvd, Redondo Beach, CA 90278.

Please take the survey! We would like to know what YOU think are the City's most pressing needs, particularly in the areas of housing, parks and recreation, community facilities, human services, and fair housing.

Your voice matters!

If you have any questions or comments, please contact:

For the Consolidated Plan, John La Rock

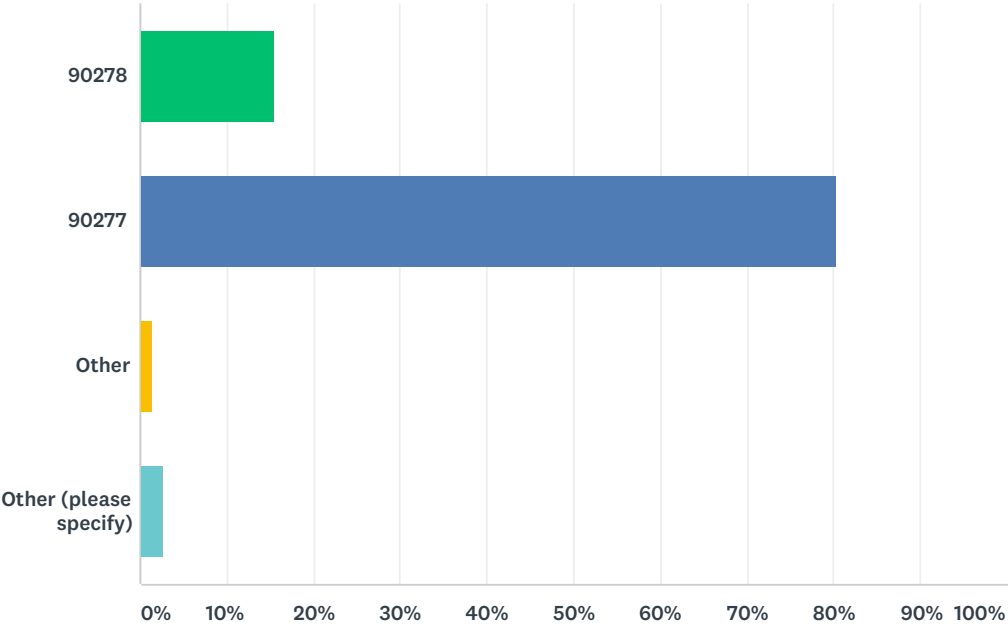
Community Services Director, (310) 318-0671, email: john.larock@redondo



Appendix B – Community Engagement Summary

Q1 What zip code do you live in?

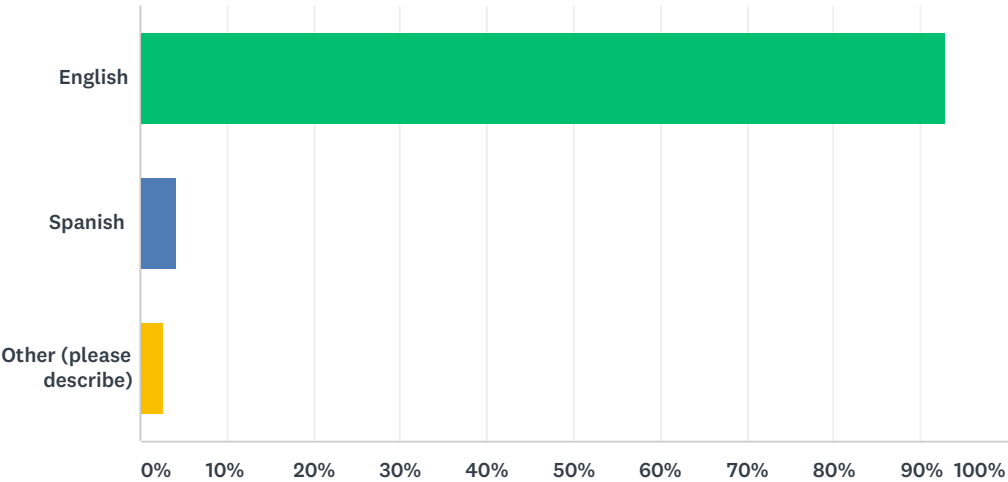
Answered: 71 Skipped: 0



ANSWER CHOICES		RESPONSES	
90278		15.49%	11
90277		80.28%	57
Other		1.41%	1
Other (please specify)		2.82%	2
Total Respondents: 71			

Q2 What is the primary language you speak at home?

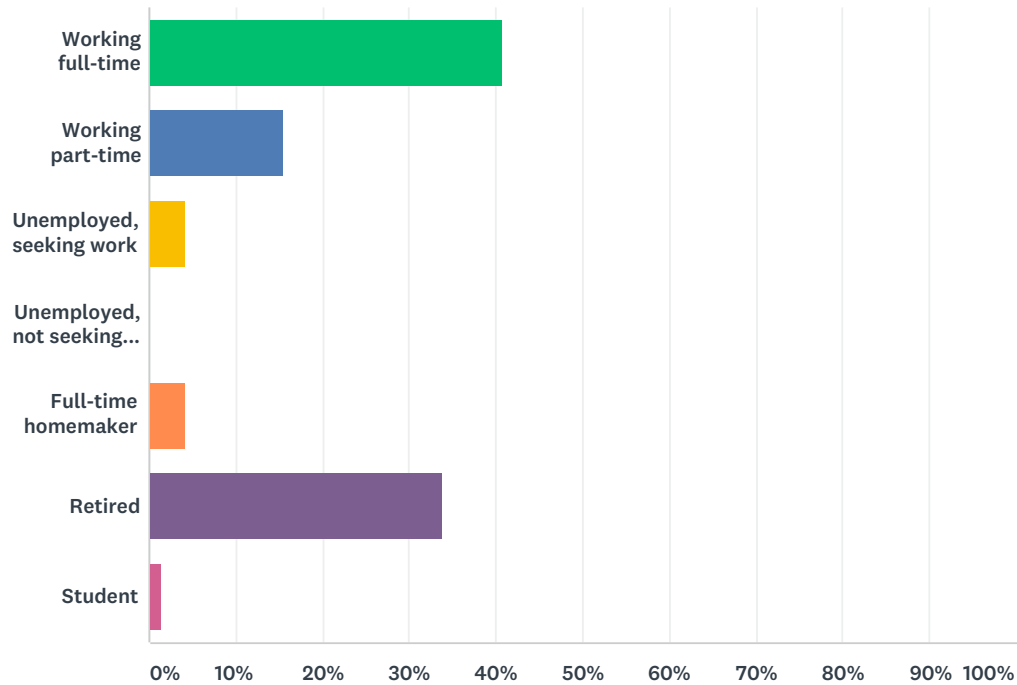
Answered: 71 Skipped: 0



ANSWER CHOICES	RESPONSES	
English	92.96%	66
Spanish	4.23%	3
Other (please describe)	2.82%	2
TOTAL		71

Q3 What is your current working situation?

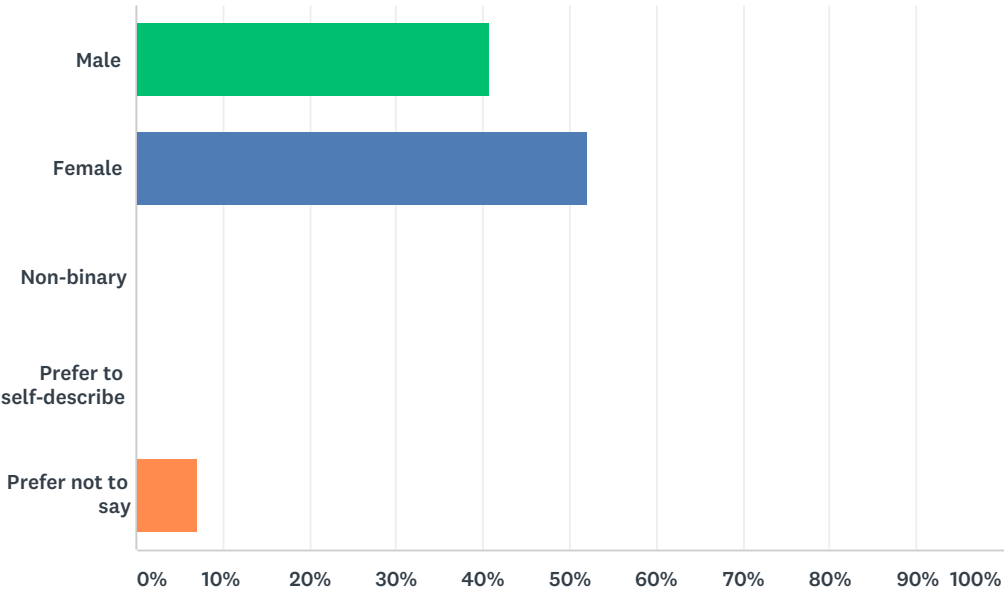
Answered: 71 Skipped: 0



ANSWER CHOICES	RESPONSES	
Working full-time	40.85%	29
Working part-time	15.49%	11
Unemployed, seeking work	4.23%	3
Unemployed, not seeking work	0.00%	0
Full-time homemaker	4.23%	3
Retired	33.80%	24
Student	1.41%	1
TOTAL		71

Q4 Are you:

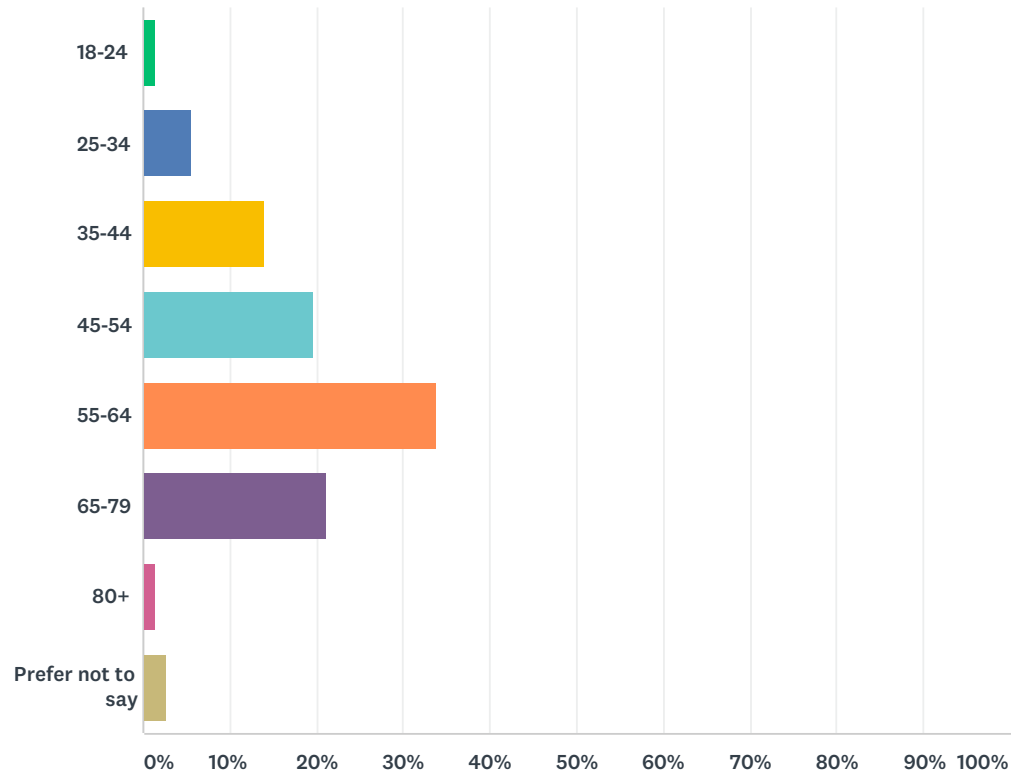
Answered: 71 Skipped: 0



ANSWER CHOICES	RESPONSES	
Male	40.85%	29
Female	52.11%	37
Non-binary	0.00%	0
Prefer to self-describe	0.00%	0
Prefer not to say	7.04%	5
TOTAL		71

Q5 What age group are you? Please check one.

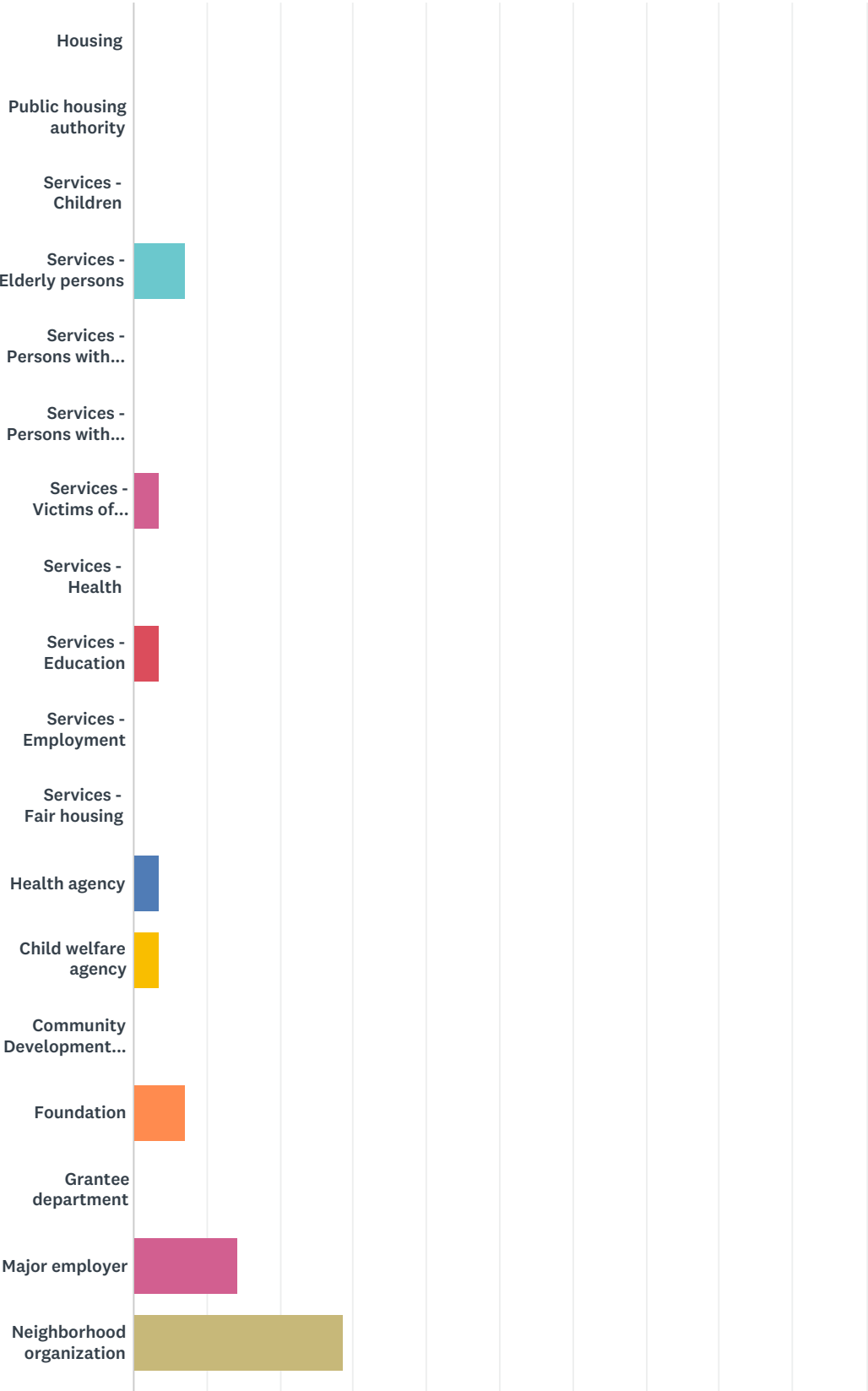
Answered: 71 Skipped: 0



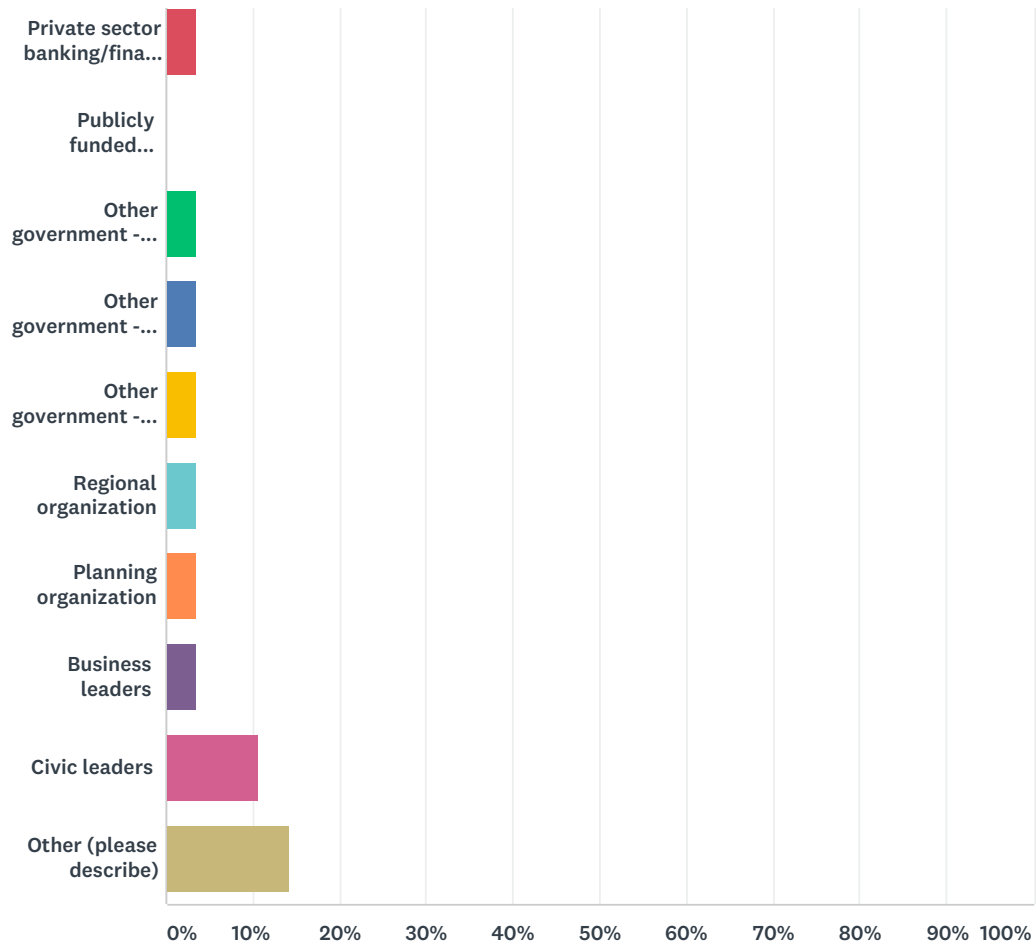
ANSWER CHOICES	RESPONSES	
18-24	1.41%	1
25-34	5.63%	4
35-44	14.08%	10
45-54	19.72%	14
55-64	33.80%	24
65-79	21.13%	15
80+	1.41%	1
Prefer not to say	2.82%	2
Total Respondents: 71		

Q6 Please indicate if you are affiliated with any of the organization types listed below. If other, please specify.

Answered: 28 Skipped: 43



CITY OF REDONDO BEACH 2020-2024 Consolidated Plan COMMUNITY OUTREACH



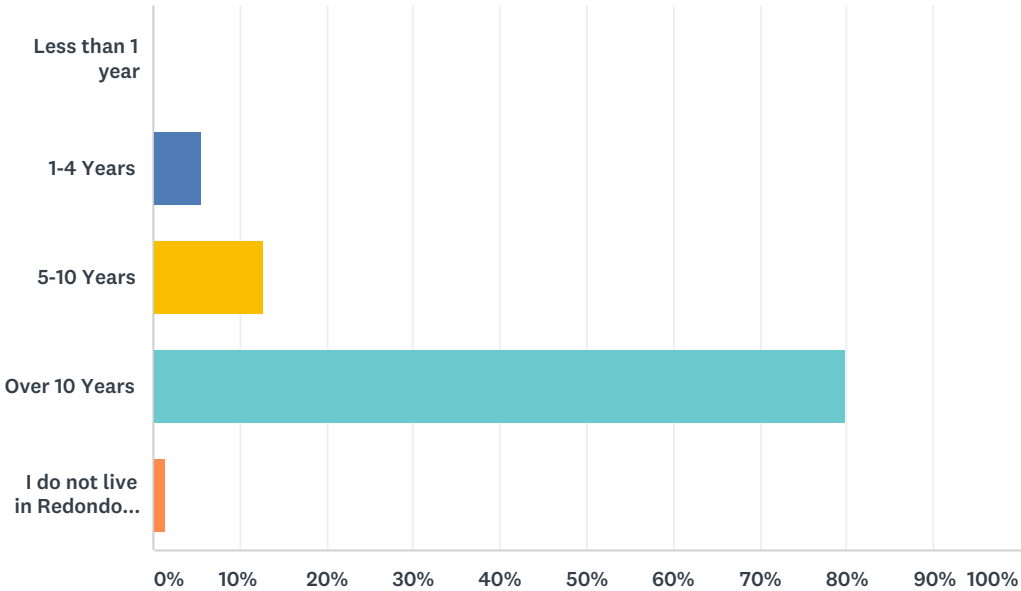
ANSWER CHOICES	RESPONSES	
Housing	0.00%	0
Public housing authority	0.00%	0
Services - Children	0.00%	0
Services - Elderly persons	7.14%	2
Services - Persons with disabilities	0.00%	0
Services - Persons with HIV/AIDS	0.00%	0
Services - Victims of domestic violence	3.57%	1
Services - Health	0.00%	0
Services - Education	3.57%	1
Services - Employment	0.00%	0
Services - Fair housing	0.00%	0
Health agency	3.57%	1
Child welfare agency	3.57%	1
Community Development Financial Institution (CDFI)	0.00%	0
Foundation	7.14%	2

CITY OF REDONDO BEACH 2020-2024 Consolidated Plan COMMUNITY OUTREACH

Grantee department	0.00%	0
Major employer	14.29%	4
Neighborhood organization	28.57%	8
Private sector banking/financing	3.57%	1
Publicly funded institution/system of care*	0.00%	0
Other government - Federal	3.57%	1
Other government - State	3.57%	1
Other government - Local	3.57%	1
Regional organization	3.57%	1
Planning organization	3.57%	1
Business leaders	3.57%	1
Civic leaders	10.71%	3
Other (please describe)	14.29%	4
Total Respondents: 28		

Q7 How long have you lived or worked in the City of Redondo Beach?

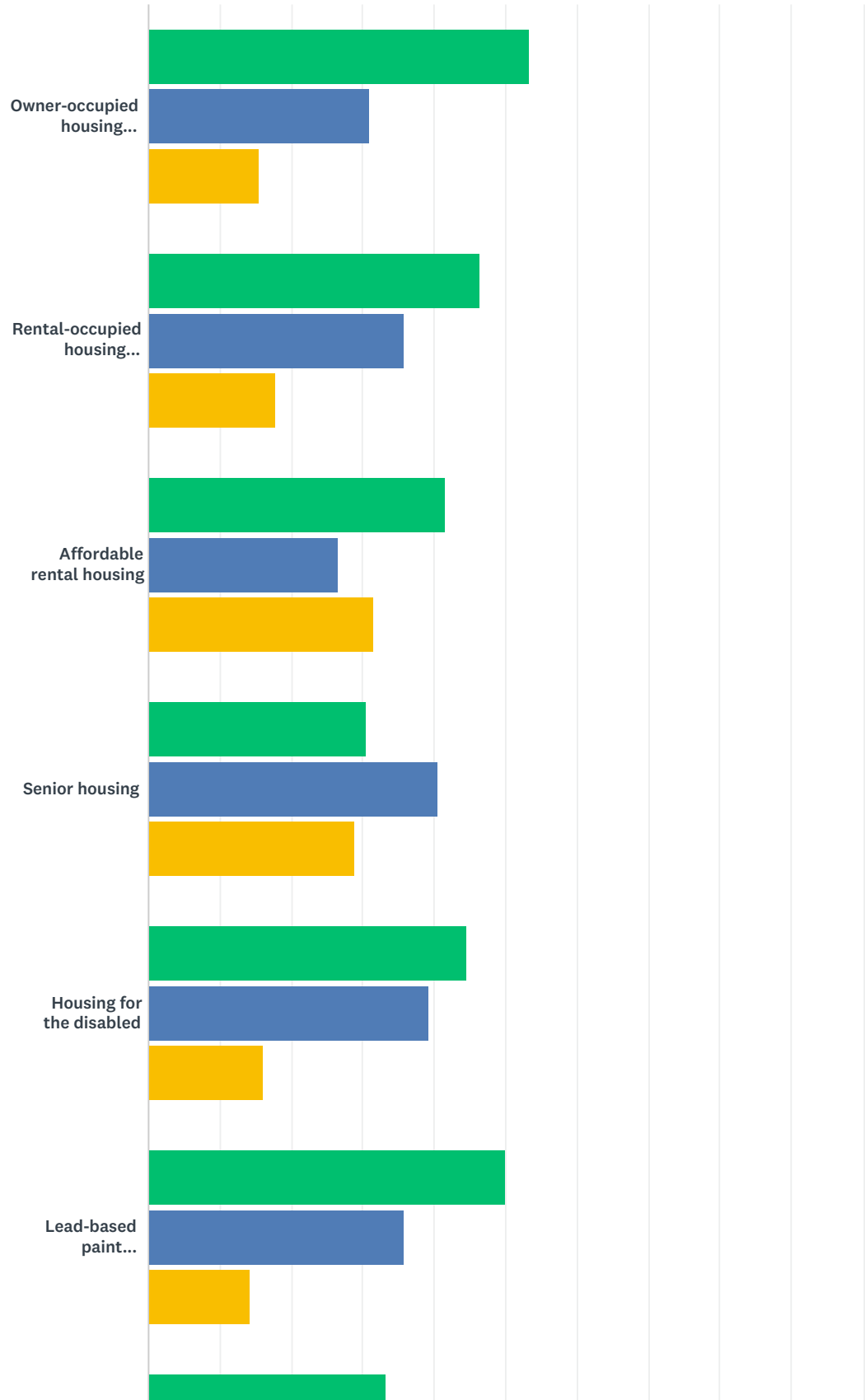
Answered: 70 Skipped: 1



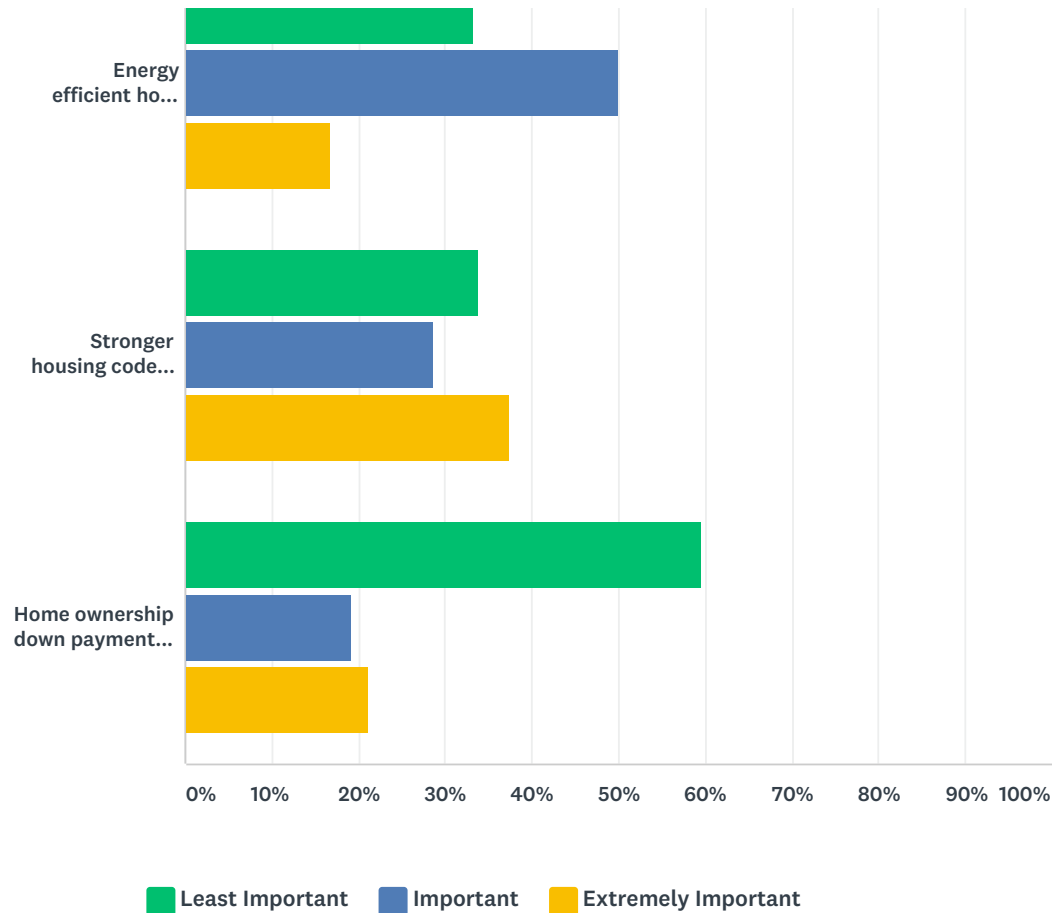
ANSWER CHOICES	RESPONSES	
Less than 1 year	0.00%	0
1-4 Years	5.71%	4
5-10 Years	12.86%	9
Over 10 Years	80.00%	56
I do not live in Redondo Beach	1.43%	1
TOTAL		70

Q8 Housing Needs

Answered: 64 Skipped: 7



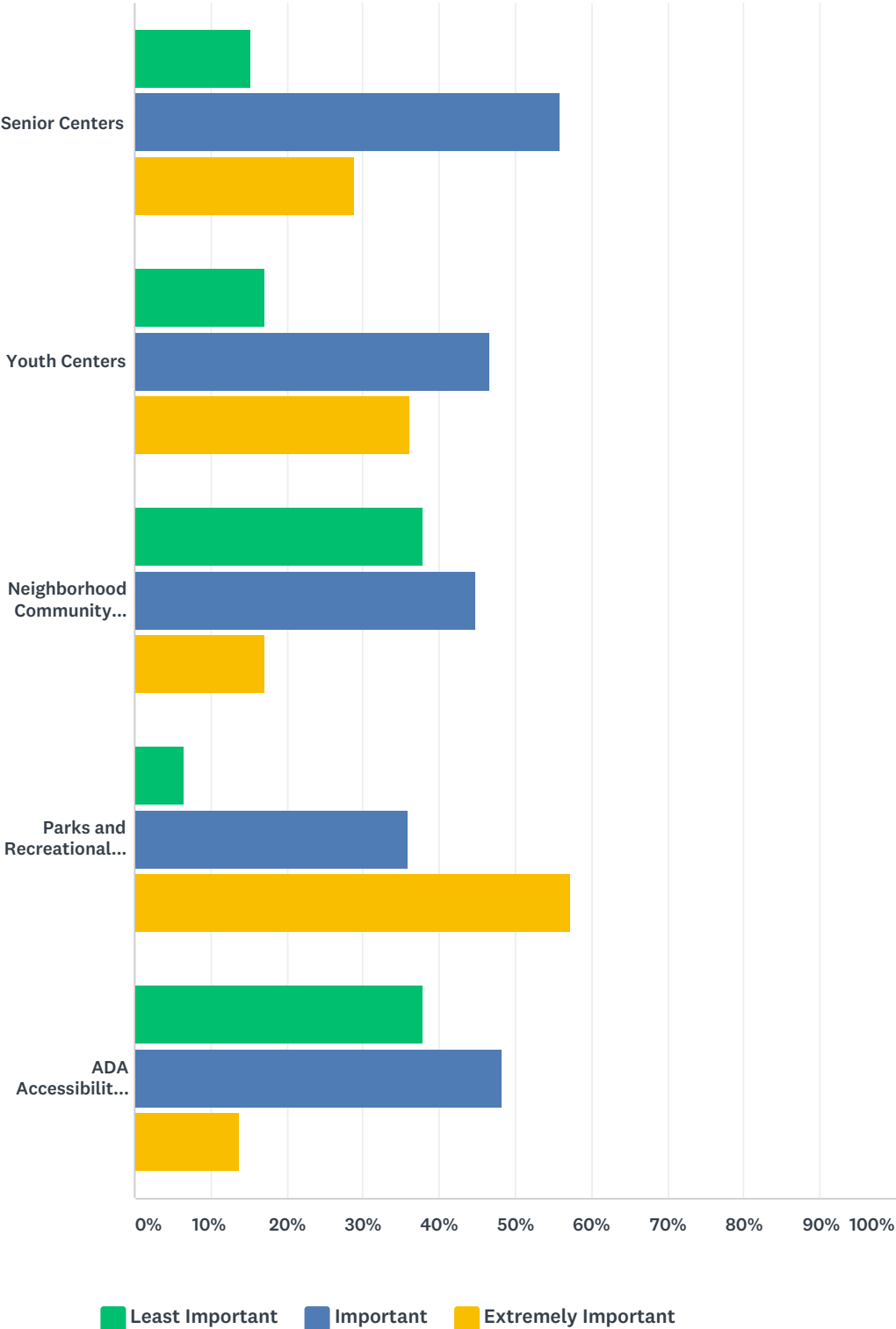
CITY OF REDONDO BEACH 2020-2024 Consolidated Plan COMMUNITY OUTREACH



	LEAST IMPORTANT	IMPORTANT	EXTREMELY IMPORTANT	TOTAL	WEIGHTED AVERAGE
Owner-occupied housing rehabilitation	53.45% 31	31.03% 18	15.52% 9	58	2.09
Rental-occupied housing rehabilitation	46.43% 26	35.71% 20	17.86% 10	56	2.25
Affordable rental housing	41.67% 25	26.67% 16	31.67% 19	60	2.48
Senior housing	30.51% 18	40.68% 24	28.81% 17	59	2.68
Housing for the disabled	44.64% 25	39.29% 22	16.07% 9	56	2.27
Lead-based paint test/abatement	50.00% 28	35.71% 20	14.29% 8	56	2.14
Energy efficient home improvements	33.33% 20	50.00% 30	16.67% 10	60	2.50
Stronger housing code enforcement	33.93% 19	28.57% 16	37.50% 21	56	2.70
Home ownership down payment assistance	59.65% 34	19.30% 11	21.05% 12	57	2.02

Q9 Community Facility Needs

Answered: 63 Skipped: 8



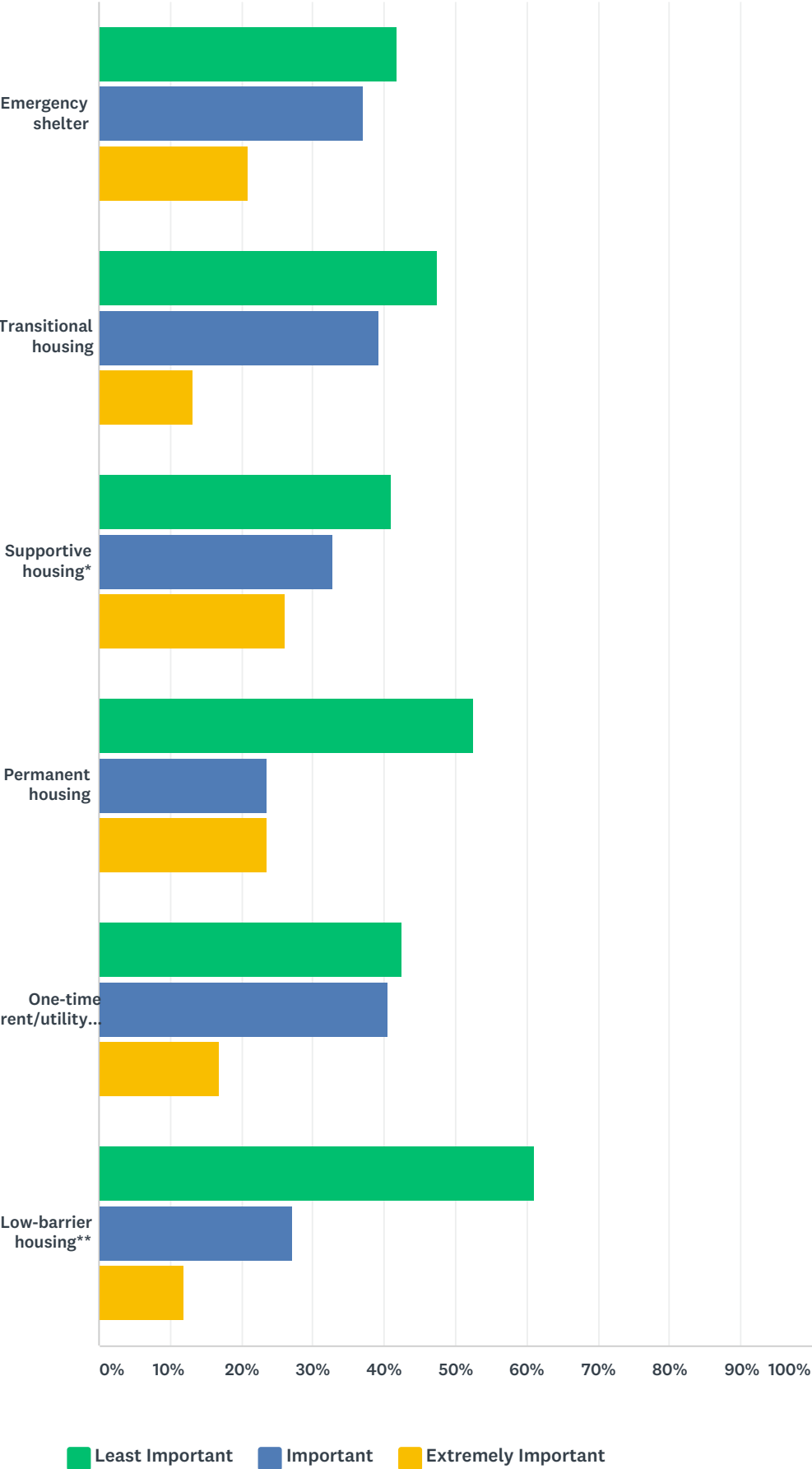
	LEAST IMPORTANT	IMPORTANT	EXTREMELY IMPORTANT	TOTAL	WEIGHTED AVERAGE
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CITY OF REDONDO BEACH 2020-2024 Consolidated Plan COMMUNITY OUTREACH

Senior Centers	15.25% 9	55.93% 33	28.81% 17	59	2.98
Youth Centers	17.24% 10	46.55% 27	36.21% 21	58	3.02
Neighborhood Community Center	37.93% 22	44.83% 26	17.24% 10	58	2.41
Parks and Recreational Facilities	6.56% 4	36.07% 22	57.38% 35	61	3.44
ADA Accessibility Improvements to public roads/facilities	37.93% 22	48.28% 28	13.79% 8	58	2.38

Q10 Homeless Housing Needs

Answered: 63 Skipped: 8

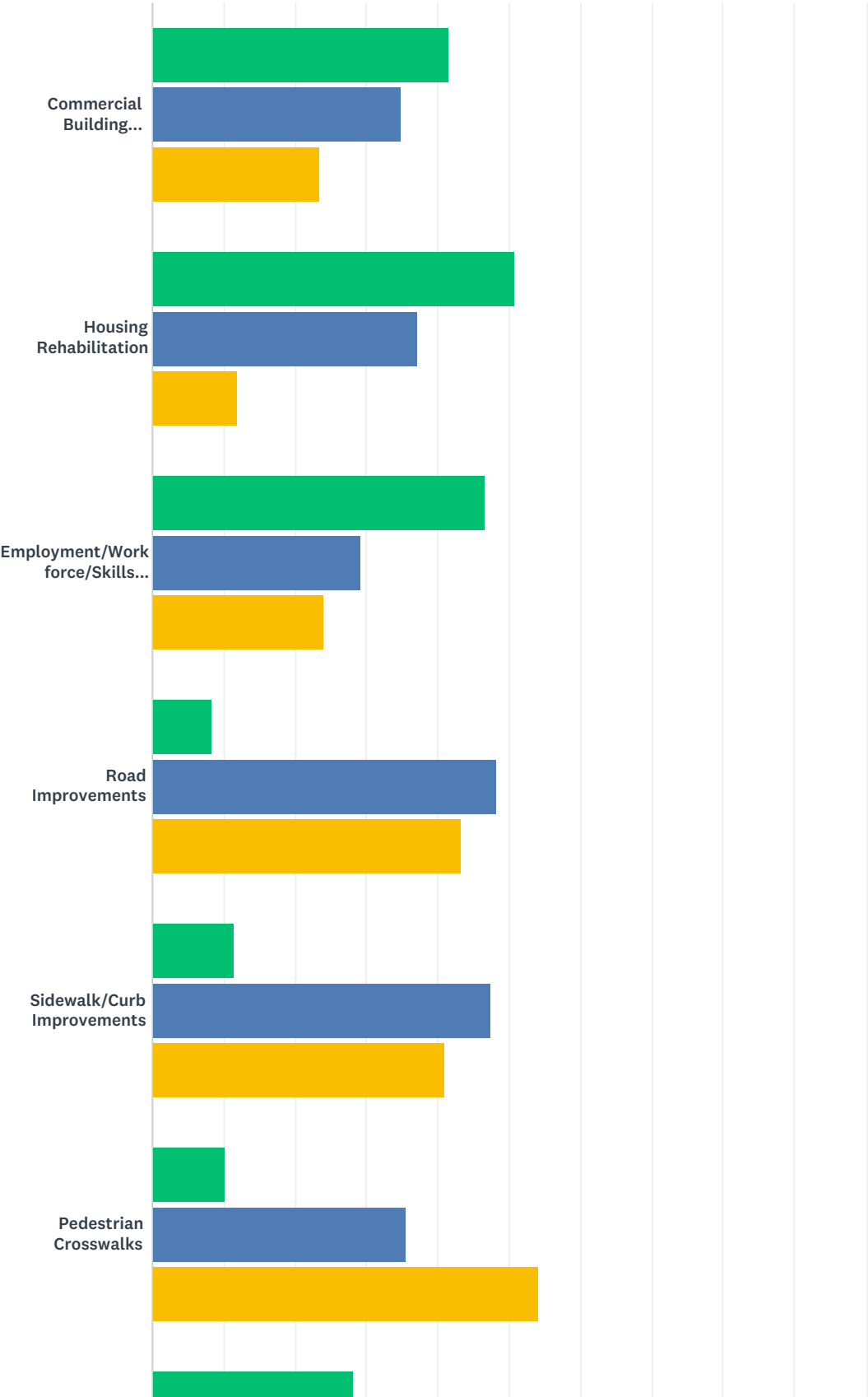


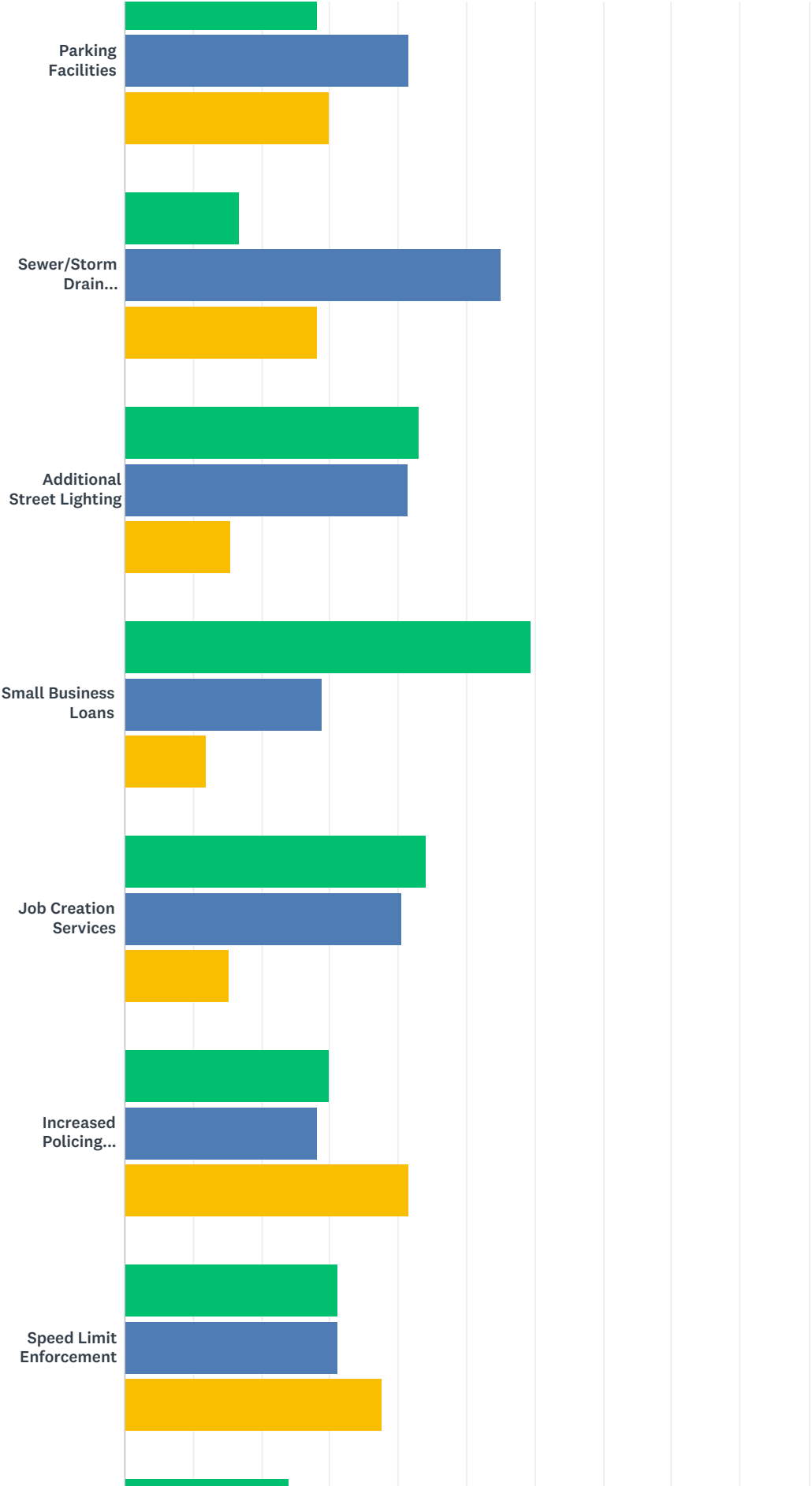
CITY OF REDONDO BEACH 2020-2024 Consolidated Plan COMMUNITY OUTREACH

	LEAST IMPORTANT	IMPORTANT	EXTREMELY IMPORTANT	TOTAL	WEIGHTED AVERAGE
Emergency shelter	41.94% 26	37.10% 23	20.97% 13	62	2.37
Transitional housing	47.54% 29	39.34% 24	13.11% 8	61	2.18
Supportive housing*	40.98% 25	32.79% 20	26.23% 16	61	2.44
Permanent housing	52.54% 31	23.73% 14	23.73% 14	59	2.19
One-time rent/utility assistance	42.37% 25	40.68% 24	16.95% 10	59	2.32
Low-barrier housing**	61.02% 36	27.12% 16	11.86% 7	59	1.90

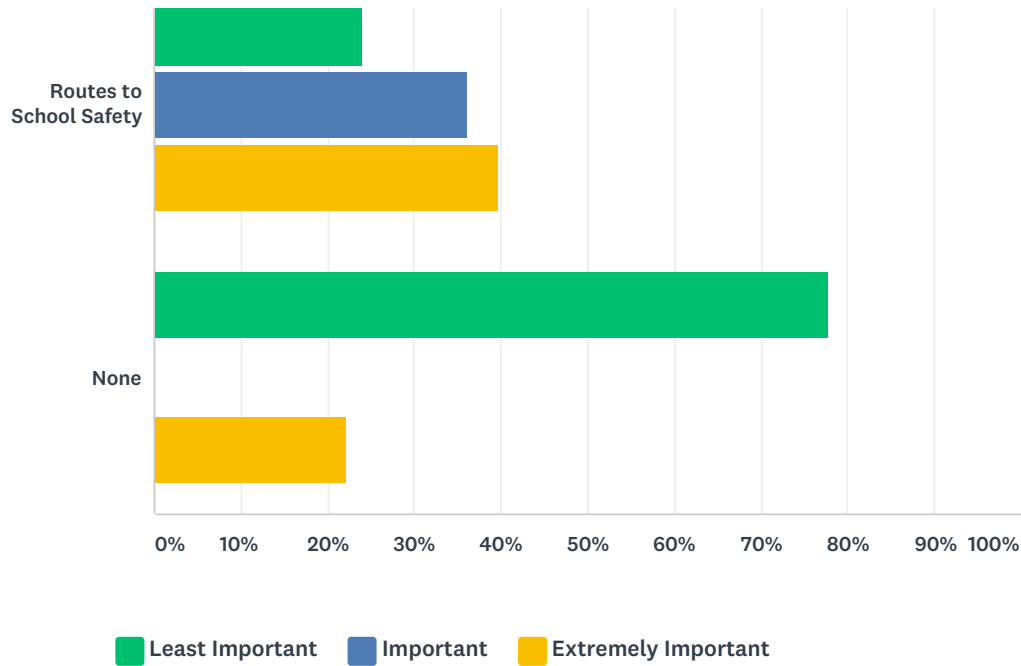
Q11 Needed Neighborhood Improvements

Answered: 64 Skipped: 7





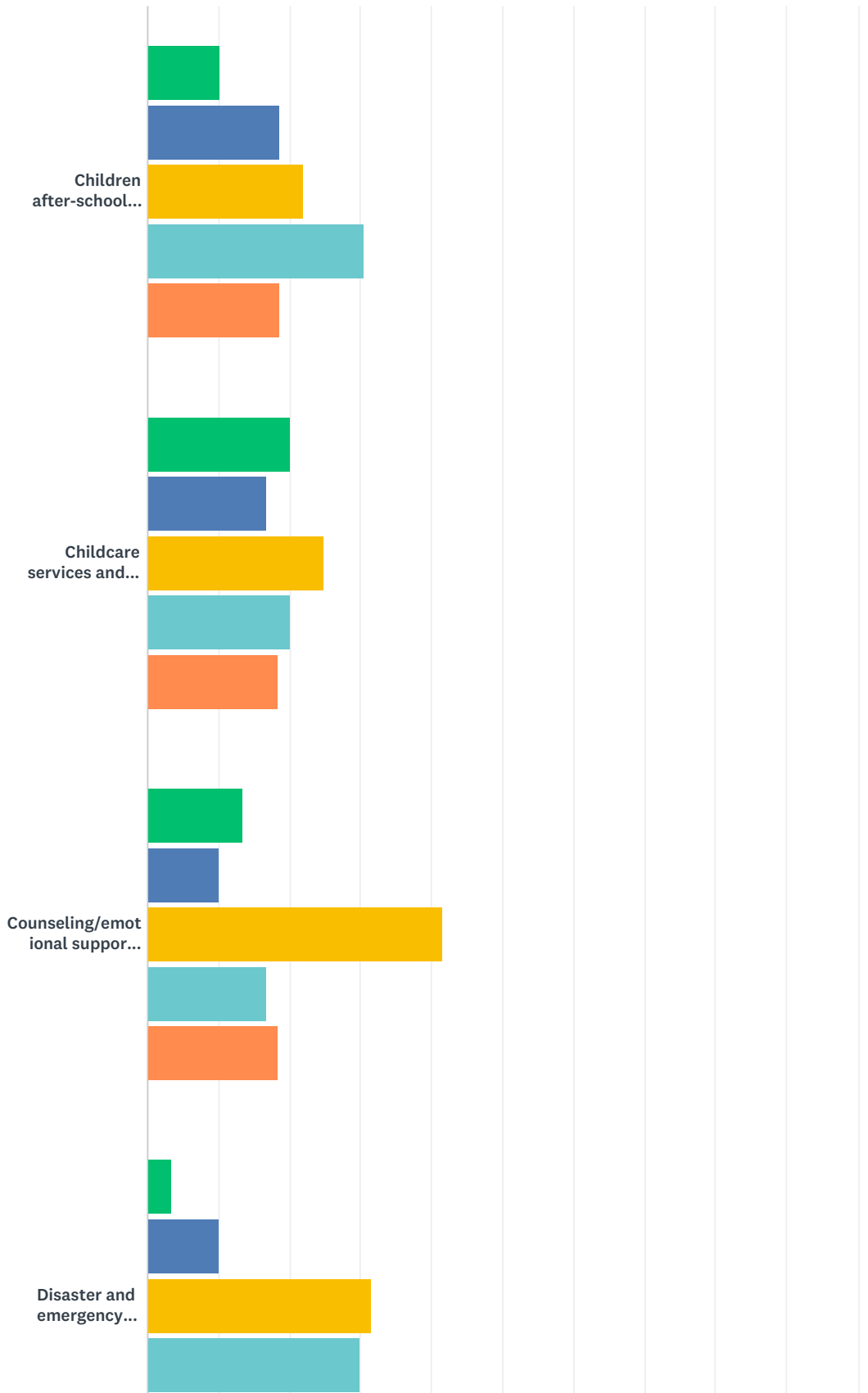
CITY OF REDONDO BEACH 2020-2024 Consolidated Plan COMMUNITY OUTREACH

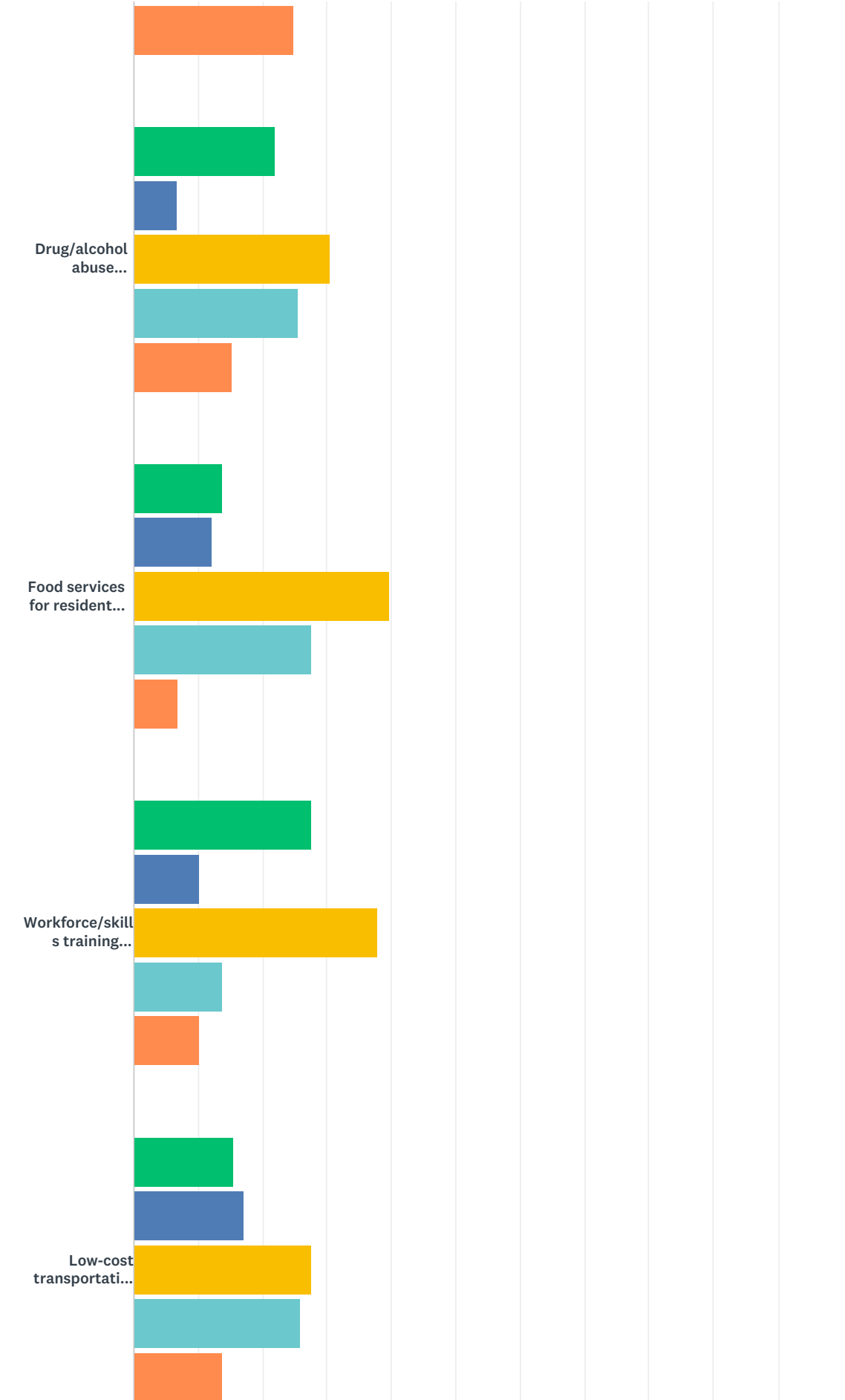


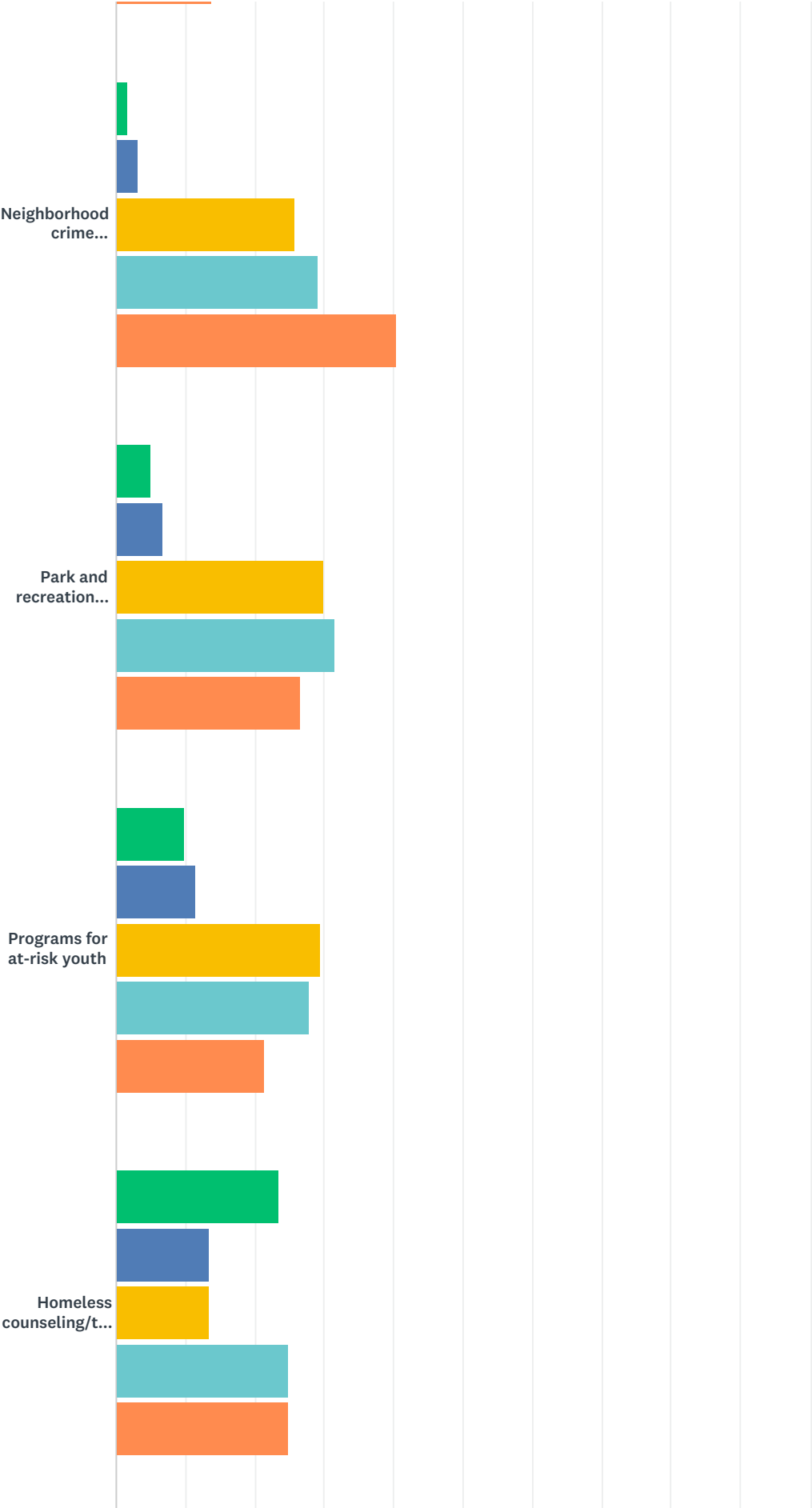
	LEAST IMPORTANT	IMPORTANT	EXTREMELY IMPORTANT	TOTAL	WEIGHTED AVERAGE
Commercial Building Rehabilitation	41.67% 25	35.00% 21	23.33% 14	60	2.40
Housing Rehabilitation	50.85% 30	37.29% 22	11.86% 7	59	2.10
Employment/Workforce/Skills Training	46.55% 27	29.31% 17	24.14% 14	58	2.31
Road Improvements	8.33% 5	48.33% 29	43.33% 26	60	3.27
Sidewalk/Curb Improvements	11.48% 7	47.54% 29	40.98% 25	61	3.18
Pedestrian Crosswalks	10.17% 6	35.59% 21	54.24% 32	59	3.34
Parking Facilities	28.33% 17	41.67% 25	30.00% 18	60	2.73
Sewer/Storm Drain Improvements	16.67% 10	55.00% 33	28.33% 17	60	2.95
Additional Street Lighting	43.10% 25	41.38% 24	15.52% 9	58	2.29
Small Business Loans	59.32% 35	28.81% 17	11.86% 7	59	1.93
Job Creation Services	44.07% 26	40.68% 24	15.25% 9	59	2.27
Increased Policing Services	30.00% 18	28.33% 17	41.67% 25	60	2.82
Speed Limit Enforcement	31.15% 19	31.15% 19	37.70% 23	61	2.75
Routes to School Safety	24.14% 14	36.21% 21	39.66% 23	58	2.91
None	77.78% 7	0.00% 0	22.22% 2	9	1.67

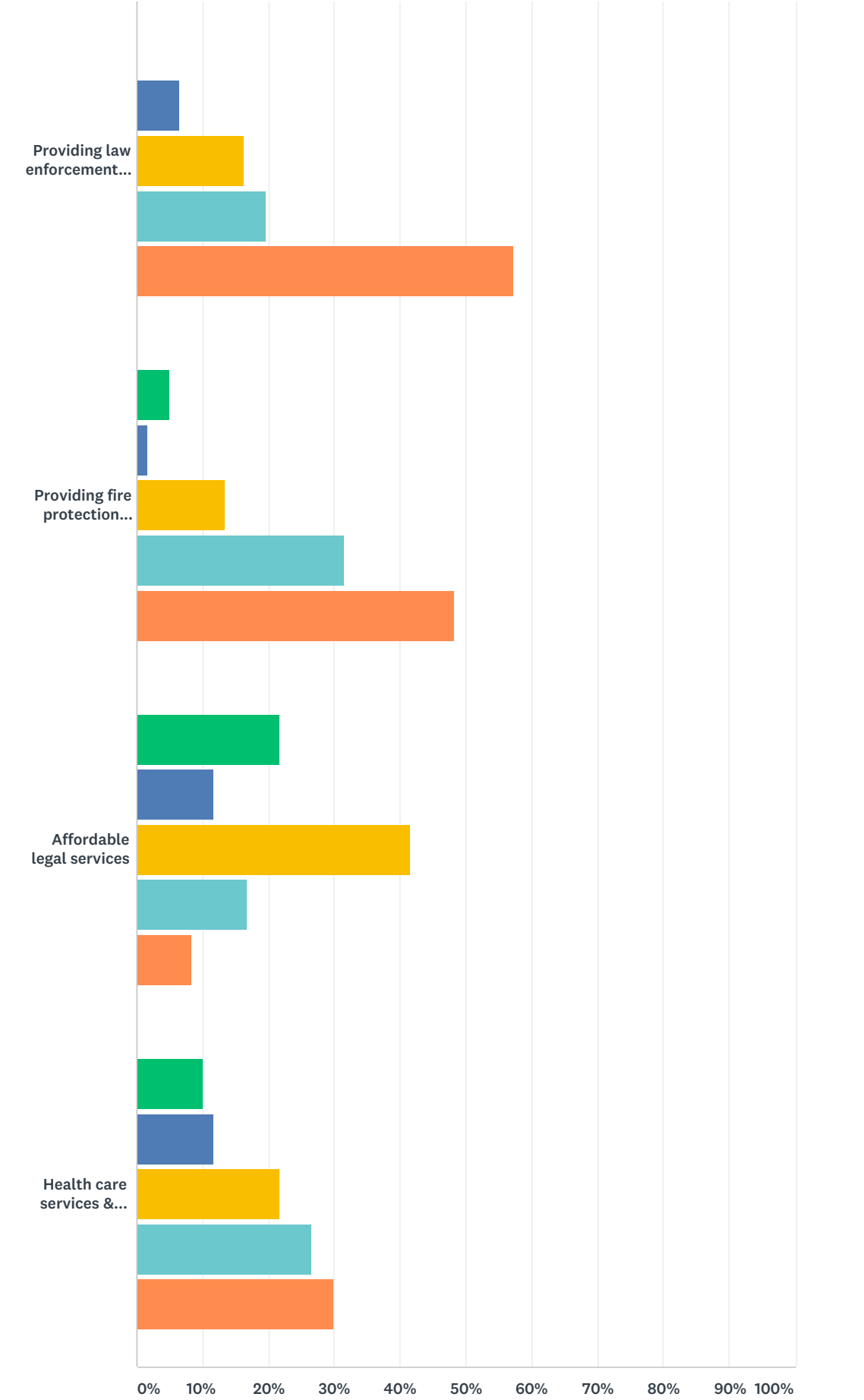
Q12 Community Programs and Services Importance

Answered: 62 Skipped: 9









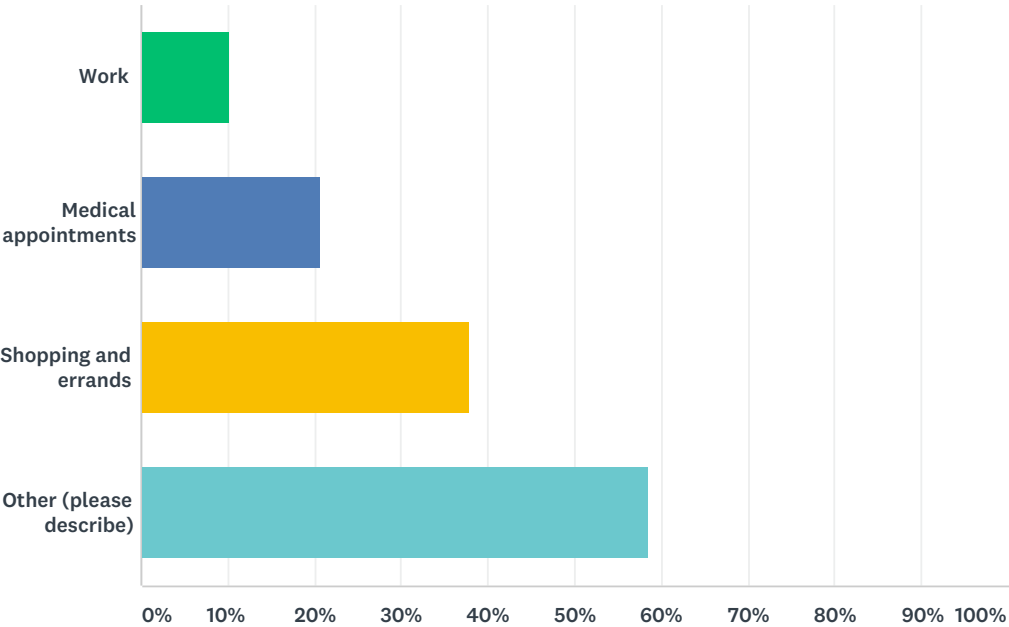
CITY OF REDONDO BEACH 2020-2024 Consolidated Plan COMMUNITY OUTREACH

■ Very Low
 ■ Low
 ■ Moderate
 ■ High
 ■ Very High

	VERY LOW	LOW	MODERATE	HIGH	VERY HIGH	TOTAL	WEIGHTED AVERAGE
Children after-school/summer camp programs & services	10.17% 6	18.64% 11	22.03% 13	30.51% 18	18.64% 11	59	3.29
Childcare services and facilities	20.00% 12	16.67% 10	25.00% 15	20.00% 12	18.33% 11	60	3.00
Counseling/emotional support services	13.33% 8	10.00% 6	41.67% 25	16.67% 10	18.33% 11	60	3.17
Disaster and emergency preparedness services	3.33% 2	10.00% 6	31.67% 19	30.00% 18	25.00% 15	60	3.63
Drug/alcohol abuse counseling/treatment	22.03% 13	6.78% 4	30.51% 18	25.42% 15	15.25% 9	59	3.05
Food services for residents with special needs	13.79% 8	12.07% 7	39.66% 23	27.59% 16	6.90% 4	58	3.02
Workforce/skills training and/or job placement	27.59% 16	10.34% 6	37.93% 22	13.79% 8	10.34% 6	58	2.69
Low-cost transportation services (taxi coupons and Dial-A-Ride)	15.52% 9	17.24% 10	27.59% 16	25.86% 15	13.79% 8	58	3.05
Neighborhood crime prevention programs	1.61% 1	3.23% 2	25.81% 16	29.03% 18	40.32% 25	62	4.03
Park and recreation programs	5.00% 3	6.67% 4	30.00% 18	31.67% 19	26.67% 16	60	3.68
Programs for at-risk youth	9.84% 6	11.48% 7	29.51% 18	27.87% 17	21.31% 13	61	3.39
Homeless counseling/take-in services	23.33% 14	13.33% 8	13.33% 8	25.00% 15	25.00% 15	60	3.15
Providing law enforcement services	0.00% 0	6.56% 4	16.39% 10	19.67% 12	57.38% 35	61	4.28
Providing fire protection services	5.00% 3	1.67% 1	13.33% 8	31.67% 19	48.33% 29	60	4.17
Affordable legal services	21.67% 13	11.67% 7	41.67% 25	16.67% 10	8.33% 5	60	2.78
Health care services & facilities	10.00% 6	11.67% 7	21.67% 13	26.67% 16	30.00% 18	60	3.55

Q13 If you use transit services, where do you go? Please check all that apply:

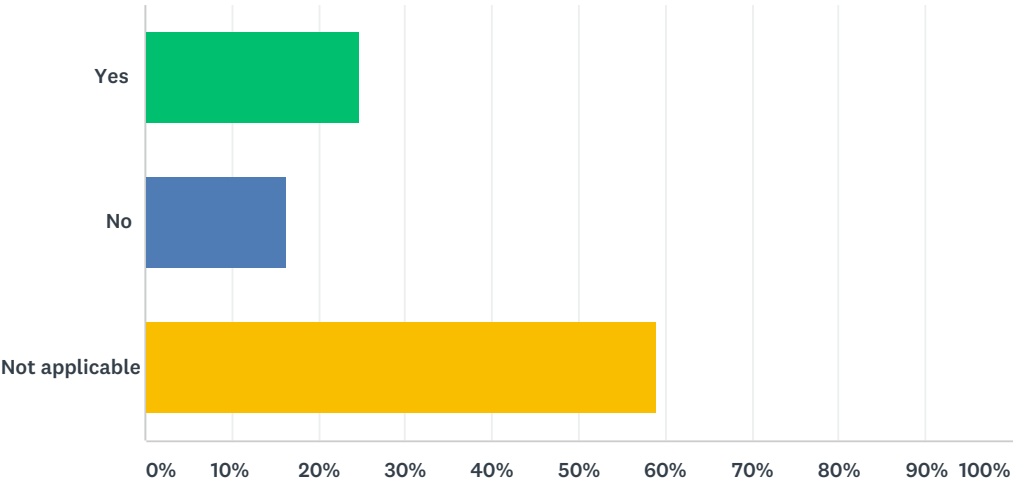
Answered: 29 Skipped: 42



ANSWER CHOICES	RESPONSES	
Work	10.34%	3
Medical appointments	20.69%	6
Shopping and errands	37.93%	11
Other (please describe)	58.62%	17
Total Respondents: 29		

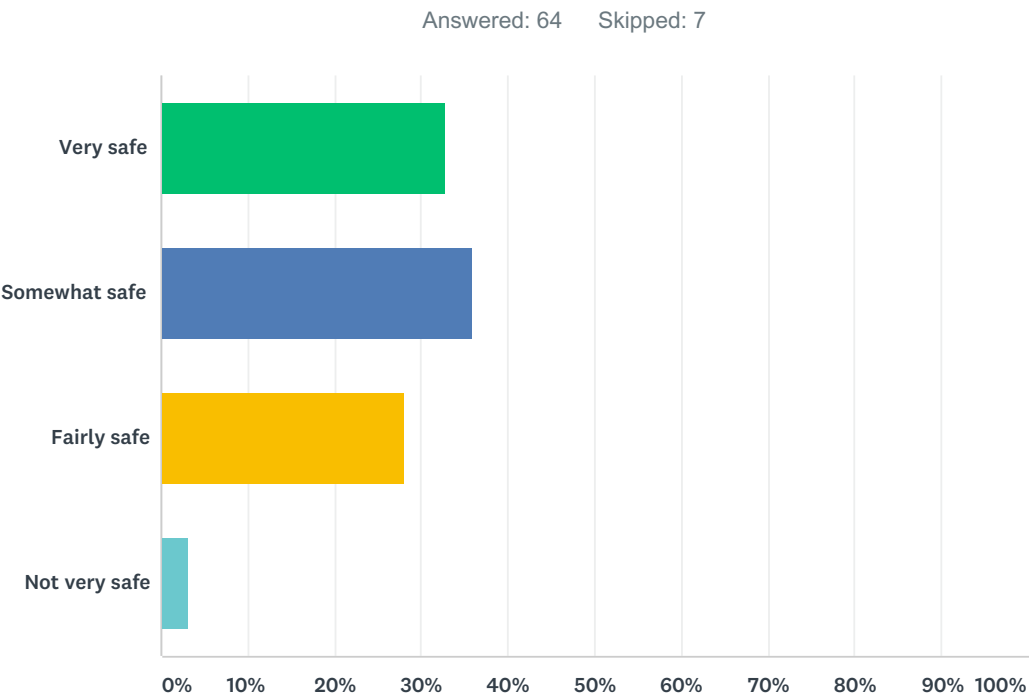
Q14 Does the Beach Cities Transit service include a service route that runs close to your work?

Answered: 61 Skipped: 10



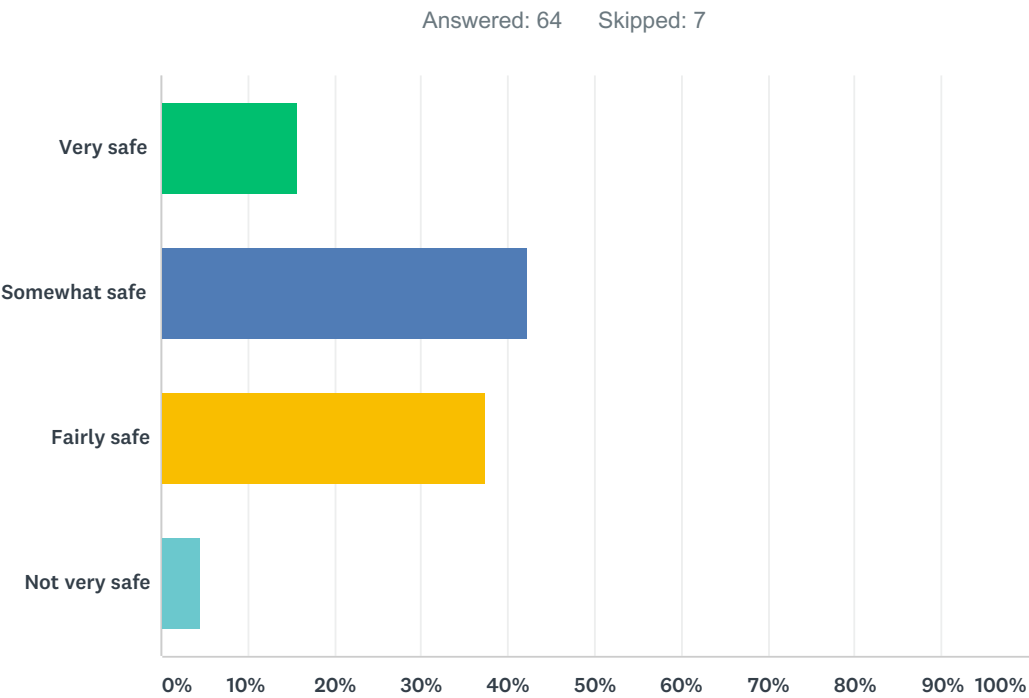
ANSWER CHOICES		RESPONSES	
Yes		24.59%	15
No		16.39%	10
Not applicable		59.02%	36
Total Respondents: 61			

Q15 What is your perception of the safety of your neighborhood?



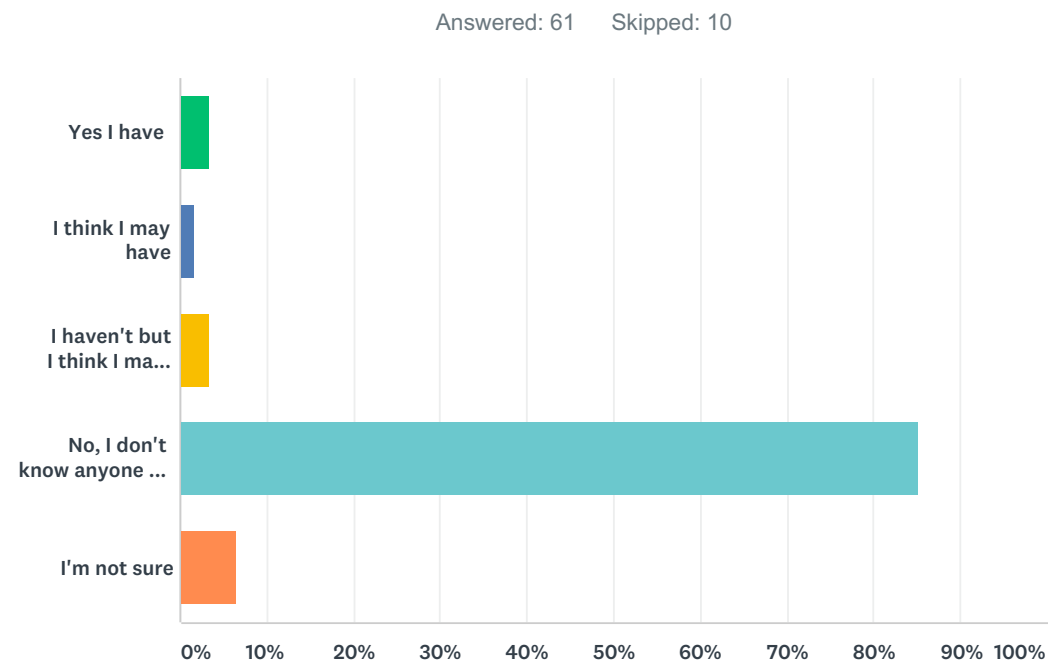
ANSWER CHOICES	RESPONSES	
Very safe	32.81%	21
Somewhat safe	35.94%	23
Fairly safe	28.13%	18
Not very safe	3.13%	2
TOTAL		64

Q16 What is your perception of the safety of the City as a whole?



ANSWER CHOICES	RESPONSES	
Very safe	15.63%	10
Somewhat safe	42.19%	27
Fairly safe	37.50%	24
Not very safe	4.69%	3
TOTAL		64

Q17 Have you or someone you know ever encountered any of the forms of housing discrimination described above?



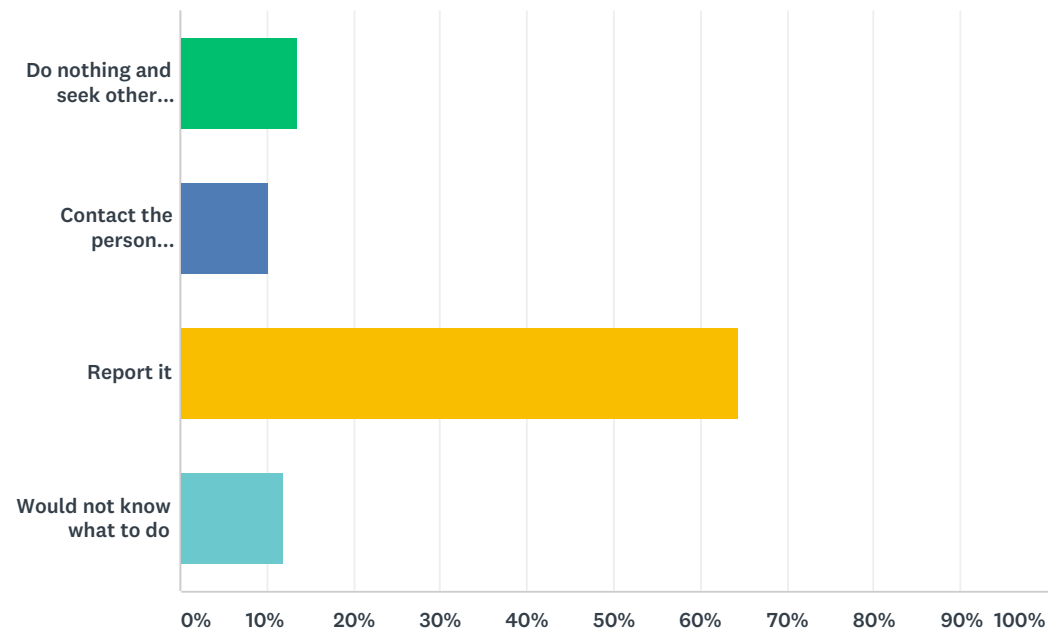
ANSWER CHOICES		RESPONSES	
Yes I have		3.28%	2
I think I may have		1.64%	1
I haven't but I think I may know someone who has		3.28%	2
No, I don't know anyone who has		85.25%	52
I'm not sure		6.56%	4
TOTAL			61

Q18 If you believe you or someone you know has encountered housing discrimination, please describe.

Answered: 7 Skipped: 64

Q19 What would you do if you encountered housing discrimination?

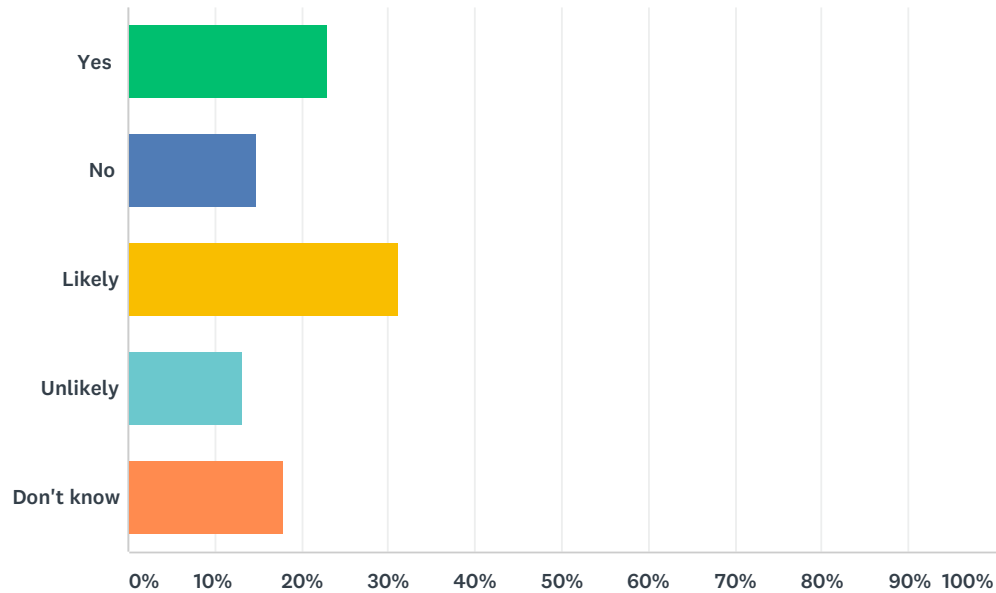
Answered: 59 Skipped: 12



ANSWER CHOICES	RESPONSES	
Do nothing and seek other housing options	13.56%	8
Contact the person responsible and let them know they are discriminating	10.17%	6
Report it	64.41%	38
Would not know what to do	11.86%	7
TOTAL		59

Q20 Do you believe housing discrimination occurs in Redondo Beach?

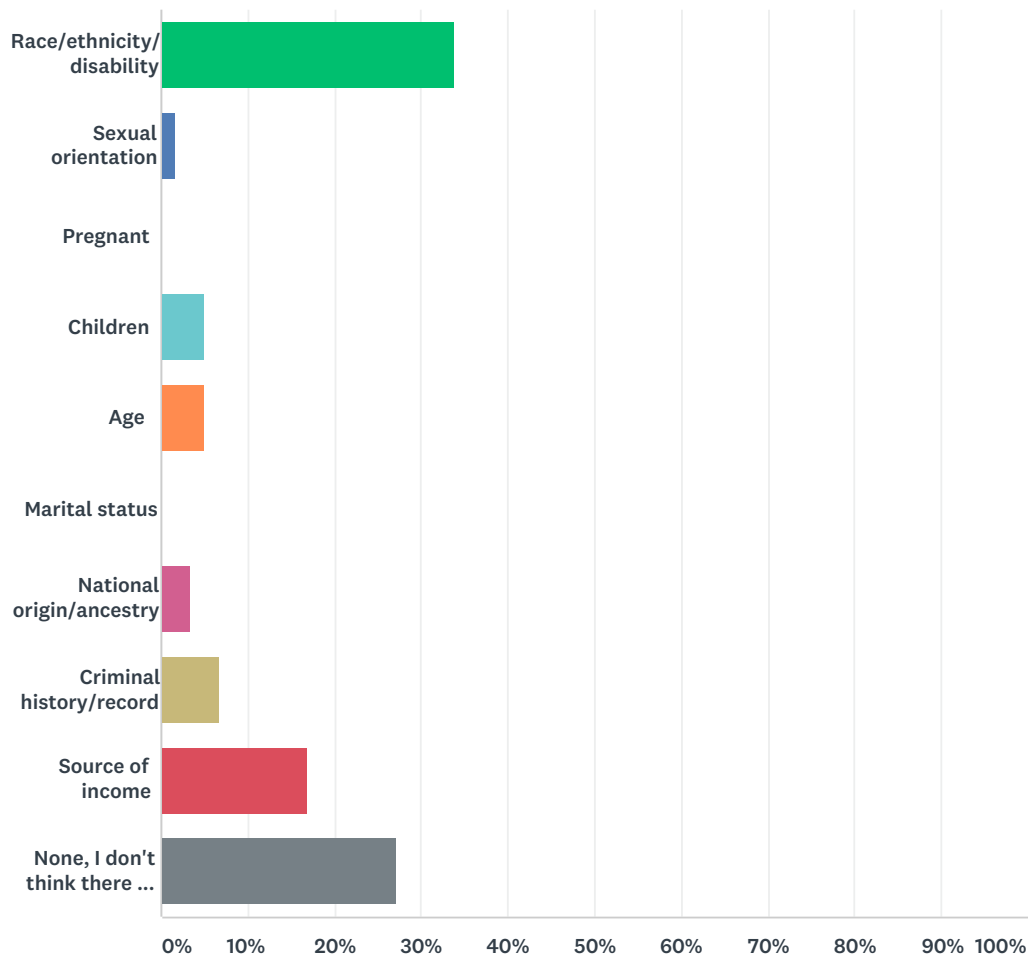
Answered: 61 Skipped: 10



ANSWER CHOICES	RESPONSES	
Yes	22.95%	14
No	14.75%	9
Likely	31.15%	19
Unlikely	13.11%	8
Don't know	18.03%	11
TOTAL		61

Q21 If you think housing discrimination is occurring, what types of discrimination do you think are most prevalent? (Please select all that apply)

Answered: 59 Skipped: 12

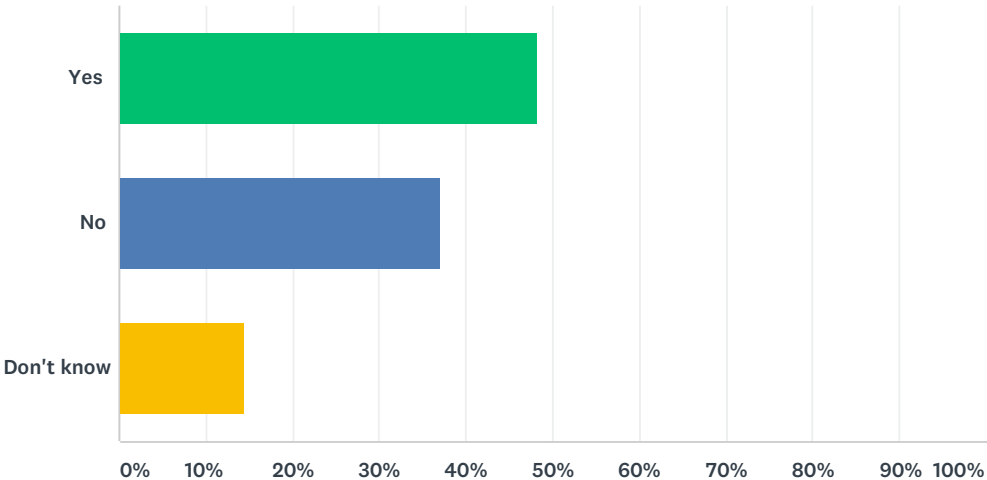


ANSWER CHOICES	RESPONSES	
Race/ethnicity/disability	33.90%	20
Sexual orientation	1.69%	1
Pregnant	0.00%	0
Children	5.08%	3
Age	5.08%	3
Marital status	0.00%	0
National origin/ancestry	3.39%	2
Criminal history/record	6.78%	4
Source of income	16.95%	10
None, I don't think there is any housing discrimination	27.12%	16

TOTAL	59
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Q22 Are you aware of a tenant's right to request, from a landlord, a physical change to make a home more accessible if necessary de to a disability (called "reasonable accommodation"?

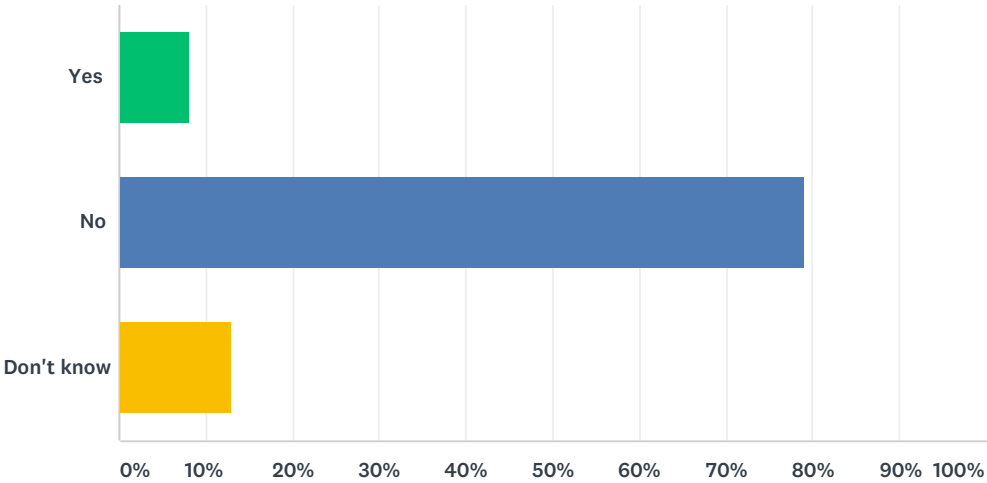
Answered: 62 Skipped: 9



ANSWER CHOICES	RESPONSES	
Yes	48.39%	30
No	37.10%	23
Don't know	14.52%	9
TOTAL		62

Q23 Have you, or someone you know, ever made a request for a reasonable accommodation

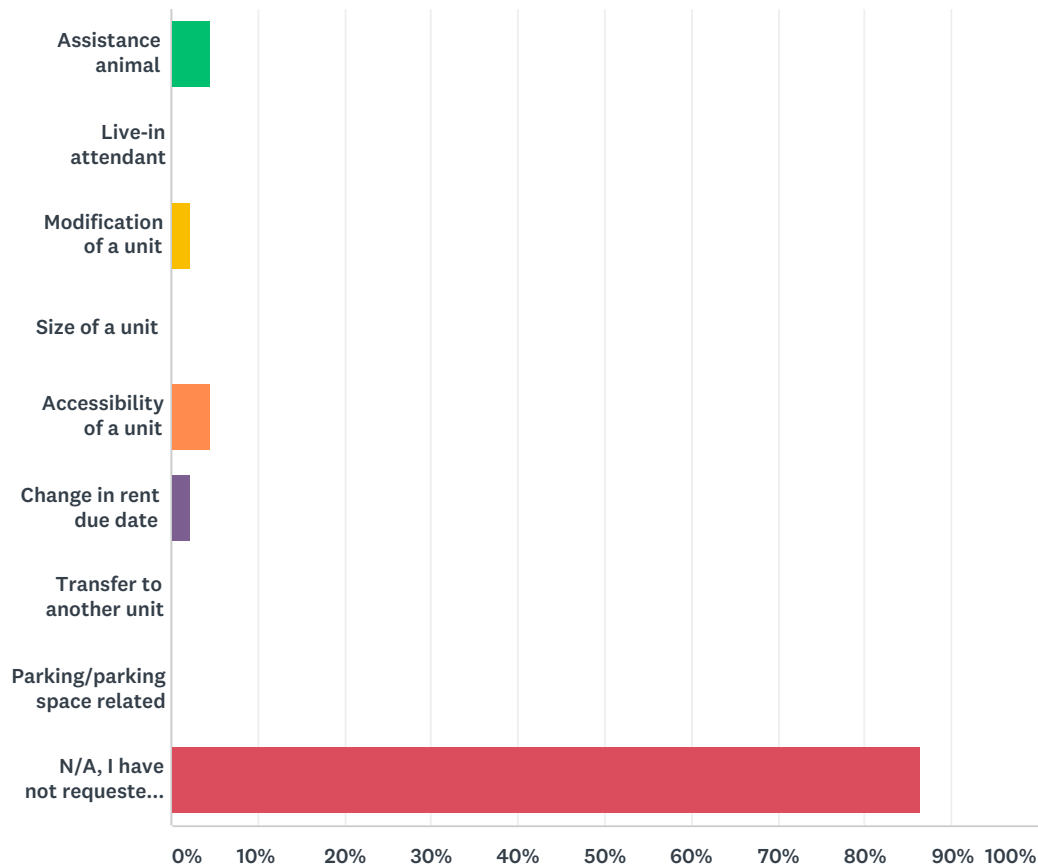
Answered: 62 Skipped: 9



ANSWER CHOICES		RESPONSES	
Yes		8.06%	5
No		79.03%	49
Don't know		12.90%	8
TOTAL			62

Q24 If yes, what type of accommodation and/or modification did you or the person you know request?

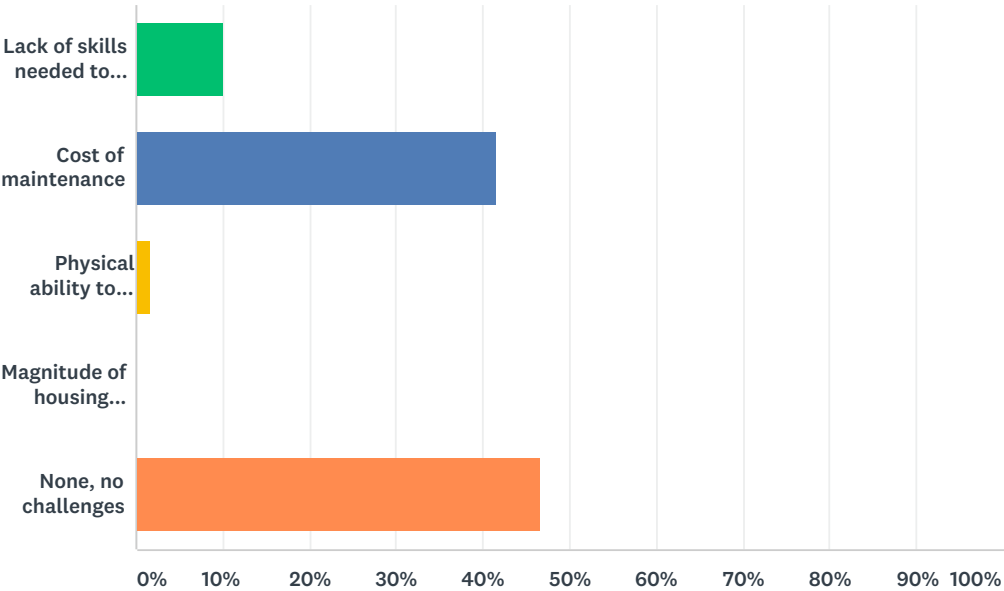
Answered: 44 Skipped: 27



ANSWER CHOICES	RESPONSES	
Assistance animal	4.55%	2
Live-in attendant	0.00%	0
Modification of a unit	2.27%	1
Size of a unit	0.00%	0
Accessibility of a unit	4.55%	2
Change in rent due date	2.27%	1
Transfer to another unit	0.00%	0
Parking/parking space related	0.00%	0
N/A, I have not requested accommodation	86.36%	38
TOTAL		44

Q25 What are the most pressing challenges you have with maintaining your home?

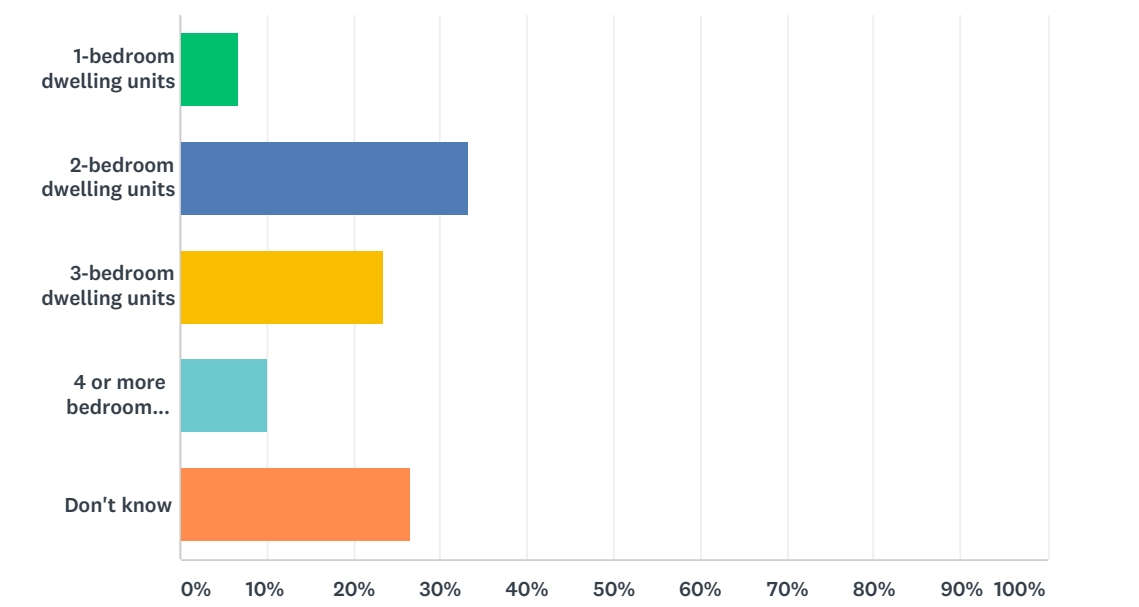
Answered: 60 Skipped: 11



ANSWER CHOICES	RESPONSES	
Lack of skills needed to maintain	10.00%	6
Cost of maintenance	41.67%	25
Physical ability to maintain your home	1.67%	1
Magnitude of housing problems is overwhelming	0.00%	0
None, no challenges	46.67%	28
TOTAL		60

Q26 What size of housing units are most needed in the City of Redondo Beach?

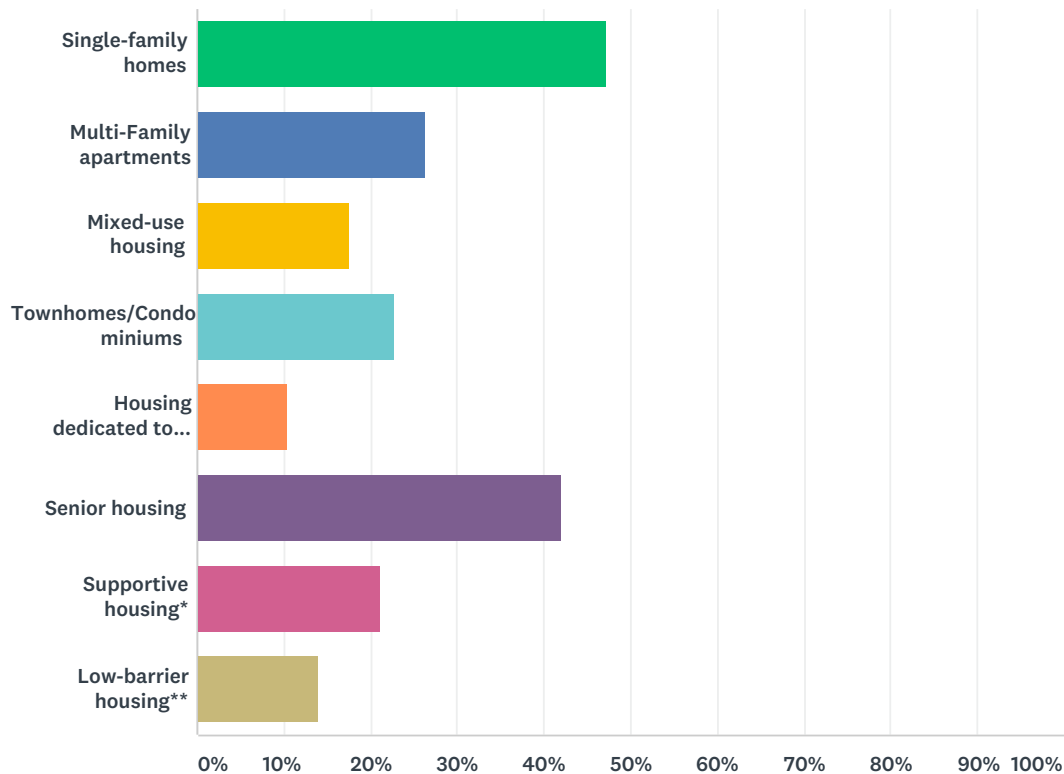
Answered: 60 Skipped: 11



ANSWER CHOICES	RESPONSES	
1-bedroom dwelling units	6.67%	4
2-bedroom dwelling units	33.33%	20
3-bedroom dwelling units	23.33%	14
4 or more bedroom dwelling units	10.00%	6
Don't know	26.67%	16
TOTAL		60

Q27 What type of affordable housing is most needed in Redondo Beach? (Select all that apply)

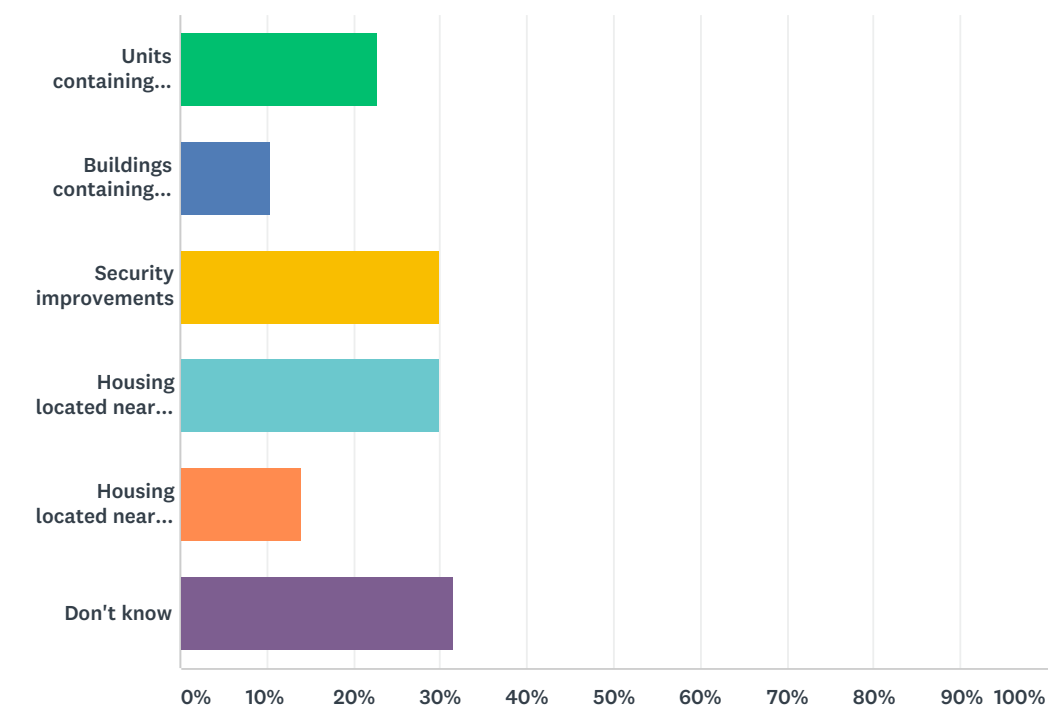
Answered: 57 Skipped: 14



ANSWER CHOICES	RESPONSES	
Single-family homes	47.37%	27
Multi-Family apartments	26.32%	15
Mixed-use housing	17.54%	10
Townhomes/Condominiums	22.81%	13
Housing dedicated to those with mental and physical disabilities	10.53%	6
Senior housing	42.11%	24
Supportive housing*	21.05%	12
Low-barrier housing**	14.04%	8
Total Respondents: 57		

Q28 What housing amenities do you think are needed in Redondo Beach?

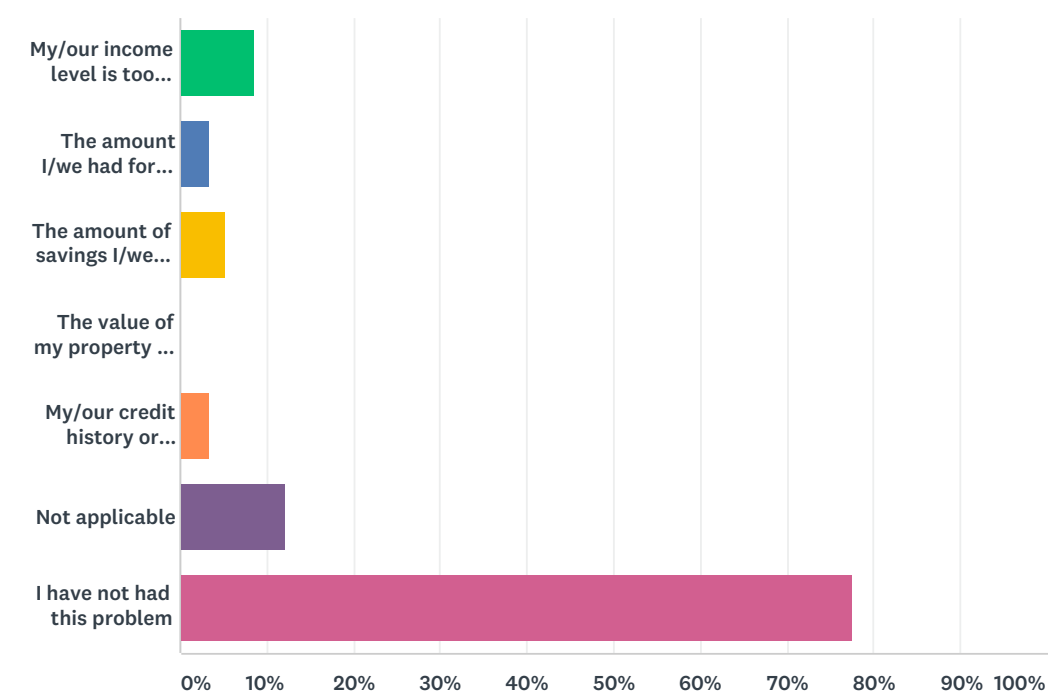
Answered: 57 Skipped: 14



ANSWER CHOICES	RESPONSES	
Units containing accessible kitchens and bathrooms	22.81%	13
Buildings containing elevators	10.53%	6
Security improvements	29.82%	17
Housing located near transit	29.82%	17
Housing located near schools and parks	14.04%	8
Don't know	31.58%	18
Total Respondents: 57		

Q29 If you have ever applied for a home loan and your application was NOT approved, which of the following reasons were you given?

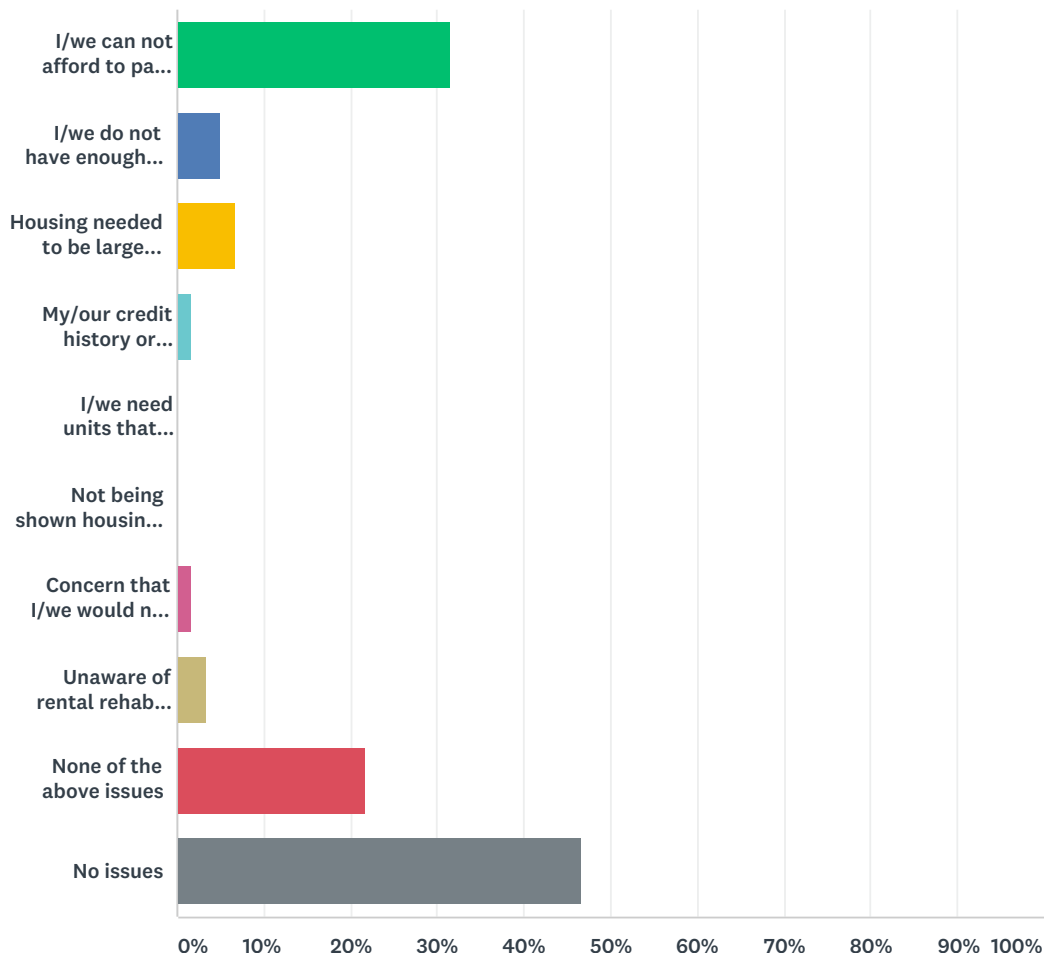
Answered: 58 Skipped: 13



ANSWER CHOICES	RESPONSES	
My/our income level is too low	8.62%	5
The amount I/we had for a down payment was too little	3.45%	2
The amount of savings I/we had was too little	5.17%	3
The value of my property was too low	0.00%	0
My/our credit history or credit score was too low	3.45%	2
Not applicable	12.07%	7
I have not had this problem	77.59%	45
Total Respondents: 58		

Q30 Which of the following issues, if any, have limited your housing options in a preferred neighborhood or area in Redondo Beach? (Please select no more than 3)

Answered: 60 Skipped: 11

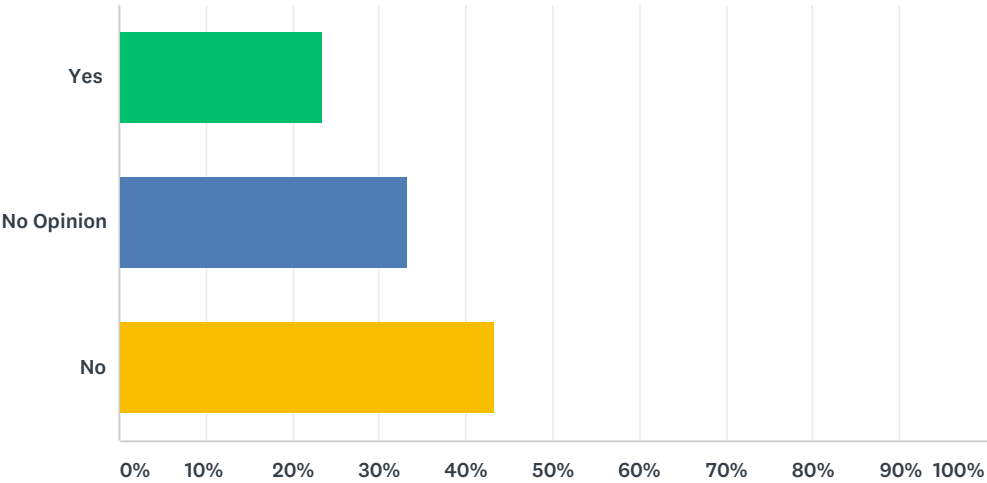


ANSWER CHOICES	RESPONSES	
I/we can not afford to pay for rent or mortgage in a preferred neighborhood	31.67%	19
I/we do not have enough money for a security deposit	5.00%	3
Housing needed to be large enough for my/our household	6.67%	4
My/our credit history or credit score was too low	1.67%	1
I/we need units that accommodate a disability (i.e. wheelchair accessible)	0.00%	0
Not being shown housing in the neighborhood(s) I/we wanted to move to	0.00%	0
Concern that I/we would not be welcome in the neighborhood	1.67%	1
Unaware of rental rehab programs that may be available	3.33%	2
None of the above issues	21.67%	13
No issues	46.67%	28

Total Respondents: 60

Q31 Do you feel local land use regulations support the development of affordable housing?

Answered: 60 Skipped: 11



ANSWER CHOICES	RESPONSES	
Yes	23.33%	14
No Opinion	33.33%	20
No	43.33%	26
TOTAL		60



PLAN TO ATTEND!
**THE CITY OF REDONDO BEACH IS HOSTING A
COMMUNITY MEETING**

WHEN: SEPTEMBER 18, 2019

TIME: 6:00-8:00 PM

WHERE: Redondo Beach Performing Arts Center at
1935 Manhattan Beach Blvd, Redondo Beach, CA
90278.

Why is this important to you?

Public input is critical to understanding community needs and setting funding priorities for housing, social services, and neighborhood improvements. Activities eligible for CDBG funding for low- and moderate- income families and neighborhoods include:

- Community services
- Economic development assistance
- Improvements to public infrastructure and facilities
- Affordable housing
- Homelessness

You are the Public!

When you Make Your Voice Heard, you are helping City leaders prioritize spending for you, your family, and your community.

Take our Community Survey:

[HTTPS://WWW.SURVEYMONKEY.COM/R/REDONDOBEACHSURVEY](https://www.surveymonkey.com/r/RedondoBeachSurvey)

Analysis of Impediments & Consolidated Plan

Public Meeting

City of Redondo Beach
September 18, 2019 @ 6:00 PM

Attendees

Number of Attendees: 25

Attendees were predominantly Caucasian, over 50 years in age, were long time (10+ years) residents, and were members of the Redondo Beach Resident Action Committee.

Community Input

1. What are the changes you see with the needs of the Redondo Beach community? What do you feel should be your top priorities in the next 2-3 years?
 - More funds dedicated for ADA improvements and senior facilities due to a noticeable increase in an aging population. Create more facilities and services for seniors, programs and services for seniors.
 - Extend existing bike paths to North Redondo Beach.
 - Create an outreach program that would engage families in a different way to learn and address their needs.
 - Address people experiencing homelessness and create ways to integrate them into the community (i.e. mental illness, domestic violence, drug addicts)
 - Children and seniors are a vulnerable population exposed to crime and harm on a daily basis. Provide greater protection and safety improvements that benefit children and seniors. (residents are exposed to human waste and needles on the beaches and in neighborhoods)
 - Reinstitute the RSVP Program. Funding for this program ended 2 years ago. The program worked with schools to tutor at-risk students.
 - Get people more involved with children's education, particularly 8 and under
 - There is a need for educational programs that can connect seniors and children.
2. What are the infrastructure projects you feel CDBG funds should be spent on?
 - Programs and infrastructure in Senior housing development to promote active senior life and provide people with activities outside the facilities
 - Improve HVAC system in public or community buildings i.e. local club facilities
 - "Safe" Parking lots – dedicated to solely parking and not as emergency shelter areas
 - Provide more bicycle paths
 - Relocate power lines underground
 - Reinstitute the Handyman Program; and the Façade Improvement Program both funded through CDBG funds
 - Buss pass program not only for seniors but for people working in Redondo Beach (i.e. cheaper fares for working people)
 - Provide housing options for veterans and homeless veterans
 - Increase Redondo Beach's resident earning capacity:

- I. More employment options;
 - II. Paying livable wages
 - Reduce taxes Tax so that residents have more money to pay rent
 - Work with agencies such as “Better Block” or “Block watch” programs to increase safety in our neighborhoods. Where?
 - I. Riviera Village; around churches;
 - There are two sets of homeless populations:
 - I. The transient homeless
 - Police gives tickets to homeless to people
 - Manhattan Beach transfer people to Brea
 - We have little capability with dealing with these sets
 - II. The Truly homeless that have mental and physical disabilities
3. What do you feel are the most common/pressing housing problems? How do you feel we can overcome these problems?
- Affordable housing
 - NIMBYS
 - High Land prices
 - Low vacancy rates has caused a lack of rental housing
 - I. Promote Section 8 programs because it works in Redondo Beach;
 - II. Provide housing for certain income levels
 - Decreasing home ownership rates. There is an aversion to building housing; 50% of population rents; houses are being rented out instead of people owning
 - I. Approve new infill projects that are inclusionary (governing a certain number of units attainable to lower-income families)
 - Better tracking system for Section 8 recipients
 - I. Concern for “displacing” people who can actually afford the market
 - Losing some development due to disputes with land development and landlords
 - Overcome housing problem by: making housing more lucrative for developers; building affordable housing more lucrative
4. Do you feel there is local support for the development of affordable housing? If not, why?
- Building affordable housing is not cost feasible. “The Numbers don’t work”. And there is not enough interest or subsidy money to make it happen.
 - Residents generally do not support increased density
 - Expenses increase as density increases.
 - I. There is a believe that residents will suffer as a result of increased density. Density causes added expenditures on infrastructure improvements and increased traffic.
 - II. Real estate continues to be expensive in Redondo Beach because of its favorable location
 - Cost of renting keeps rising. There is no controls to steady increased costs.

Comments/Concerns/Suggestions

- Provide an explanation over the difference between CDBG and HOME funding.
- Provide information on how the City has allocated CDBG/HOME money, specifically Public Facilities, over the previous five years.
- How much money does the City receive? One attendee stated “\$200,000 per year only. Why even have that money?”
- Provide a listing of the stakeholders for the project.
- A resident feels that the City shouldn’t provide faith-based organizations funding because it exacerbates the homeless problem.
- Partnerships are important to addressing homelessness
- The City should continue to provide funding for social service agencies that can provide the right services needed.
- Provide fund for additional park land.
- The City needs to protect “truly homeless” (vulnerable homeless population including people whom have mental or physical health disabilities) and should create a strategy to handle the homeless people who are mean and belligerent to resident families.



PUBLIC MEETING NOTICE
Community Development Block Grant
5-Year Strategic Consolidated Plan
FY 2020-2024
City of Redondo Beach

NOTICE IS HEREBY GIVEN that the City of Redondo Beach will conduct a public meeting on Wednesday, **September 18, 2019** at 6:00-8:00 PM at the Redondo Beach Performing Arts Center at 1935 Manhattan Beach Blvd, Redondo Beach, CA 90278. This meeting promotes the FY2020 – 2024 - 5-Year Consolidated Plan and 2020 Action Plan.

The U.S. Department of Housing and Urban Development (HUD) requires the City of Redondo Beach to prepare a five-year Consolidated Plan, along with an annual “Action Plan” outlining the use of U.S. Housing and Urban Development (HUD) funds for the Community Development Block Grant Program (CDBG).

At this time the City is also required to update its 5-year Analysis of Impediments to Fair Housing Choice or “AI” as required by HUD. HUD regulations govern CDBG grants (Title 24 Code of Federal Regulations, Part 91) requiring each grantee certify as a condition of its grant that the grantee is “affirmatively furthering fair housing.” This includes (1) conducting an analysis of impediments to fair housing choice; (2) taking appropriate actions to overcome the effects of impediments identified through that analysis; and (3) maintaining records reflecting the analysis and actions.

The City of Redondo Beach will collect information on the housing, community, and economic development needs for the City and assemble a consolidated strategic plan for funding years 2020 - 2024.

All Redondo Beach citizens are invited to voice their comments regarding housing/community development needs, strategies to meet identified needs, and identifying barriers to those needs. Public input is an essential component of this planning effort.

It is the policy of the City of Redondo Beach to ensure services are meaningfully accessible to qualified individuals with disabilities in accordance with the Americans with Disabilities Act. Upon request, auxiliary aids and accommodations are available to individuals with disabilities. Persons seeking accommodation should contact the City of Redondo Beach a minimum of 5 days prior to the public meeting.

Mayor: Bill Brand

Please direct all comments and inquiries to:
John La Rock, Community Services Director
City of Redondo Beach
1922 Artesia Blvd.
Redondo Beach, CA 90278
(310) 318-0671
john.larock@redondo.org

Social service stakeholder interview meetings were conducted in July and August 2019 at individual sites or by direct phone contact with the following agencies:

- Project: NEEDS
- South Bay Children's Health Center
- Family Promise of South Bay
- LA County Public Health Department
- LA Development Authority
- LA County Public Health Department
- Salvation Army
- Fair Housing Rights Center
- Family Counseling Services
- Los Angeles Center for Alcohol and Drug Abuse

STAKEHOLDER OUTREACH MAJOR THEMES:	ISSUES AND NEEDS
HOMELESSNESS	<ul style="list-style-type: none"> - Homeless population is increasing and is underserved by social service agencies. - Increased funding for service agencies. Budgets for homeless services are taxed by the rising number of homeless. Level of service is decreasing. Volunteer training and continuing education for staff - South Bay area needs a shelter with overnight accommodations and restrooms and showers. The closest shelter is nearly 15 miles away. - Lack of transitional housing space. - People are living on the streets and in parks. - Increasing gap in housing affordability and basic services. Level of support for families is not increasing as fast as the cost of living.
PRIORITY HOUSING NEEDS	<ul style="list-style-type: none"> - Supportive housing for those near homeless. - More affordable housing units for low and extremely low income. The cost of a single family home is not relatable to the salaries of low and moderate income families. - More available units. When housing is scarce, discrimination against tenants increases. There is an extreme shortage of affordable units. Voucher recipients can not find homes. - Smaller two bedroom homes and single occupancy units. - Lower construction and labor costs. - Landlords willing to accept housing choice vouchers. Landlord education on homeless issues, rental contracts, eviction processes, criminal activity awareness, and rental assistance resources.
POTENTIAL SOLUTIONS TO HOUSING PROBLEMS	<ul style="list-style-type: none"> - Expand local housing agencies' capacity house more families, rehab existing homes and build new homes. - Encourage a "Housing First Model" during a housing placement process by providing wrap around services, broadband access and technology literacy. Create a strategy for long-term placement. - Fully utilize or expand agencies that offer housing placement services.

	<ul style="list-style-type: none"> - Fund “after placement” entry services that provide groceries, furniture, small scale kitchen utensils and equipment. - Housing agencies can partner with the City to create an efficient land development approval process. - Update local housing elements to include policies for: affordable housing in new development; promote and support the development of short-term living spaces that can accommodate individuals and groups. - Support building conversions for short-term or transitional housing. - Educate the community on what homelessness is and create advocacy for local and regional programs.
TOP FAMILY ISSUES	<ul style="list-style-type: none"> - Family incomes are not keeping up with housing costs. - Increasing number of families using Medi-Cal and Smile California benefit programs. About 5% each year. - Low and moderate income parents are strapped for time and cannot attend children's functions and school programs. - Special needs population is underserved particularly elderly
PRIORITY FAMILY SERVICES	<ul style="list-style-type: none"> - Workforce development and skills training. - Increased number of service providers and operational money. - Resource guide for families needing assistance. i.e. rental assistance, house maintenance, literacy, language classes, and child care. - Decrease the time it takes to receive needed services.¹ - Technology skill for families.
HOUSING AND SERVICE POLICIES	<ul style="list-style-type: none"> - Decrease racial disparities related to wages and services offered. Environmental justice policies for affordable housing. Particularly in siting new housing location. - Develop local land use policies for inclusionary housing. - Rental inspection policies and active codes enforcement. - Re-evaluate shelter policies that refrain from separating families. - Create housing policies for rent stabilization. Particularly for young adults, people with disabilities and senior residents. People without family are more likely to become homeless. - Require wrap-around services for families purchasing a home for the first time such as budgeting, general maintenance, and maintaining good credit. - Support the practice, process and development of integrated affordable housing.

	<ul style="list-style-type: none"> - Review land use ordinances to support higher density residential development. - Provide education and a process for families that experience homeless due to natural disasters or unforeseen housing problems.
FUTURE CDBG SPENDING	<ul style="list-style-type: none"> - Build more single occupancy units. - Create a robust vacant property redevelopment program. - Fund an agency to expand its housing placement services. Fully utilize the Coordinated Entry System as a tool to find available unit locations. - Fund “after placement” entry services that provide groceries, furniture, small scale kitchen utensils and equipment. - Fund social service agencies to increase programs for rapid rehousing. - Food pantry equipment upgrades. - Increase funding for homeless prevention services and programs. Particularly, rental assistance, eviction assistance, and deposit payments. - Programs that promote more resident volunteerism focused on community clean up and maintenance. - Create more green public spaces. - Family preservation programs.

¹There is often a delay in service of two to three weeks after an intake process for a family to receive the appropriate needed services.

City of Redondo Beach, California
Community Development Block
Grant (CDBG) Program
2021-2022 Annual Action Plan
Year 2 of 2020-2025 Consolidated Plan Cycle



Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

Each year, the US Department of Housing and Urban Development (HUD) provides funding for housing and community development programs to the City of Redondo Beach, specifically Community Development Block Grant (CDBG) and other federal housing funds. To receive these funds, the City must complete a report every five years called the Consolidated Plan. The purpose of the Consolidated Plan is to identify Redondo Beach's housing and community development needs, priorities, goals, and strategies and to stipulate how funds will be allocated to housing and community development activities over the next five-year period of the Consolidated Plan.

The plan also includes the development of the Annual Action Plan, which is the annual plan the City prepares pursuant to the goals outlined in the Consolidated Plan. The Action Plan details the activities the City will undertake to address the housing and community development needs and local objectives using CDBG and other housing funds received during program year 2021-2022. The City will receive \$290,479 in CDBG funds for this specific program year.

2. Summarize the objectives and outcomes identified in the Plan

The City has organized its priority needs according to the structure presented in HUD regulations 24 CFR 91.215 affordable housing, homelessness, and non-housing community development. Priority is assigned based on the level of need demonstrated by the data collected during plan preparation, specifically in the Needs Assessment and the Market Analysis, the information gathered during the consultation and citizen participation process, and the availability of resources to address these needs. Based on these components, housing needs are considered a high priority, particularly senior housing and affordable rental assistance. Services for people experiencing homelessness are a high priority, specifically emergency shelters, and homeless services. These were ranked fourth and seventh out of the top ten priority needs. The top non-housing community development needs include senior and youth centers and services; infrastructure improvements for streets; sidewalks and ADA accessibility; along with parks and recreation facility improvements. Expanding economic development opportunities was a low priority.

A summary of some of the findings used to determine priority needs include:

- 67,950 persons reside in Redondo Beach (2017) comprising of 27,820 households.
- Approximately 36% are at or below 80% of AMI and considered "low-income" per HUD regulations.

- 63.5% of Redondo Beach households experience cost burden (spend more than 30% of income on housing costs), while 84.61% of low-income renter households and 68.2% of low-income owner households were overpaying for housing.
- Los Angeles County homeless count data have indicated a need to support programs that serve people experiencing homelessness.
- City and resident participation identified infrastructure and public facilities as a high priority need, which includes infrastructure improvements for streets; sidewalks and ADA accessibility; public facilities improvements for senior and youth centers; and parks and recreation facilities.
- A high priority identified need to fund public services programs to address needs of low-income persons and special needs populations, which includes youth, senior, and disabled services.

During the five-year plan period, the City expects to receive approximately \$1,400,000 in CDBG funding. The City uses CDBG funds for public services, public facilities and improvements, housing activities, and planning and administrative costs. The CDBG program's primary objective is to develop viable urban communities by providing decent housing, a suitable living environment, and economic opportunities, principally for persons of low and moderate income. Funds can be used for a wide array of activities, including housing rehabilitation, homeownership assistance, lead-based paint detection and removal, construction or rehabilitation of public facilities and infrastructure, removal of architectural barriers, public services, rehabilitation of commercial or industrial buildings, and loans or grants to businesses.

3. Evaluation of past performance

The City prepares the Consolidated Annual Performance and Evaluation Report (CAPER), which outlines how the City met the needs and objectives outlined in the prior year's Annual Action Plan. The City's most recent 2019-2020 CAPER reports on the fifth year (July 1, 2019 through June 30, 2020) of the five-year 2015–2019 Consolidated Plan. The City's key accomplishments over the 2015–2019 Consolidated Plan period included the following:

1. Provided housing rehabilitation grants to assist under the Mobility Access and Emergency Repair Program to 42 homeowners to preserve and improve their existing housing stock.
2. Assisted in providing equal access to housing to 130 households and/or individuals.
3. Provided assistance to 762 persons experiencing homelessness for homeless prevention with housing and supportive services.
4. Provided assistance to 38 new households through the Section 8 Housing Choice Voucher Program.
5. Provided assistance to 489 seniors and persons with special needs through a variety of different programs.
6. Provided 701 low- or-moderate income youths with dental and health services.
7. Assisted 1,262 persons experiencing homelessness or at-risk homelessness with housing and supportive services.

8. Assisted 295 persons through public improvements through new public facilities and infrastructure.
9. Assisted 532 households by providing equal access and fair housing.
10. Aided 393 survivors of domestic violence.
11. Increased accessibility for 100 disabled persons and/or seniors through construction of ADA Sidewalk Curb Ramp.
12. Assisted 14 HIV/AIDS clients through a variety of different programs.

The loss of Low-Mod Housing funds, because of the dissolution of statewide redevelopment agencies, has impacted the City's ability to implement its goals for affordable rental housing unit development and affordable for sale units. Despite these challenges and the continual reduction in CDBG funding over the last several years, the City and its partners have continued to make efforts to achieve the objectives established in the previous Consolidated Plan.

4. Summary of Citizen Participation Process and consultation process

Citizens of Redondo Beach, local organizations, and regional organizations were encouraged to participate during the Annual Action Plan review process. Opportunities to comment include ability to mail-in or drop-off written comments to 415 Diamond Street, Redondo Beach, CA 90277 or to provide virtual comments to PlanningRedondo@redondo.org.

A public hearing with the City Council was held on April 6, 2021, to inform the City Council on the Annual Action Plan process and to solicit public comments prior to the kickoff of the 30-day review period for public comments on the draft plan. The Draft Action Plan was made available for a 30-day public comment period from April 7, 2021 until May 7, 2021. The City Council held a second meeting for public hearing on May 4, 2021 to hear public comments and adopt the Action Plan.

Both hearings and the start of the 30-day comment period for the Draft Action Plan were publicly noticed.

5. Summary of public comments

Public comments received will be incorporated into the final Annual Action Plan.

6. Summary of comments or views not accepted and the reasons for not accepting them

All comments and views expressed and received have been incorporated into the Annual Action Plan as applicable.

7. Summary

The City's overall objective for the Community Development Block Grant (CDBG) program is to create a viable community by providing decent housing, a suitable living environment, and expanded economic

opportunities, principally for persons of low and moderate income. To accomplish this objective, the City of Redondo Beach adopted the following Consolidated Plan goals, consistent with the primary objectives of the CDBG program:

- Decent housing.
- Suitable living environment; and
- Creating economic opportunities.

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PR-05 Lead & Responsible Agencies – 91.200(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

Describe the agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	REDONDO BEACH	Community Services Department

Table 1 – Responsible Agencies

Consolidated Plan Public Contact Information

The Community Services Department is responsible for overseeing the administration of the City's CDBG program, including administration of the grant, preparation of required reports, and implementation of grant-funded programs. The Interim Director in the Community Services Department oversees the day-to-day administration of the CDBG program. A consultant is under contract with the City to assist with program administration responsibilities.

Consolidated Plan Public Contact Information

Consolidated Plan Public Contact Information
City of Redondo Beach Community Services Department
1922 Artesia Boulevard
Redondo Beach, CA 90278
Attention: Laurie Koike, Interim Community Services Director
(310) 318-0671
Laurie.Koike@redondo.org

AP-10 Consultation – 91.100, 91.200(b), 91.215(l)

1. Introduction

In preparing the Annual Action Plan, the City consulted with a variety of agencies, including local and regional community-based organizations, the Los Angeles County Continuum of Care, Los Angeles County Department of Public Health's Childhood Lead Poisoning Prevention Program, Housing Authority of the City of Redondo Beach, and others.

The goal of the consultation process was to gather data to help determine the priority needs of Redondo Beach residents and opportunities for coordination to improve availability and access to services.

Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies (91.215(l))

The City of Redondo Beach is within Los Angeles County where many of the larger cities operate independently, such as those that have independent housing authorities, including Redondo Beach. There are opportunities to enhance coordination between service departments and agencies. The City of Redondo Beach funds many public service agencies and in this way, participates in the large network of social and health services in the county. The City also coordinates local efforts to address homelessness issues in Redondo Beach in coordination with the Los Angeles Continuum of Care.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

The City of Redondo Beach is a participant in the Los Angeles Homeless Services Authority (LAHSA) Continuum of Care. The City is served by Service Planning Area 8 (SPA 8) located in the South Bay. SPA 8 comprises 18 cities, including Redondo Beach, and five unincorporated areas. During the consultation process, it became clear that the needs of homeless persons in the City and the surrounding area are served through a network of agencies and service providers including LAHSA, the City, the Redondo Beach Police Department, the school districts in the area, and social service agencies. During program year 2021-2022, the City is allocating funds to organizations in the area that provide a range of services to homeless populations located within SPA 8.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

The City of Redondo Beach does not have sufficient population to receive ESG funding directly. The Los Angeles Housing Services Authority (LAHSA) administers ESG funding in the Los Angeles County metropolitan area.

The Homeless Management Information System (HMIS) is used by the Continuum of Care to collect client-level data and data on the provision of housing and services to homeless individuals and families and persons at risk of homelessness. Through the HMIS system, a community should be able to collect information from projects serving homeless families and individuals to use as part of their needs analyses and to establish funding priorities.

2. Describe Agencies, groups, organizations, and others who participated in the process and describe the jurisdiction's consultations with housing, social service agencies and other entities

1	Agency/Group/Organization	Los Angeles Housing Services Authority (LAHSA)
	Agency/Group/Organization Type	Services - Housing
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Non-Homeless Special Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	All agencies and organizations were consulted through City outreach efforts.
2	Agency/Group/Organization	City of Redondo Beach
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	All agencies and organizations were consulted through City outreach efforts.

Table 2 – Agencies, groups, organizations who participated

The City of Redondo Beach solicited applications for the FY 2021-2022 Request for Funding for Public Services Agencies on January 28, 2021. Applications were accepted until February 28, 2021. During this period, the City received applications from the following public service agencies:

1. 1736 Family Crisis Center
2. City Net
3. Disability Community Resource Center – Independent Living Services (ILS) Program
4. Exodus Recovery
5. Housing Rights Center – Fair Housing Services
6. Redondo Beach Salvation Army – The Salvation Army Meals
7. South Bay Family Healthcare Center – Dental Clinic
8. St. Paul’s Methodist Church – Project: NEEDS

From this list of social service agencies, the City determined all applicant’s programs were strongly aligned with the priorities of the City and community and designated funding for each.

Identify any Agency Types not consulted and provide rationale for not consulting

To the best of its ability, the City has been in contact with all known agencies and organizations involved in activities that are relevant to CDBG activities and programs.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Los Angeles Homeless Services Authority	Both address issues pertaining to homelessness and special needs housing.
Housing Element	City of Redondo Beach	Both include the goal of fostering affordable housing.

Table 3 – Other local / regional / federal planning efforts

AP-12 Participation – 91.105, 91.200(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal setting

The City of Redondo Beach offered several opportunities for participation and comment throughout the Action Plan process, as indicated below. A public hearing was held before the City Council on April 6, 2021, to solicit public input on the Annual Action Plan process and community needs. A 30-day public review of the Action Plan was conducted from April 7, 2021 through May 7, 2021. During the comment period, the Draft Annual Action Plan was available for review on the City's Website www.redondo.org. A final City Council public hearing was held on May 4, 2021, for the adoption of the Annual Action Plan.

The City published two weeks advance notice of the public hearings and the start of the thirty-day comment period in its official newspaper. Additionally, each notice was posted in the Redondo Beach Housing Authority Office, the Redondo Beach Senior Services Department, and the North Branch Library. The hearings are also advertised on the local public access channel.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/ attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (if applicable)
1	Public Hearing	Non-targeted/ broad community	See above	See above	All comments accepted	

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.220(c)(1,2)

Introduction

Redondo Beach, like many other jurisdictions is faced with the challenging task of meeting increasing needs with fluctuating and/or decreasing federal and state resources.

The figures shown in the Anticipated Resources table below reflect HUD's current allocation. The figure for "Expected Amount Available for Remainder of Con Plan" anticipates the level of funding using the current year allocations and projecting those allocations over the remaining years covered by the Consolidated Plan. If there are further cuts to the City's allocation over the coming years, the City will adjust this figure accordingly and prepare the Annual Action Plans reflective of the funding reality.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	Public - Federal	Admin and Planning Economic Development Housing Public Improvements Public Services	290,479	0	53,403	325,147	1,074,853	Based on HUD 2020-2021 allocation and projection through the Consolidated Plan period

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state, and local funds), including a description of how matching requirements will be satisfied

CDBG funds are often coupled with local funds and private funding from nonprofits to generate a sufficient budget for a project to move forward. All sources and types of funds are more limited now due to the current economic climate, along with the demise of statewide redevelopment tax-increment funds and

housing set-aside funds. However, as in the past, the City will be as creative as possible to find other sources of funding from local, state, federal, and private sources to develop and deliver efficient and cost-effective projects.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

Discussion

The City does not own any land that could be used to address the needs identified within this plan.

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Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Homeless Housing and Supportive Services	2021	2022	Homeless	Citywide	Homeless Housing and Supportive Services	CDBG: \$27,072	Homelessness Prevention: 367 Persons Assisted
2	Preserve and Improve Existing Housing Stock	2021	2022	Affordable Housing	Citywide	Preserve and Improve Affordable Housing Stock	CDBG: \$60,000	Homeowner Housing Rehabilitated: 10 Household Housing Unit
3	Public Improvements/Facilities for Low/Mod Incomes	2021	2022	Non-Housing Community Development	Citywide	Public Improvement/Facilities for Low/Mod Persons	CDBG: \$182,214	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing
4	Assist Seniors and Persons with Special Needs	2021	2022	Non-Housing Community Development	Citywide	Assist Seniors and Persons with Special Needs Health & Dental Services for Low / Mod Families	CDBG: \$3,500	Public service activities other than Low/Moderate Income Housing Benefit: 5 Persons Assisted
5	Equal Access to Housing	2021	2022	Fair Housing	Citywide	Equal Access to Housing	CDBG: \$20,000	Fair Housing Activities. Other: 120

Table 2 – Goals Summary

Goal Descriptions

1	Goal Name	Homeless Housing and Supportive Services
	Goal Description	Suitable Living Environment – homeless housing and supportive services
2	Goal Name	Preserve and Improve Existing Housing Stock
	Goal Description	Decent Housing – preserve & improve existing housing stock
3	Goal Name	Public Improvements/Facilities for Low/Mod Incomes
	Goal Description	Suitable Living Environment – public improvements and public facilities to benefit low-mod persons
4	Goal Name	Assist Seniors and Persons with Special Needs
	Goal Description	Public Service – expand economic resources to benefit seniors and special needs persons
5	Goal Name	Equal Access to Housing
	Goal Description	Housing Opportunity – promote fair and equal housing opportunity

Table 3 – Goals Summary

Projects

AP-35 Projects – 91.220(d)

Introduction

In FY 2021-2022, the City will use Federal funds to address its priority housing and community development needs by undertaking the activities listed below. These activities are consistent with the needs identified in the Consolidated Plan and are further described, including a brief description and proposed funding in the Project Summary table.

#	Project Name
1	Housing Improvement Program (Mobility Access & Emergency Repairs)
2	Public Improvements
3	Planning and Administration
4	1736 Family Crisis Center
5	City Net
6	Disability Community Resource Center – Independent Living Services (ILS) Program
7	Exodus Recovery
8	Housing Rights Center
9	Redondo Beach Salvation Army – The Salvation Army Meals
10	South Bay Family Healthcare Center – Dental Clinic
11	St. Paul's Methodist Church – Project: NEEDS

Table 4 - Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The City recognizes that special needs populations are more likely to become homeless because they are on limited incomes and have other issues which require housing and supportive services, therefore, the City considers supportive services and housing a high priority.

AP-38 Project Summary

Project Summary Information 1	Project Name	Housing Improvement Program
	Target Area	Citywide
	Goals Supported	Preserve and Improve Existing Housing Stock
	Needs Addressed	Preserve and Improve Affordable Housing Stock
	Funding	CDBG: \$60,000
	Description	Provide grants to homeowners for mobility access and emergency repairs
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	10 families
	Location Description	Homes of income eligible applicant's citywide.
	Planned Activities	Provide grants to homeowners for mobility access and emergency repairs
2	Project Name	Public Improvements
	Target Area	CDBG eligible Census Tract and Block Group
	Goals Supported	Public Improvements/Facilities for Low/Mod Incomes
	Needs Addressed	Public Improvement/Facilities for Low/Mod Persons
	Funding	CDBG: \$182,214
	Description	Install new ADA accessibility ramps
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	1 public improvement
	Location Description	Eligible Census Tract and Block Group
	Planned Activities	Install new accessibility ramps
3	Project Name	Planning & Administration
	Target Area	Citywide

	Goals Supported	Planning and administration
	Needs Addressed	Planning and administration
	Funding	CDBG: \$38,096
	Description	Administration of CDBG Program
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	1922 Artesia Blvd. Redondo Beach, CA 90278
	Planned Activities	Administration of CDBG Programs
4	Project Name	1736 Family Crisis Center
	Target Area	Citywide
	Goals Supported	Provide vital public services
	Needs Addressed	Homeless Housing and Supportive Services
	Funding	CDBG: \$9,572
	Description	Provide counseling for Redondo Beach residents who may be in jeopardy of becoming homeless due to domestic violence.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	150 Residents
	Location Description	2116 Arlington Ave. Suite 200 Los Angeles, CA 90018
	Planned Activities	Provide counseling for Redondo Beach residents who may be in jeopardy of becoming homeless due to domestic violence.
5	Project Name	City Net
	Target Area	Citywide
	Goals Supported	Homeless Assistance
	Needs Addressed	Assisting the Homeless

	Funding	CDBG: \$6,500
	Description	Provides navigation assistance for people experiencing chronic homelessness, which includes outreach, case management, housing navigation and referrals
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	25
	Location Description	4508 Atlantic Ave. Suite 292; Long Beach, CA 90807
	Planned Activities	Assist the Homeless
6	Project Name	Disability Community Resource Center – Independent Living Skills Program
	Target Area	Citywide
	Goals Supported	Provide vital public services
	Needs Addressed	Assist Seniors and Persons with Special Needs Equal access to housing
	Funding	CDBG: \$3,500
	Description	Training and support for senior citizens and disabled individuals to promote capability for independent living.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	5
	Location Description	12901 Venice Blvd. Los Angeles CA 90066
	Planned Activities	Provide training and support to low-income senior citizens and disabled community members to promote capability for independent living
7	Project Name	Exodus Recovery
	Target Area	Citywide
	Goals Supported	Provide Vital Public Services

	Needs Addressed	Assist homeless persons or those at risk of becoming homeless
	Funding	CDBG: \$4,500
	Description	Provide home delivered meals to seniors
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	12
	Location Description	923 S. Catalina Avenue, Redondo Beach CA 90277
	Planned Activities	Provide support services such as therapy, rehabilitation, case management, referrals, and resources for those experiencing homelessness.
8	Project Name	Housing Rights Center
	Target Area	Citywide
	Goals Supported	Create sustainable neighborhoods
	Needs Addressed	Equal access to housing
	Funding	CDBG: \$20,000
	Description	Tenant-landlord counseling and investigation of discriminatory housing complaints
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	120
	Location Description	3255 Wilshire Blvd. Los Angeles, CA 90016
	Planned Activities	Provide Fair Housing Services to the City
9	Project Name	Redondo Beach Salvation Army
	Target Area	Citywide
	Goals Supported	Provide vital public services
	Needs Addressed	Assist special needs residents
	Funding	CDBG: \$6,500
	Description	Provide home delivered meals to seniors

	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	30
	Location Description	125 W. Beryl St., Redondo Beach, CA 90277
	Planned Activities	Provide home delivered meals to seniors
10	Project Name	South Bay Family Healthcare Center
	Target Area	Citywide
	Goals Supported	Provide vital public services
	Needs Addressed	Health & Dental Services for LMI youth and families
	Funding	CDBG: \$6,500
	Description	Dental Services for homeless, low to moderate individuals, youth, and families
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	85
	Location Description	23430 Hawthorne Blvd., Torrance, CA 90505
	Planned Activities	Dental Services for homeless, low to moderate individuals, youth, and families
11	Project Name	St. Paul's Methodist Church – Project: NEEDS
	Target Area	Citywide
	Goals Supported	Provide vital public services
	Needs Addressed	Homeless Housing and Supportive Services
	Funding	CDBG: \$6,500
	Description	Provides two programs to assist homeless: 1) Tuesday meals 2) Food Pantry
	Target Date	6/30/2022

	Estimate the number and type of families that will benefit from the proposed activities	180
	Location Description	2600 Nelson Redondo Beach CA 90278
	Planned Activities	Provide two programs to assist homeless: 1) Tuesday meals 2) Food Pantry

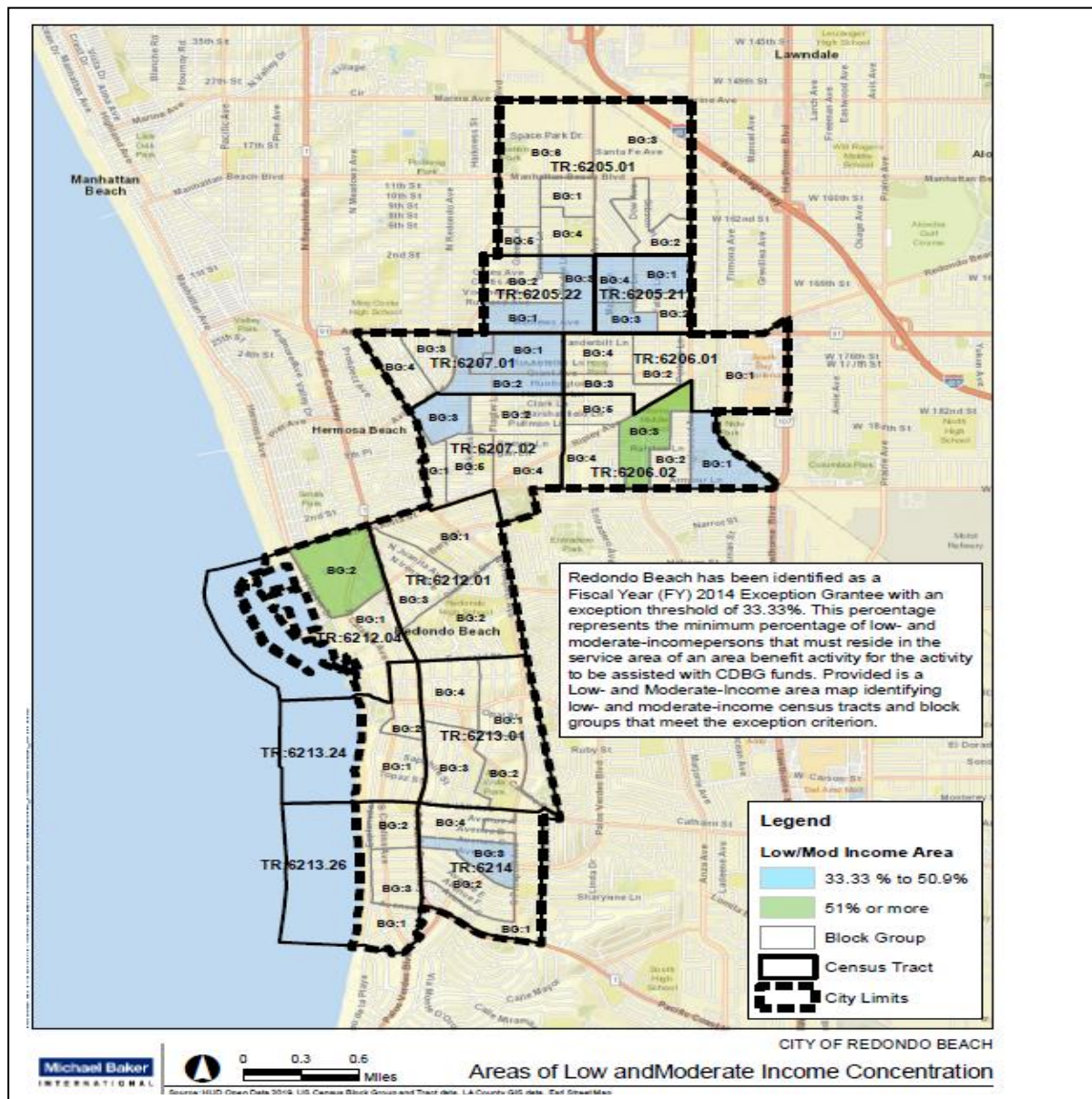
AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

HUD permits an exception to the Low-Mod Income (LMI) area benefit requirement that an area contain 51% LMI residents. This exception applies to entitlement communities that have few, if any, areas within their jurisdiction with 51% or more LMI residents. This exception is referred to as the “exception criteria” or the “upper quartile.”

In 2014, Redondo Beach was identified as an Exception Grantee. The first year of the 2020-25 Consolidated Plan, the City utilized the exception threshold of 33.33%. This percentage represents the minimum percentage of low- and moderate-income persons that must reside in the service area of an area benefit activity for the activity to be assisted with CDBG funds. Provided below is Low- and Moderate-Income area map identifying low- and moderate-income census tracts and block groups that

meet the exception criterion.



Geographic Distribution

Target Area	Percentage of Funds
Citywide	56%
CDBG eligible Census Tract and Block Group	44%

Table 5 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

The City will allocate housing resources citywide and does not plan to target select neighborhoods or geographic areas.

Discussion

As noted previously, the City does not allocate funds on a geographic basis, instead, funds are allocated to organizations that provide low-income households with housing and supportive services. On an annual basis, the City prioritizes the use of its CDBG funding for housing and community development activities, including preservation and conservation of affordable housing and activities that serve low- and moderate-income households and programs to address homelessness.

Public improvements and public facilities are qualified as benefitting low- and moderate-income persons. Activities identified under the public service category and targeted to special needs populations are offered on a citywide basis and/or where resources can be coordinated with existing facilities or services.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

As stated, there are limited opportunities and funding available to provide affordable housing opportunities. The City will attempt to seek new development partnerships for affordable housing in the upcoming year. During FY 2021-2022 the City will address affordable housing with the following goals:

One Year Goals for the Number of Households to be Supported	
Homeless	450
Non-Homeless	50
Special-Needs	400
Total	600

Table 6 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	550
The Production of New Units	0
Rehab of Existing Units	5
Acquisition of Existing Units	0
Total	555

Table 7 - One Year Goals for Affordable Housing by Support Type

Discussion

The City's strategies related to CDBG-funded affordable housing efforts relate to maintaining the affordable housing stock through the Housing Improvements Program, providing rental assistance programs like the Section 8 Housing Choice Voucher, and assisting with homelessness prevention by funding public service agencies such as St. Paul's United Methodist Church that, on a weekly basis, feeds the homeless or at risk for homelessness and 1736 Family Crisis Center that provides counseling services for those suffering from domestic violence and are at risk of homelessness.

AP-60 Public Housing – 91.220(h)

Introduction

The City of Redondo Beach does not own or manage public housing units.

Actions planned during the next year to address the needs to public housing

N/A

Actions to encourage public housing residents to become more involved in management and participate in homeownership

The Redondo Beach Housing Authority (Housing Authority) offers the Family Self-Sufficiency program (FSS) to assist residents toward greater independence and homeownership opportunities. The FSS Program encourages and assists clients in increasing their earned income, thereby increasing their ability to become economically self-sufficient. Resources offered through the FSS Program include job training and searching assistance, financial counseling, credit repair, and regular one-on-one or group support. The main incentive offered to all clients is the ability to build savings during participation in FSS program. Participants also have several personal incentives for involvement, including structured goal planning, greater opportunity to increase their standard of living, an enhanced support system and increased self-esteem. FSS currently serves 16 low-income residents and plans to serve 25 residents in the 2021-2022 planning period.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

The Housing Authority is in good standing and not designated as a troubled agency.

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

The City recognizes the importance of assisting the homeless and near homeless with a CoC approach that not only addresses a homeless person's immediate shelter needs, but also provides transitional housing, support services, and employment opportunities to break the cycle of homelessness. To a significant extent, the City collaborates and relies on its nonprofit partners to reach out to homeless persons (especially unsheltered persons), the elderly, and special needs persons in assessing individual needs and addressing emergency shelter and transitional housing needs of homeless persons, and to help homeless persons make the transition to permanent housing and independent living.

Homelessness is a priority topic for the City. A Homeless Task Force was created in 2014 to respond to the ever-increasing homeless population. The Task Force 2015 report included homelessness policies, partnerships, and strategies. City Council approved an agreement with Abby Arnold for consulting services to prepare a five-year strategy. In 2019 City Council approved a Five-Year Plan to Address Homelessness. The City intends to access Measure H funding for the next ten years. Goals of the plan include:

1. Continue to develop and strengthen City's response to homelessness while ensuring community safety.
 - a. Ongoing service provider agreements
 - b. Enhanced Response Pilot
 - c. Dedicated City resources
2. Expand community education efforts around homelessness and raise awareness about available resources and best practices.
 - a. Homeless information section on City website (Housing Division)
 - b. Active coordination with residents and stakeholders
 - c. Upcoming community meetings for coordinated Beach Cities grant
 - d. Monitor status of Martin vs. City of Boise case for impact to local cities
3. Improve and expand local and regional homeless services.
 - a. Expanded Dept. of Mental Health services
 - b. Coordination with regional cities, South Bay Cities Council of Governments (SBCCOG) and LA County Homeless Initiative
4. To prevent homelessness among Redondo Beach residents.
 - a. Lead training participant for LA County Homeless Count
 - b. Training community stakeholders to process people experiencing homelessness into the Coordinated Entry System
 - c. Providing education to older adult and senior populations regarding housing stress, financial management, fraud, etc.
5. Support appropriate local and regional opportunities toward increasing access to crisis and supportive housing, shelters, and affordable housing for at-risk populations in the Beach Cities area.
 - a. Monitoring State housing legislation
 - b. Monitoring efforts for regional housing opportunities for emergency shelters, transitional and permanent housing; support policy that permits regionally oriented shelter response.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

City Council has made policy that seeks to proactively address homelessness, including service partnerships with PATH, HIS and the Department of Mental Health. These organizations work in collaboration with City police and other City departments to provide outreach and services to the homeless. The first step of implementation is to better understand how to handle residents' complaints. Therefore, handling complaints according to a homeless individual's instance. There are three overarching categories of homeless:

- 1) Those with chronic mental illness
- 2) Those with drug additions
- 3) Habitual offenders who live on the street committing small crimes

A pilot program began where City police directly works with PATH or HIS to review and direct homeless individuals attain the right services. The local court system also works with these organizations as part of sentencing procedures. A demographic survey is attached to the Five-Year Plan to Address Homelessness. Findings include:

- People experiencing homelessness in Redondo Beach are less likely to have been involved in the legal system (jail, prison, probation, etc.)
- Majority of people experiencing homelessness in Redondo Beach have pets.
- Higher than average number of people experiencing homelessness in Redondo Beach are veterans.
- People experiencing homelessness in Redondo Beach are somewhat older than those in the continuum of care County-wide.
- People experiencing homelessness in Redondo Beach are much more likely to self-identify as Caucasian.
- The primary gender of homeless individuals is 84% male.

The City also works in close coordination with the LAHSA, the lead agency for the County of Los Angeles' CoC. Los Angeles County is divided into eight Service Planning Areas (SPAs), 1 through 8. The division of the County makes it easier for the Department of Public Health to target and track the needs of each area. Redondo Beach is located in SPA 8.

Every year, the Los Angeles CoC coordinates the Greater Los Angeles Homeless Count, a homeless count, as well as a Shelter/Housing Inventory Count (HIC). The HIC is a point-in-time (PIT) inventory of service projects and a record of utilization of services. HIC records how many beds and units are dedicated to serving people experiencing homelessness (e.g., emergency shelter, transitional housing, and safe haven) or people who have experienced homelessness and are now in permanent housing. This year's count was in January 2020 and revealed 6,594 homeless persons in SPA-8 which is a significant increase from 2019.

The City recommends those experiencing homelessness to utilize LA-HOP, an online tool to seek our appropriate services needed. The portal walks you through a step by step process to figure out where you are in relation to where the right services can be provided. An outreach coordinator services as an agent

that fulfills requests and deploys the most appropriate outreach team with the goal of reducing response times to those in need. <http://lacounty.gov/lahop/>

For 2021-2022, the City will allocate CDBG funds to the following agencies located in SPA 8 to address homelessness: 1736 Family Crisis Center to provide emergency and transitional shelter, counseling, support, and referral services to victims of domestic violence; First United Methodist Church's Shared Bread Program; and St. Paul's United Methodist Church Project NEEDS program.

Addressing the emergency shelter and transitional housing needs of homeless persons

Emergency Shelter

608 beds serving individuals and families with children

Transitional Housing

605 beds serving individuals and families with children

Safe Haven

50 beds serving single men and women 18 years and over

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

Provided below is a summary of programs in the area that serve chronically homeless individuals, families with children, veterans and their families, and unaccompanied youth to transition to permanent housing and independent living.

South Bay Coalition to End Homelessness - the lead homelessness collaborative in the Los Angeles CoC, located in SPA 8, provides referral and guides to an extensive range of homeless and related service programs in the area.

Coordinated Entry System (CES) – The CES is a framework that unites regional providers working collaboratively to house chronically homeless individuals. Using a common assessment tool, individuals are prioritized into the most appropriate housing based on their needs. The CES also coordinates county and federal resources from agencies such as the Department of Mental Health, the Department of Health Services, housing authorities, and the Department of Veterans Affairs.

Homeless Family Solutions System – This program is a network of family homeless service providers who address the needs of homeless families or those at imminent risk of losing their housing. It works cooperatively with system partners to help families complete housing and service plans.

First 5 LA Supportive Housing Program (First 5 LA) – This program is a needs-based assistance program

aimed at serving homeless or at-risk families with children from birth to age 5, some with current or past involvement with the Department of Children and Family Services.

Supportive Services for Veteran Families (SSVF) – This program is a community-based, competitive grant program that rapidly re-houses homeless veteran families and prevents homelessness for those at imminent risk due to a housing crisis. The program’s objective is to achieve housing stability through a short-term, focused intervention.

HUD-VASH Vouchers (VASH) – The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs (VA).

Unaccompanied Youth – There are several programs to serve this target group, including 1736 Emergency Youth Shelter, Hathaway-Sycamore: Independent Living Program, Divinity Prophet: Independent Living Program, and Richstone: THP and Transitional Living.

Moving Assistance (MA) – The MA Program helps CalWORKs Welfare-to-Work (WtW) families who are homeless or at risk of becoming homeless due to a financial crisis resulting from circumstances out of the family’s control.

Emergency Assistance to Prevent Eviction (EAPE) – The EAPE Program helps CalWORKs Welfare-to-Work (WtW) families who are behind in rent and/or utility bills due to a financial crisis which could lead to an eviction and homelessness.

Homeless Assistance (HA) – The CalWORKs HA Program provides Temporary HA and Permanent HA. Temporary HA provides temporary shelter payments to homeless families while they are looking for permanent housing.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

The City in 2020-2021 budgeted over \$388,287 to help fund the Enhance Response Pilot Program and its partners. The City in 2020 applied for Measure H funding to further support the implementation of the City’s homeless initiatives. The continuation of these programs in future years would be contingent upon directed funding allocations.

The Los Angeles County Department of Mental Health acknowledges that housing provides a fundamental level of stability for people to achieve their goals of wellness, recovery, and eventual self-sufficiency. The County offers Project-Based Operational Subsidy funds for subsidies for unit-based permanent supportive housing, which includes youth-oriented programs to address the long-term housing needs of persons with

serious mental illness and emotional problems.

Discussion

The programs identified above to address the needs of homeless persons and subpopulations of homeless indicate that serving the homeless is a complex issue requiring a network of agencies, departments, and nonprofit community services agencies. It is fortunate that the City has become so connected to the network of agencies that provide housing and supportive services.

AP-75 Barriers to affordable housing – 91.220(j)

Introduction:

One of the most significant barriers to affordable housing in Redondo Beach is the cost of housing. According to 2011–2016 US Census data, the median home values were \$1,500,000+ in Manhattan Beach, \$1,166,800 in Hermosa Beach, and \$775,300 in Redondo Beach compared to \$465,200 in Los Angeles County overall. Factors contributing to the cost include the availability of land and the cost of development. The City’s ability to mitigate high construction costs is limited without direct subsidies. Construction cost is also related to development density. The construction costs for multiple family attached units are slightly lower, as developers can usually benefit from economies of scale. The cost of land, however, is the single largest constraint to affordable housing in a coastal city like Redondo Beach. The city’s supply of vacant residential land is extremely limited, which drives up the cost of land. The major or high priority barriers to affordable housing based on community engagement activities and data analysis as recorded in the City’s adopted AI include:

- High cost of home ownership
- Low support or assistance from financial institutions
- Low number of approved FHA home loans
- Lack of innovative programs to increase LMI homeownership
- English proficiency
- High cost of preserving existing housing stock
- Low number of available rental units particularly larger units
- Lack of fair housing education for tenants and landlords
- Low number of accessible rental units
- Lack of affordable housing developers
- Lack of homelessness prevention programs:
 - a. Limited tenant-based rental assistance opportunities
 - b. Limited rapid re-housing opportunities
 - c. Limited beds or shelters for homeless
- Limited land use planning for elderly and family households
- Local codes compliance hurdles for housing rehabilitation
- Limited incentives for new affordable housing development
- Limited outreach from local and regional service providers

General Plan policies aim at preserving existing single-family and low-density multiple-family neighborhoods; however, the General Plan also provides additional capacity for growth by allowing higher-density development. Establishing selected areas for increased residential densities enhances the affordability and range of housing opportunities. The Housing Element further notes that government housing regulations are necessary to ensure housing is constructed and maintained in a safe manner to ensure the density and design of housing are consistent with community standards, and to facilitate the provision of adequate infrastructure to support new housing. Government regulation can potentially have an inhibiting or constraining effect on housing development, particularly for affordable housing which must be developed in a cost-efficient manner. City fees, procedures, and requirements related to housing development in Redondo Beach are comparable to other cities in the region and therefore are not excessive or highly restrictive. It should be noted, however, that the South Bay cities contain high cost

housing.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

Redondo Beach's Regional Housing Needs Allocation (RHNA) for the 2013-2021 planning period has been determined by SCAG to be 1,397 housing units, including 186 units for extremely low-income households, 186 units for very low-income households, 223 units for low income households, 238 units for moderate income households, and 564 units for above moderate-income households. In this 2017 Midterm Update to the 2013-2021 Housing Element, the City is reassessing its residential development capacity in relationship to its remaining RHNA for the planning period.

Since adoption of the 2013-2021 Housing Element in March 2013, the City has completed or permitted several housing projects. Combined these projects total 341 units, including two units affordable to moderate income households.

Projected future housing needs in Redondo Beach are based upon the Regional Housing Needs Allocation (RHNA) that are adopted by the Southern California Association of Governments (SCAG). The City conducted a midterm update of its 2013 to 2021 Housing Element in September 2017. After the update of the Housing Element, it is valid for a four-year planning period.

This strategy will increase housing development potential by designating certain commercial and industrial areas for mixed use or residential use. Where densities higher than those allowed are necessary and appropriate for the development of low- and moderate-income housing, the City may grant density bonuses above the permitted density. Depending on the allowed density, the bonus could increase the density from 10 to 50 percent. An example is the new South Bay Galleria in the City, which will include 300 residential rental apartment units, of which 15-30 will be affordable.

Implementation of the Housing Element, executes key objectives: (1) to continue to provide reasonable opportunities to accommodate new multiple-family housing; (2) to provide opportunities for new types of housing, such as in mixed-use developments, to serve broader segments of the housing market; (3) to establish selected areas for increased residential densities to enhance the affordability and range of housing opportunities available; and (4) to help maintain the basic character and scale of existing residential neighborhoods.

Discussion:

The City's strategy to remove barriers to affordable housing involves allowing more development opportunities for housing, particularly affordable housing, and maximizing densities as a tool for the development of affordable housing. Another tool to remove barriers to affordable housing is direct subsidies, which was lost as a local funding source with the loss of Redevelopment Housing Set-Aside funds.

AP-85 Other Actions – 91.220(k)

Introduction:

This section discusses the City's efforts in addressing the underserved needs, expanding, and preserving affordable housing, reducing lead-based paint hazards, and developing institutional structure for delivering housing and community development activities.

Actions planned to address obstacles to meeting underserved needs

The City recognizes that special needs populations face challenges due to low-income and the special conditions that they face. Special needs populations are more likely to become homeless because of these factors. Special needs populations require housing and supportive services. The City considers supportive services and housing for special needs populations a high priority. In 2020-21, the City will fund several public service agencies that aid with housing and supportive services.

The City intends to provide funding to 1736 Family Crisis Center, a social service agency that offers housing for victims of domestic violence, Project: NEEDS who provides hot meals and a food pantry, and First United Methodist Church Shared Bread Program who provides hygiene items provisions, counseling and meals.

Specifically, Project: NEEDS, stated that the program serves numerous families and individuals in the Redondo Beach area, including low-income homeowners and renters, as well as individuals that are homeless. They support about 150 families twice monthly at their food pantry, serving a hot meal to 75 persons per week. Their demand has increased in 2019 by over 25%, making it more difficult to distribute enough food.

Although CDBG funding was not awarded to Family Promise, this agency uses funding to support, on average, 40 individuals per month in the City. Their support focuses on homeless families with children, a service population that they believe is underserved. They have recently expanded their service to include a transitional housing program to assist these families. In addition to this service, they help the homeless population every day through shelters, meals, necessities, eviction prevention, and after-care among others.

Actions planned to foster and maintain affordable housing

According to data provided in the Needs Assessment, approximately 86.7% of extremely low- and very low-income renter households and 72.0% of extremely low- and very low-income owner households were overpaying for housing. Based on this data and the housing market analysis, which points out the high cost of housing particularly for low-income households and the need to preserve affordable housing; in accordance with the City's Housing Element, the City will focus its efforts on housing rehabilitation and neighborhood preservation to maintain affordable housing units in the current housing stock.

The City will continue to fund its Housing Improvement Program as a strategy to maintain affordable housing. The City will also maintain rental assistance programs such as the Section 8 Housing Choice Vouchers, helping households before they lose their housing and monitoring residential sites inventory to

ensure no net loss in housing units.

Actions planned to reduce lead-based paint hazards

The City will continue to take action as necessary to reduce lead-based paint hazards in accordance with HUD regulations. Housing units with lead-based paint as identified will have actions taken to remove the hazard. The City's Housing Improvement Program, currently funded through CDBG funds, follows the requirements of Lead-Safe Housing Regulation 24 CFR Part 35 effective September 15, 2000, and the subsequent September 2000 HUD transition assistance policy. The City will use, when required, State of California certified lead-based paint inspectors/risk assessors to test for lead paint and perform risk assessments on houses testing positive, and certified lead-based paint contractors to remove and/or abate lead paint. The Program provides grants up to \$5,000 for mobility access and emergency repair in which the impact of lead-based paint is minimal. However, the lead-based paint program requirements are still followed as the scope of work determines.

Actions planned to reduce the number of poverty-level families

The City's anti-poverty strategy to reduce the number of poverty-level families is carried out through job development and job training programs. The local Workforce Innovation and Opportunity Act (WIOA) program is operated through the South Bay Workforce Investment Board office in Torrance, which offers convenient access to a wide array of services under one roof. Job information, training, and job placement services, including a job club, labor market information, career workshops, job and career placement assistance, individualized assessment, and much more, are available.

City residents have access to the WIOA Program that will continue to assist low-income residents gain access to the job market through job training and work placement. WIOA services include needs assessments, classroom training, employment counseling, on-the-job training, and job placement. Furthermore, the agency will make concentrated efforts to place the special needs population, which is often economically disadvantaged. WIOA will also refer clients, where needed, to local agencies for free counseling, medical, and benefits advocacy services. Clients will also be referred to the Section 8 Rental Assistance program as appropriate. Staff from the Housing Authority refers residents to the South Bay Workforce Investment Board office in Torrance to participate in the WIOA program.

The Housing Authority will continue to operate its Family Self-Sufficiency program. This program will integrate the Section 8 Rental Assistance program with various service programs in the community. The Family Self-Sufficiency program will make services such as job training, childcare, and transportation available to new Section 8 voucher holders. The purpose of the program is to help participants become economically independent. The Family Self-Sufficiency program plans to serve 25 residents during the 2021-2022 planning period. The Housing Authority is working with the WIOA program.

Actions planned to develop institutional structure

CDBG funds received by the City are administered by the Community Services Department. The City relies on several governmental departments and agencies to carry out the City's housing and community development program. The Community Services Department will work with the following departments

and agencies during the 2021-2022 program year:

- Community Development
- Finance Department
- Public Works Department
- Redondo Beach Housing Authority
- Nonprofit social service agencies
- Contractors

Although, cutbacks in funding has impacted public services programming, resulting in limited staff and limited budgets, City staff will continue to work closely with these entities to make efforts to achieve housing and community development goals. While the City has limited control over tight budgets, the City hopes to continue to leverage other state and local funds to implement the Annual Action Plan and Consolidated Plan goals.

Actions planned to enhance coordination between public and private housing and social service agencies

There are opportunities to enhance coordination between service departments and agencies. The City of Redondo Beach funds several public service agencies and in this way, participates in the large network of social and health services in the county. The City also coordinates local efforts to address homelessness issues in the city in coordination with the Los Angeles CoC. The Housing Authority interacts directly with HUD and collaborates with the South Bay Workforce Investment Board office in Torrance.

The city has also orchestrated a strategy, Five Year Plan to Address Homelessness, that relies on partnerships with social service networks to ultimately reduce homelessness.

Discussion:

See discussion above.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(l)(1,2,4)

Introduction:

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.220(l)(1)

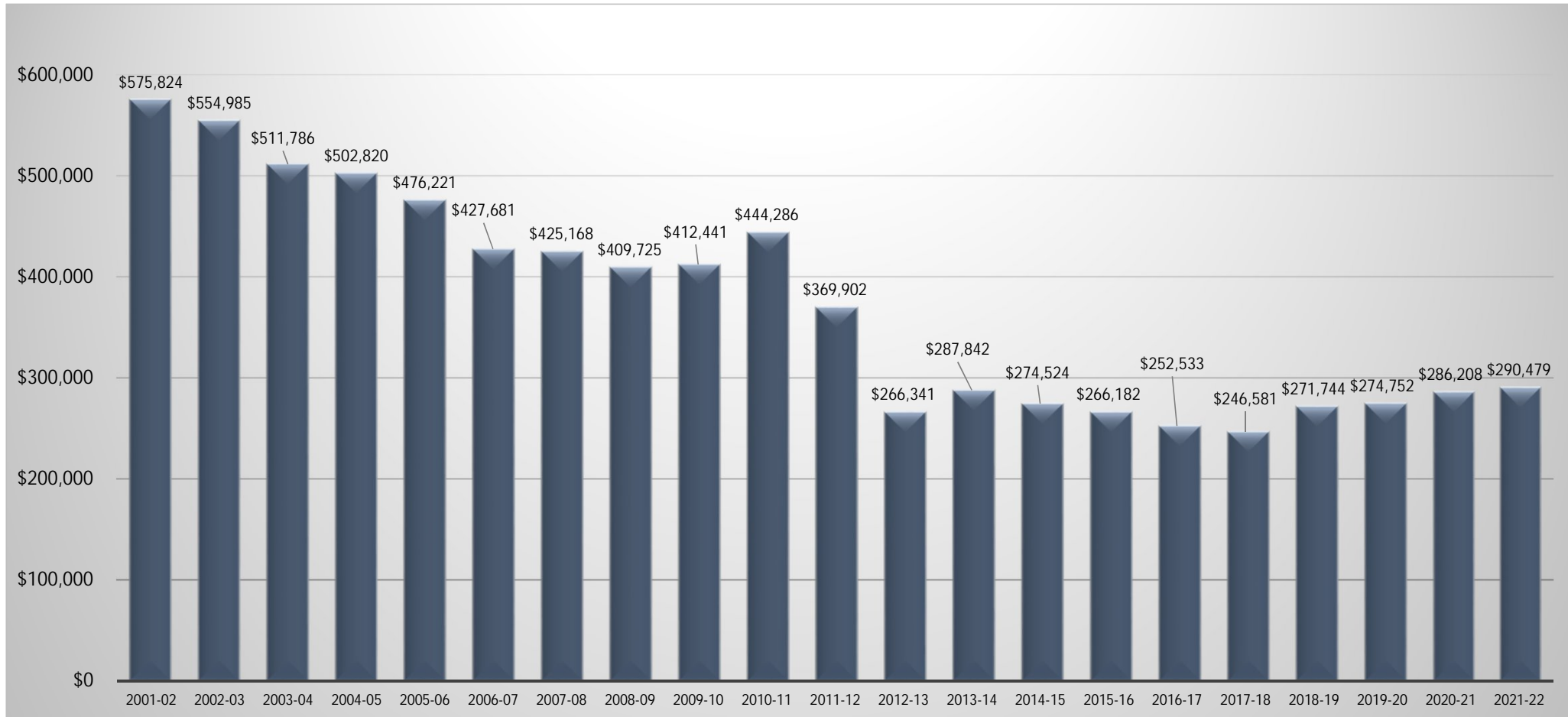
Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	\$0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan	\$0
3. The amount of surplus funds from urban renewal settlements	\$0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan.	\$0
5. The amount of income from float-funded activities	\$0

Other CDBG Requirements

1. The amount of urgent need activities	\$0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	70%

City of Redondo Beach CDBG Funding FY 2001-02 – FY 2021-22





**CITY OF REDONDO BEACH
NOTICE OF PUBLIC HEARING BEFORE THE CITY COUNCIL AND
START OF THE 30-DAY COMMENT PERIOD FOR DRAFT ANNUAL ACTION PLAN**

NOTICE IS HEREBY GIVEN THAT A PUBLIC HEARING WILL BE HELD BEFORE THE CITY COUNCIL OF THE CITY OF REDONDO BEACH ON THE FOLLOWING MATTER. ANY AND ALL INTERESTED PERSONS MAY APPEAR AND BE HEARD.

SUBJECT OF THE HEARING: To Obtain Input of the Draft Fiscal Year 2021-2022 Annual Action Plan and Start 30-Day Comment Period Regarding the City's Community Development Block Grant (CDBG) for Fiscal Year 2021-2022.

The purpose of the hearing is for the City Council to provide input and to gain public input to the proposed Draft Fiscal Year 2021-2022 Annual Action Plan. The Annual Action Plan is a federally mandated document that includes goals and budgets for City housing and community development activities. The plan will outline the City's Fiscal Year 2021-2022 Community Development Block Grant (CDBG) projects and activities.

The CDBG Program provides federal funds for local improvement projects and programs. Activities assisted with CDBG funds must meet one of three national objectives: principally benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet other community development needs having a particular urgency. The City's CDBG allocation for Fiscal Year 2021-2022 is estimated to be \$290,479.

PUBLIC HEARING: The public hearing on this matter will take place before the City Council on **Tuesday, April 6, 2021 at 6:00 p.m.**, or as soon thereafter as possible, by Virtual Meeting pursuant to Executive Order N-29-20 issued by Governor Newsom. All City Council members and City staff will participate by teleconference/virtual meeting. The meeting will be broadcast live through Spectrum Channel 8 and Frontier Communications Channel 41 and also livestreamed on the City's website at www.redondo.org/RBTv and YouTube at <https://www.youtube.com/c/CityofRedondoBeachIT>.

PUBLIC COMMENT: There will be two options for public testimony during the meeting as outlined below:

- (1) Interested persons may submit a written eComment through the City's agenda webpage at <https://redondo.legistar.com/Calendar.aspx>. Specific instructions for eComment will be provided on the agenda cover page when it is released at least 72 hours prior to the public hearing. eComments will be read out loud by City staff during the Public Hearing and are limited to 3 minutes in length. Only one eComment per person.
- (2) Oral public testimony can be provided live by joining the virtual meeting by computer or phone-in. Specific instructions for joining live will be provided on the agenda cover page when it is released at least 72 hours prior to the public hearing. Each speaker can speak only once, and speakers are limited to 3 minutes.

A person may either comment live or submit an eComment but cannot do both.

For those that cannot participate during the public hearing, written comments for the City Council on this matter may be submitted by email to cityclerk@redondo.org. Written comments will be accepted up to 3:00 p.m. the day of the public hearing, April 6, 2021, to allow time for distribution to the City Council as a Blue Folder item.

ADDITIONAL INFORMATION: City Offices are closed to the public during the Safer at Home Order. Questions related to this matter may be submitted by email to laurie.koike@redondo.org. A staff member will provide assistance.

The agenda packet with the administrative report and materials related to this matter will be available for review at least 72 hours prior to the public hearing, pursuant to State Law and local ordinance, on the City of Redondo Beach website <https://redondo.legistar.com/Calendar.aspx>. Select the April 6, 2021 City Council meeting.

If you challenge this matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to, the public hearing.

CITY OF REDONDO BEACH, CALIFORNIA
Eleanor Manzano
City Clerk of the City of Redondo Beach



Administrative Report

N.1., File # 21-2244

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL

From: BRANDY FORBES, COMMUNITY DEVELOPMENT DIRECTOR

TITLE

DISCUSSION AND POSSIBLE ACTION REGARDING CALENDAR SCHEDULE FOR MEETINGS TO DISCUSS THE CITY OF REDONDO BEACH DRAFT LAND USE PLAN AND MAP AND THE DRAFT HOUSING ELEMENT

EXECUTIVE SUMMARY

As part of City Council's recent discussion of the City's General Plan and Housing Element Annual Progress Reports at their meeting on March 16, 2021, the upcoming schedules for the General Plan Draft Land Plan/Map, the Sixth Cycle Housing Element Update, and the overall General Plan Update were presented.

During the City Council's discussions on the upcoming schedule for the General Plan Draft Land Plan/Map direction was given to staff to bring back a calendar schedule to confirm additional public meetings for the months of April and May 2021.

This report presents the currently planned and advertised public meetings for the General Plan Draft Land Plan/Map along with additional meeting dates for City Council to consider officially adding to the schedule.

BACKGROUND

The critical path forward for both the Sixth Cycle Housing Element Update and the overall General Plan Update is the confirmation by the City Council of the Draft Land Plan/Map.

The General Plan Advisory Committee's (GPAC) most recent meeting, GPAC22 held on December 3, 2020, focused upon revisiting their earlier draft Land Plan in order to address recent changes in the State's housing laws and incorporate the City's recently assigned Regional Housing Needs Allocation (RHNA) housing numbers. GPAC's current draft Land Plan recommendations are now compliant with all State housing laws and have the capacity to accommodate the City's RHNA of 2,490 residential units. Below is the City's final SCAG 6th Cycle RHNA Allocation.

County	Jurisdiction	Total RHNA*	Income Category			
			Very-low	Low	Moderate	Above-moderate
Los Angeles	Redondo Beach	2490	936	508	490	556

* The City appealed its RHNA based upon SCAG data inconsistencies and local zoning factors demonstrating responsible housing development historically, however SCAG denied the City's appeal.

It is important to note that there is no statutory requirement for the General Plan update; however, the City's Housing Element (6th Cycle) is required to be adopted prior to October 15, 2021. If the City adopts the Housing Element between October 15, 2021 and the 90-day grace period, the City will remain on a four (4) year housing cycle. If the City adopts the Housing Element prior to October 15, 2021 the City will be on an eight (8) year housing cycle moving forward. To meet the October 15, 2021 deadline, the following schedule is proposed:

- Draft Housing Element 6th Cycle (2021-2029) with GP Land Plan/Map submitted to the California Department of Housing and Community Development (HCD) **(June 2021)**
- State Department of Housing and Community Development (HCD) review of Draft Housing Element **(2 months - June/July)**
- Planning Commission Meeting to review Draft Housing Element **(August/September 2021)**
- City Council Meeting to adopt Housing Element 6th Cycle (2021-2029) **(September 2021)**
- Submittal to HCD no later than October 15, 2021 for review/certification

To complete the draft element for submittal to HCD in June, the City Council needs to finalize the Draft Land Plan/Map. Below are the currently advertised/noticed public meetings, as well as potential additional dates for the City Council to consider the Draft Land Plan/Map:

- Currently advertised/noticed public meetings
 - Community Meeting #3 (Virtual): Presentation of GPAC's draft land use plan/map to the community for input/feedback - **April 7, 2021**
 - Planning Commission Meeting #1 (Virtual): Presentation of GPAC's draft land use plan/map including comments received from Community Meeting #3 - **April 15, 2021**
 - City Council Meeting #1 (Virtual): Presentation of GPAC's draft land use plan/map including comments received from Community Meeting #3 and Planning Commission recommendations - **April 20, 2021**
 - City Council Meeting #2 (Virtual): Continued discussion and approval of draft land use plan/map - **May 4, 2021**
- Additional Possible City Council Meeting Dates to Include and Calendar Schedule
 - April 27, 2021 (although this is currently the scheduled date for the Strategic Planning Session of the City Council)
 - May 11, 18, and/or 25, 2021
- Possibly Include Planning Commission for a Joint Meeting with City Council in the Calendar Schedule

The remaining GPAC work program includes the completion of a draft Open Space and Conservation Element, Land Use Element goals and policies, and completion and review of the Safety and Noise Element. This work will happen concurrently with the Housing Element schedule.

Staff requests that the City Council determine the additional City Council Meeting Dates to include for this discussion item, as well as any proposed joint meeting between the Planning Commission and City Council on the Draft Land Plan/Map discussion.

COORDINATION

Preparation of this report has been in coordination with the City Manager's Office, as well as with the City's General Plan Update Consultant Placeworks, Inc. and with the City's Housing Consultant Veronica Tam and Associates.

FISCAL IMPACT

[enter the fiscal impact here]

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Cable Crawl
Spring Newsletter and E-Zine
Press Release to Newspapers
Eblast
Facebook Post
City Webpage
Redondo Beach Patch Calendar Posting

GENERAL PLAN UPDATE: UPCOMING VIRTUAL COMMUNITY MEETING!

DATE: **WEDNESDAY, April 7, 2021**

TIME: 6:30 PM – 9:00 PM

LOCATION (VIRTUAL): Use the following link to Register

https://us02web.zoom.us/webinar/register/WN_idBuwB1BRnqhLowhhP_dIA

The City's General Plan guides how the city will evolve over the next twenty years and we'd like to hear from YOU!

- An overview of the requirements and recommendations to update the **DRAFT GENERAL PLAN LAND USE PLAN/MAP will be presented at this Community Meeting!**
During the meeting, you will be able to ask questions of staff and share what you like about the recommendations to update Draft Land Use Plan/Map and what you want to improve!
- Your comments on the land use map will be presented to the Planning Commission and City Council at public hearings scheduled for April 2021.
- If you are unable to attend, the community meeting will be recorded and posted on our website, and you will have opportunities to comment on the map virtually as well.
- For more information visit: www.redondo.org/Planredondo





Opportunity for Community Input on Redondo Beach's Draft Land Use Map and General Plan Update

*The Public is invited to a Virtual Community Meeting and Workshop
on Wednesday April 7, 2021*

The public is invited to attend a virtual community meeting on the City's Draft Land Use Plan/Map and General Plan update on Wednesday, April 7, 2021. The meeting begins at 6:30 p.m. and is expected to last until approximately 9:00 p.m.

The City is currently conducting a comprehensive update to the City's Land Use Plan/Map and three (3) General Plan Elements: Land Use; Conservation, Recreation and Parks, Open Space; and Environmental Hazards/Natural Hazards (which will become the Noise and Safety Elements) to effectively address growth and change, reflect the current goals and values of the community, respond to new laws, ensure the City meets requirements to be eligible for Federal and State funding, and craft goals and policies that allow the General Plan to remain a relevant "living" policy document.

The City Council formed a 27-member General Plan Advisory Committee (GPAC), to provide input to help shape updates to land use, safety, noise and open space goals and policies in the General Plan, which guides the City's land use direction for the next 20-25 years. Since early 2017, the Committee has been learning about and discussing various planning issues facing the City now and in the future related to population growth, jobs, housing and market demand and has reached consensus on a Draft Land Use Plan/Map.

The Virtual Community Meeting on April 7, 2021 will provide the broader community with another opportunity to learn more about the proposed changes to the City's Land Use Plan/Map, the overall General Plan update, ask questions of project team members, and provide input, feedback, and comments on the GPAC's Draft Land Use Plan/Map. Although the focus of the meeting will be to receive the communities comments on the draft land use plan/map, the meeting will include a brief introduction and background remarks to include the purpose of a general plan, overview of the process to date, issues and opportunities facing the City in the next twenty years, the general plan draft vision and guiding principles, and recent changes in State Housing Laws that have impacted GPAC's final draft land use plan/map.

A formal presentation will begin at 6:30 PM and last approximately 45 minutes. The GPAC's Draft Land Use Plan/Map, recent changes in State Housing Law, and the City's recent assignment of its Regional Housing Needs Allocation (RHNA) from SCAG will be the focus of the presentation. Following the presentation will be a question and answer period and requests for feedback, input, and comments on the proposed draft land use plan. Any feedback, input, and comments received at the community meeting will be presented to the Planning Commission at their scheduled meeting on April 15, 2021 and to the City Council at their upcoming meetings scheduled for April 20, 2021 and May 4, 2021.

For additional information, frequently asked questions, and instructions on how to join the virtual community meeting visit the project website at: www.redondo.org and click on PLANredondo under What's Trending, or e-mail: PLANredondo@redondo.org. To receive e-mail updates, go to www.redondo.org/services/subscribe.asp and check the PLANredondo box to be added to the mailing list. Follow and like the project at PLANredondo on Facebook. If you are unable to attend, the community meeting will be recorded and posted on our website, and you will have opportunities to comment on the land use plan/map virtually as well.

Media Contact: Sean Scully, Planning Manager, City of Redondo Beach Community Development Department, Planning Division

E-mail: sean.scully@redondo.org

Tel: 310-318-0637/1+2405

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From: planredondo@redondo.org
Subject: Virtual Community Meeting on GPAC Land Use Plan
Date: Tuesday, March 23, 2021 5:54:17 PM



*ATTN: Email is from an external source; **Stop, Look, and Think** before opening attachments or links.*

To ensure the delivery of City of Redondo Beach Newsletter e-mails to your inbox, please take a moment to add planredondo@redondo.org to your e-mail Address Book or Safe List. If you have trouble reading this email, [view the web version here.](#)

You are invited to participate in a Virtual Community Meeting where the GPAC Draft Land Use Plan/Map will be presented

JOIN US!

WHEN: Wednesday April 7, 2021, starting at 6:30 p.m. to approximately 9:00 p.m.

WHERE: Virtual meeting via Zoom. To participate in the meeting, registration is required using the following link:

https://us02web.zoom.us/webinar/register/WN_idBuwB1BRnqhLowhhP_diA

Over the past three (3) years the GPAC has been working hard exploring land use and other issues that will inform and shape the City's General Plan Update. Come to learn more about the General Plan update and provide feedback/input/comments on the GPAC's Draft Land Use Plan/Map.

This virtual Community Meeting begins at 6:30 PM with a presentation from City staff and consultants that will focus on the GPAC's Draft Land Use Plan/Map, recent changes in State Housing Law, and the City's recent assignment of its Regional Housing Needs Allocation (RHNA) from SCAG. Following the presentation will be a question and answer period and requests for your input, feedback, and comments. If you are unable to attend, the Community Meeting will be recorded and posted on our website, and you will have opportunities to comment on the Draft Land Use Plan/Map virtually as well. Any feedback, input, and comments received will be presented to the Planning Commission at their scheduled meeting on April 15, 2021 and to the City Council at their upcoming meetings scheduled for April 20, 2021 and May 4, 2021.

If you would like to simply view the meeting only, it will broadcast live on Spectrum Channel 8 and Frontier Communications Channel 41, and stream live on the City's agenda webpage at www.redondo.org/rbtv and YouTube at the following

link <https://www.youtube.com/c/CityofRedondoBeachIT>

Written comments on the Draft Land Use Plan will be accepted by email to PLANredondo@redondo.org.

City of Redondo Beach
415 Diamond St
Redondo Beach, CA 90277
T. 310-318-0637

[Privacy Policy](#) | [Subscribe/Unsubscribe](#)



You are invited! Register for our Virtual Community Meeting on Wednesday, April 7th at 6:30PM and provide your input, feedback, and comments on the proposed Draft Land Use Plan/Map. Over the past three (3) years the General Plan Advisory Committee (GPAC) has been working hard exploring land use and other issues that will inform and shape the City's General Plan Update. After 22 meetings with many robust discussions and debates, the GPAC has reached consensus on a General Plan Draft Land Use Plan/Map. This virtual Community Meeting begins at 6:30 PM with a presentation from City staff and consultants that will focus on the GPAC's Draft Land Use Plan/Map, recent changes in State Housing Law, and the City's recent assignment of its Regional Housing Needs Allocation (RHNA) from SCAG. Following the presentation will be a question and answer period and requests for your input, feedback, and comments on the proposed Draft Land Use Plan/Map. For additional information, frequently asked questions, and instructions on how to join the virtual Community Meeting visit the project website at: www.redondo.org and click on PLANredondo under What's Trending, or e-mail: PLANredondo@redondo.org. If you are unable to attend, the Community Meeting will be recorded and posted on our website, and you will have opportunities to comment on the Draft Land Use Plan/Map virtually as well. Any feedback, input, and comments received will be presented to the Planning Commission at their scheduled meeting on April 15, 2021 and to the City Council at their upcoming meetings scheduled for April 20, 2021 and May 4, 2021.



News Details

Virtual Community Meeting to present the GPAC Land Use Plan

Opportunity for Community Input on

Redondo Beach's Draft Land Use Map and General Plan Update

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meetings scheduled for April 20, 2021 and May 4, 2021.

The community meeting is limited to the first 100 registrants. **Registration is required.**

TO REGISTER: Send an email to **PLANredondo@redondo.org** and ask to register for this community meeting. An email will be sent to you with a link for registration. **Registration is required.**

For additional information and frequently asked questions, visit the project website at: **www.redondo.org** and click on **PLANredondo** under What's Trending, or e-mail: **PLANredondo@redondo.org**. To receive e-mail updates, go to **www.redondo.org/services/subscribe.asp** and check the PLANredondo box to be added to the mailing list. Follow and like the project at PLANredondo on Facebook.

If you are unable to attend, the community meeting will be recorded and posted on our website, and you may submit comments by email afterwards.

Other opportunity for public comments will be available when this topic is brought before the Planning Commission on April 15, 2021, and the City Council thereafter.

The City will continue to collect public comments by email to **PLANredondo@redondo.org** through the entirety of the Planning Commission and City Council process.

Redondo Beach | Event

Virtual Community Meeting to present GPAC Land Use Plan

Wed, Apr. 7th, 2021

By Lina Portolese, Neighbor

Like 0 Share

Reply

This post was contributed by a community member.

Event Details

When: Wednesday, Apr 7th, 2021 - 6:30pm

You are invited! Register for our Virtual Community Meeting on Wednesday, April 7th at 6:30PM and provide your input, feedback, and comments on the proposed Draft Land Use Plan/Map. Over the past three (3) years the General Plan Advisory Committee (GPAC) has been working hard exploring land use and other issues that will inform and shape the City's General Plan Update. After 22 meetings with many robust discussions and debates, the GPAC has reached consensus on a General Plan Draft Land Use Plan/Map. This virtual Community Meeting begins at 6:30 PM with a presentation from City staff and consultants that will focus on the GPAC's Draft Land Use Plan/Map, recent changes in State Housing Law, and the City's recent assignment of its Regional Housing Needs Allocation (RHNA) from SCAG. Following the presentation will be a question and answer period and requests for your input, feedback, and comments on the proposed Draft Land Use Plan/Map. For additional information, frequently asked questions, and instructions on how to join the virtual Community Meeting visit the project website at: www.redondo.org and click on PLANredondo under What's Trending, or e-mail: . If you are unable to attend, the Community Meeting will be recorded and posted on our website, and you will have opportunities to comment on the Draft Land Use Plan/Map virtually as well. Any feedback, input, and comments received will be presented to the Planning Commission at their scheduled meeting on April 15, 2021 and to the City Council at their upcoming meetings scheduled for April 20, 2021 and May 4, 2021.

The views expressed in this post are the author's own. Want to post on Patch? [Register for a user account.](#)[See more local events >](#)

More from Redondo Beach, CA

News | 18h



Virtual Food Hall Opening In The South Bay This Spring

News | 12h



10% Of LA County Fully Vaccinated As CDC Sees Signs Of U.S. Surge

News | 3h



South Bay Eatery Donating All Sales For A Day To Charity

[See more on Patch >](#)

Around the Web



Administrative Report

N.2., File # 21-2243

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL

From: BRANDY FORBES, COMMUNITY DEVELOPMENT DIRECTOR

TITLE

DISCUSSION AND POSSIBLE ACTION REGARDING CONTRACTS FOR ENVIRONMENTAL REVIEW ASSOCIATED WITH THE ZONING AND PARKING AMENDMENTS TO BEGIN IMPLEMENTATION OF THE ARTESIA AVIATION CORRIDORS AREA PLAN (AACAP).

APPROVE CONSULTING SERVICES AGREEMENT WITH RINCON CONSULTANTS, INC. FOR PREPARATION OF CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) ENVIRONMENTAL DOCUMENTS FOR AMENDMENTS TO THE REDONDO BEACH MUNICIPAL CODE TO IMPLEMENT THE ARTESIA AND AVIATION CORRIDORS AREA PLAN (AACAP) FOR AN AMOUNT NOT TO EXCEED \$53,491 FOR THE TERM OF APRIL 6, 2021 THROUGH JANUARY 31, 2022.

APPROVE CONSULTING SERVICES AGREEMENT WITH RINCON CONSULTANTS, INC. FOR PREPARATION OF CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) ENVIRONMENTAL DOCUMENTS FOR PREPARATION OF THE PARKING STUDY AND RECOMMENDED REVISIONS TO PARKING REGULATIONS RELATED TO AACAP AND THE CORRESPONDING CEQA ENVIRONMENTAL REVIEW FOR AN AMOUNT NOT TO EXCEED \$84,065 FOR THE TERM OF APRIL 6, 2021 THROUGH JANUARY 31, 2022.

EXECUTIVE SUMMARY

On December 12, 2020, the City Council adopted the Artesia and Aviation Corridors Area Plan (AACAP).

City staff received proposals from Rincon Consultants, Inc. (environmental consultant) and Fehr & Peers (traffic engineering consultant) for preparation of environmental review documents and parking/traffic analysis for implementing the adopted Artesia Aviation Corridors Area Plan (AACAP). Per City Council's direction, staff proceeded with contracts for the zoning amendments analysis and reduced scope parking study.

BACKGROUND

Zoning Amendments to Activate the AACAP - \$53,491

Rincon Consultants, Inc. (environmental consultant) submitted a proposal for preparation of an Initial Study-Mitigated Negative Declaration (IS-MND) for the following proposed amendments to the Redondo Beach Zoning Ordinance.

Scope of Work

- An amendment to “activate” the AACAP and require future development in the AACAP Area to be consistent with the “intent” of the AACAP. It should be noted that actions allowed under the AACAP that may result in environmental impacts include increases in the allowable floor area ratio from 0.5 to 0.6 (FAR), the application of design guidelines, alterations to signage, improvements to walking and biking infrastructure, and the creation of new public spaces.
- An amendment to Section 10-2.621, Additional Land Use Regulations, which applies to the C-2-PD Zone. The amendment would remove the restriction of “Office” uses, including “Medical Office” to only the second floor or on the ground floor to the rear of other permitted retail or services uses in the AACAP area.

Schedule

The environmental review is estimated to take 4-5 months per the proposal.

Following the completion of the draft zoning ordinance amendments and the associated environmental review process, the public hearing process before the Planning Commission and ultimately the City Council would commence. The public hearing process is estimated to take approximately 3-4 months.

The estimated total time for completion of the zoning amendments would be approximately 9 months.

Cost

Per the proposal, the amendments would likely require the preparation of an Initial Study-Mitigated Negative Declaration (IS-MD), for a total cost of \$53,491.

Reduced Parking Implementation Study - \$84,065

Rincon Consultants, Inc. (environmental consultant) and Fehr & Peers (traffic engineering consultant) prepared proposals for a reduced scope focusing only on updating the current parking regulations and associate environmental review. The timeframe to begin implementing parking changes would be reduced from 1 year down to 9 months.

Scope of Work

- *Estimate Existing Residual Parking Capacity & Parking Management Triggers*

As part of the AACAP update, Fehr & Peers conducted inventory and occupancy counts of existing parking throughout the Corridor Area Plan. We collected new counts of existing on-street and off-street parking supply and utilization during one weekday and one weekend midday peak period, which identified available parking supply. Using parcel data provided by the city and the existing parking utilization data, we calibrated an existing conditions shared parking model, to be used to estimate future parking demand.

Due to existing available parking in the AACAP, there is the capacity to increase land intensity without necessarily increasing the parking supply. Using parking demand ratios from the Urban Land Institute (ULI) Shared Parking, Third Edition (2020) manual, Fehr & Peers will estimate the residual capacity for land use growth for a range of different uses, targeting an overall parking occupancy percentage

of 85% in the corridor as an effective capacity. This will provide the City with information for how much organic land use growth could occur on the corridor before the need to implement parking management strategies and/or parking supply increases.

- *Parking Management Strategies & Recommended Amendment to the City's Existing Parking Regulations*

Fehr & Peers will evaluate best practices in other nearby coastal cities with similar parking management goals intended to balance future land use impacts with projected parking demand. This analysis would identify parking and land use ratios adopted by nearby cities in areas similar to the Aviation Artesia Corridor (like Long Beach's 2nd Street corridor) and explore the successes and/or shortfalls of curbspace management tactics such as pricing. Policy and management recommendations that consider weekday, weekend, daytime, nighttime, and seasonal demand patterns, as well as management of the parking supply through time limits and long-term/short-term controls.

Policies for administering a district parking strategy, such as a framework for evaluating the need for and implementation of parking supply as demand increases in the future, as well as funding strategies, such as in-lieu fees would be summarized as well. Fehr & Peers will identify "flexible" parking standards/regulations that could support addressing the increased development of the preferred uses, namely restaurants and in some cases medical office (higher parking rate than professional office).

- *Parking Implementation Plan Report & Public Meetings*

Fehr & Peers will prepare a concise draft and final parking implementation plan report. Fehr & Peers is including three public hearings / workshops over the course of the parking implementation plan.

Schedule

The reduced Parking Implementation Study with associated environmental review process could be completed in approximately 6 months, following contract funding and execution.

Following the completion of the study and environmental review, the amendments to the City's parking regulations within the AACAP area would be expected to take approximately 3 months.

The estimated total time to complete the reduced Parking Implementation Study and recommended amendments to the City's parking regulations, inclusive of the required environmental review process, would be approximately 9 months.

Cost

Per the attached proposal, completion of the reduced Parking Implementation Study and associated environmental review and CEQA documentation would be \$84,065.

ALTERNATIVE OPTION FOR A FULL PARKING IMPLEMENTATION STUDY- \$122,101

Rincon Consultants, Inc. (environmental consultant) and Fehr & Peers (traffic engineering consultant) also prepared proposal for a full "Parking Implementation Study" and the required CEQA environmental document (Initial Study-Mitigated Negative Declaration (IS-MND)), based on the

following scope of work:

- *Shared Parking Model Update/Recalibration*

As part of the AACAP update, F&P conducted inventory and occupancy counts of existing parking throughout the Corridor Area Plan. They collected new counts of existing on-street and off-street parking supply and utilization during one weekday and one weekend midday peak period. Using parcel data provided by the city and the existing parking utilization data, coupled with the Urban Land Institute's (ULI) recently updated (2020) Shared Parking manual, F&P would calibrate an existing conditions shared parking model, to be used to estimate future parking demand.

- *Estimate Future Parking Demand, Parking Ratios, & Supply Changes to Determine Sufficient Parking or Shortfall*

The shared parking models would be used to estimate the parking demand effects of the land use changes associated with the AACAP, considering a reasonable expectation for use of transportation network companies (TNCs) and autonomous vehicles (AVs) that will likely lower the parking demand. These factors could be considered to propose modified parking ratios for land uses within the AACAP.

- *Parking Management Strategies, Implementation, and Siting Recommendations for Public Parking*

If estimated future demand exceeds supply for any parking scenarios within the AACAP area, the study would make recommendations for the best parcel within sub areas to accommodate new parking supply, based on parcel size, shape, and access, as well as the importance of the pedestrian network and walkability to and from new parking supply.

In addition to potential opportunities to increase parking supply through infrastructure development, F&P would identify policy and management recommendations that consider weekday, weekend, daytime, nighttime, and seasonal demand patterns, as well as management of the parking supply through time limits and long-term/short-term controls.

Policies for administering a district parking strategy, such as a framework for evaluating the need for and implementation of parking supply as demand increases in the future, as well as funding strategies, such as in-lieu fees would be summarized in the Study as well.

F&P would also evaluate best practices in other nearby coastal cities with similar parking management goals intended to balance future land use impacts with projected parking demand. This analysis would identify parking and land use ratios adopted by nearby cities in areas similar to the Aviation Artesia Corridor (like Long Beach's 2nd Street corridor) and explore the successes and/or shortfalls of curb space management tactics such as pricing.

- *Recommended Amendment to the City's Existing Parking Regulations*

F&P would also identify “flexible” parking standards/regulations that could support addressing the increased development of the preferred uses, namely restaurants and in some cases medical office (higher parking rate than professional office).

- *Parking Implementation Plan Report & Public Meetings*

F&P would prepare a draft and final parking implementation plan report and attend up to four public hearings/workshops over the course of the parking implementation plan development process.

Schedule

The full Parking Implementation Study with associated environmental review process could be completed in approximately 8 months, following contract funding and execution.

Following the completion of the fully Parking Implementation Study a likely next step would be the implementation of amendments to the City’s parking regulations within the AACAP area. The Zoning Ordinance amendments to the City’s parking regulations are expected to take approximately 4 months. The anticipated timelines for other determined recommendations resulting from the Parking Implementation Study would vary depending upon City Council priorities and funding.

The estimated total time to complete the Parking Implementation Study and implement recommended amendments to the City’s parking regulations, inclusive of the required environmental review process, would be approximately 1 year.

This full parking implementation option would result in an additional \$38,036 in contract costs, versus the reduced parking implementation option, and add 3 months to the overall project timeline.

COORDINATION

Each agreement has been coordinated with the City Attorney’s Office.

FISCAL IMPACT

The cost for each contract totaling \$137,556 will be funded through the General Plan Maintenance Fund, which has a current balance of \$290,000 unencumbered. The remaining balance if the proposed contracts are approved would be \$152,444

If City Council were to direct staff to proceed with the full parking implementation study as an alternative, the remaining General Fund Balance would be only \$114,408, leaving less funding for future amendments the Council may want to consider. As an example, the General Plan Maintenance Fund has been utilized for the upcoming Housing Element update, the RHNA allocation consultant services, and the General Plan update.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Contract with Rincon Consultants AACAP Zoning Implementation
Contract with Rincon Consultants AACAP Parking Implementation

**AGREEMENT FOR CONSULTING SERVICES
BETWEEN THE CITY OF REDONDO BEACH
AND RINCON CONSULTANTS, INC.**

THIS AGREEMENT FOR CONSULTING SERVICES (this "Agreement") is made between the City of Redondo Beach, a Chartered Municipal Corporation ("City") and Rincon Consultants, Inc., a California corporation ("Consultant" or "Contractor").

The parties hereby agree as follows:

1. Description of Project or Scope of Services. The project description or scope of services to be provided by Consultant, and any corresponding responsibilities of City, or services required to be performed by City are set forth in Exhibit "A."
2. Term and Time of Completion. Consultant shall commence and complete the project or services described in Exhibit "A" in accordance with the schedule set forth in Exhibit "B".
3. Compensation. City agrees to pay Consultant for work performed in accordance with Exhibit "C".

* * * * *

GENERAL PROVISIONS

1. Independent Contractor. Consultant acknowledges, represents and warrants that Consultant is not a regular or temporary employee, officer, agent, joint venturer or partner of the City, but rather an independent contractor. This Agreement shall not be construed as a contract of employment. Consultant shall have no rights to any benefits which accrue to City employees unless otherwise expressly provided in this Agreement. Due to the independent contractor relationship created by this Agreement, the City shall not withhold state or federal income taxes, the reporting of which shall be Consultant's sole responsibility.
2. Brokers. Consultant acknowledges, represents and warrants that Consultant has not hired, retained or agreed to pay any entity or person any fee, commission, percentage, gift, or any other consideration, contingent upon or resulting from the award or making of this Agreement.
3. City Property. All plans, drawings, reports, calculations, data, specifications, videos, graphics or other materials prepared for or obtained pursuant to this Agreement shall upon request be delivered to the City within a reasonable time, and the rights thereto shall be deemed assigned to the City. If applicable, Consultant shall prepare check prints upon request. Said plans, drawings, reports, calculations, data, specifications, videos, graphics or other materials,

shall be specific for the project herein and shall not be used by the City for any other project without Consultant's consent. Notwithstanding the foregoing, Consultant shall not be obligated to assign any proprietary software or data developed by or at the direction of Consultant for Consultant's own use; provided, however, that Consultant shall, pursuant to Paragraph 14 below, indemnify, defend and hold the City harmless from and against any discovery or Public Records Act request seeking the disclosure of any such proprietary software or data.

4. Inspection. If the services set forth in Exhibit "A" shall be performed on City or other public property, the City shall have the right to inspect such work without notice. If such services shall not be performed on City or other public property, the City shall have the right to inspect such work upon reasonable notice. Inspections by the City shall not relieve or minimize the responsibility of Consultant to conduct any inspections Consultant has agreed to perform pursuant to the terms of this Agreement. Consultant shall be solely liable for said inspections performed by Consultant. Consultant shall certify in writing to the City as to the completeness and accuracy of each inspection required to be conducted by Consultant hereunder.
5. Services. The project or services set forth in Exhibit "A" shall be performed to the full satisfaction and approval of the City. In the event that the project or services set forth in Exhibit "A" are itemized by price in Exhibit "C", the City in its sole discretion may, upon notice to Consultant, delete certain items or services set forth in Exhibit "A", in which case there shall be a corresponding reduction in the amount of compensation paid to Consultant. City shall furnish Consultant to the extent available, with any City standards, details, specifications and regulations applicable to the Project and necessary for the performance of Consultant's services hereunder. Notwithstanding the foregoing, any and all additional data necessary for design shall be the responsibility of Consultant.
6. Records. Consultant, including any of its subcontractors shall maintain full and complete documents and records, including accounting records, employee time sheets, work papers, and correspondence pertaining to the project or services set forth in Exhibit "A". Consultant, including any of its subcontractors shall make such documents and records available for City review or audit upon request and reasonable notice, and shall keep such documents and records, for at least four (4) years after Consultant's completion of performance of this Agreement. Copies of all pertinent reports and correspondence shall be furnished to the City for its files.
7. Changes and Extra Work. All changes and/or extra work under this Agreement shall be provided for by a subsequent written amendment executed by City and Consultant.

8. Additional Assistance. If this Agreement requires Consultant to prepare plans and specifications, Consultant shall provide assistance as necessary to resolve any questions regarding such plans and specifications that may arise during the period of advertising for bids, and Consultant shall issue any necessary addenda to the plans and specifications as requested. In the event Consultant is of the opinion that City's requests for addenda and assistance is outside the scope of normal services, the parties shall proceed in accordance with the changes and extra work provisions of this Agreement.
9. Professional Ability. Consultant acknowledges, represents and warrants that Consultant is skilled and able to competently provide the services hereunder, and possesses all professional licenses, certifications, and approvals necessary to engage in its occupation. City has relied upon the professional ability and training of Consultant as a material inducement to enter into this Agreement. Consultant shall perform in accordance with generally accepted professional practices and standards of Consultant's profession.
10. Business License. Consultant shall obtain a Redondo Beach Business License before performing any services required under this Agreement. The failure to so obtain such license shall be a material breach of this Agreement and grounds for immediate termination by City; provided, however, that City may waive the business license requirement in writing under unusual circumstances without necessitating any modification of this Agreement to reflect such waiver.
11. Termination Without Default. Notwithstanding any provision herein to the contrary, the City may, in its sole and absolute discretion and without cause, terminate this Agreement at any time prior to completion by Consultant of the project or services hereunder, immediately upon written notice to Consultant. In the event of any such termination, Consultant shall be compensated for: (1) all authorized work satisfactorily performed prior to the effective date of termination; and (2) necessary materials or services of others ordered by Consultant for this Agreement, prior to Consultant's receipt of notice of termination, irrespective of whether such materials or services of others have actually been delivered, and further provided that Consultant is not able to cancel such orders. Compensation for Consultant in such event shall be determined by the City in accordance with the percentage of the project or services completed by Consultant; and all of Consultant's finished or unfinished work product through the time of the City's last payment shall be transferred and assigned to the City. In conjunction with any termination of this Agreement, the City may, at its own expense, make copies or extract information from any notes, sketches, computations, drawings, and specifications or other data, whether complete or not.
12. Termination in the Event of Default. Should Consultant fail to perform any of its obligations hereunder, within the time and in the manner provided or otherwise violate any of the terms of this Agreement, the City may immediately terminate this Agreement by giving written notice of such termination, stating the reasons

for such termination. Consultant shall be compensated as provided immediately above, provided, however, there shall be deducted from such amount the amount of damages if any, sustained by the City by virtue of Consultant's breach of this Agreement.

13. Conflict of Interest. Consultant acknowledges, represents and warrants that Consultant shall avoid all conflicts of interest (as defined under any federal, state or local statute, rule or regulation, or at common law) with respect to this Agreement. Consultant further acknowledges, represents and warrants that Consultant has no business relationship or arrangement of any kind with any City official or employee with respect to this Agreement. Consultant acknowledges that in the event that Consultant shall be found by any judicial or administrative body to have any conflict of interest (as defined above) with respect to this Agreement, all consideration received under this Agreement shall be forfeited and returned to City forthwith. This provision shall survive the termination of this Agreement for one (1) year.
14. Indemnity. To the maximum extent permitted by law, Consultant hereby agrees, at its sole cost and expense, to defend protect, indemnify, and hold harmless the City, its elected and appointed officials, officers, employees, volunteers, attorneys, and agents (collectively "Indemnitees") from and against any and all claims, including, without limitation, claims for bodily injury, death or damage to property, demands, charges, obligations, damages, causes of action, proceedings, suits, losses, stop payment notices, judgments, fines, liens, penalties, liabilities, costs and expenses of every kind and nature whatsoever, in any manner arising out of, incident to, related to, in connection with or arising from any act, failure to act, error or omission of Consultant's performance or work hereunder (including any of its officers, agents, employees, Subcontractors) or its failure to comply with any of its obligations contained in the Agreement, or its failure to comply with any current or prospective law, except for such loss or damage which was caused by the sole negligence or willful misconduct of the City. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant or Indemnitees. This indemnification obligation shall survive this Agreement and shall not be limited by any term of any insurance policy required under this Agreement.
 - a. Nonwaiver of Rights. Indemnitees do not and shall not waive any rights that they may possess against Consultant because the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement.
 - b. Waiver of Right of Subrogation. Consultant, on behalf of itself and all parties claiming under or through it, hereby waives all rights of subrogation and contribution against the Indemnitees.

15. Insurance. Consultant shall comply with the requirements set forth in Exhibit "D." Insurance requirements that are waived by the City's Risk Manager do not require amendments or revisions to this Agreement.
16. Non-Liability of Officials and Employees of the City. No official or employee of the City shall be personally liable for any default or liability under this Agreement.
17. Compliance with Laws. Consultant shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals, with respect to this Agreement, including without limitation all environmental laws, employment laws, and non-discrimination laws.
18. Limitations upon Subcontracting and Assignment. Consultant acknowledges that the services which Consultant shall provide under this Agreement are unique, personal services which, except as otherwise provided herein, Consultant shall not assign or sublet to any other party without the prior written approval of City, which approval may be withheld in the City's sole and absolute discretion. In the event that the City, in writing, approves any assignment or subletting of this Agreement or the retention of subcontractors by Consultant, Consultant shall provide to the City upon request copies of each and every subcontract prior to the execution thereof by Consultant and subcontractor. Any attempt by Consultant to assign any or all of its rights under this Agreement without first obtaining the City's prior written consent shall constitute a material default under this Agreement.

The sale, assignment, transfer or other disposition, on a cumulative basis, of twenty-five percent (25%) or more of the ownership interest in Consultant or twenty-five percent (25%) or more the voting control of Consultant (whether Consultant is a corporation, limited liability company, partnership, joint venture or otherwise) shall constitute an assignment for purposes of this Agreement. Further, the involvement of Consultant or its assets in any transaction or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Agreement or Consultant's assets occurs, which reduces Consultant's assets or net worth by twenty-five percent (25%) or more shall also constitute an assignment for purposes of this Agreement.

19. Subcontractors. Consultant shall provide properly skilled professional and technical personnel to perform any approved subcontracting duties. Consultant shall not engage the services of any person or persons now employed by the City without the prior written approval of City, which approval may be withheld in the City's sole and absolute discretion.
20. Integration. This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes any previous oral or written agreement; provided, however, that correspondence or documents

exchanged between Consultant and City may be used to assist in the interpretation of the exhibits to this Agreement.

21. Amendment. This Agreement may be amended or modified only by a subsequent written amendment executed by both parties.
22. Conflicting Provisions. In the event of a conflict between the terms and conditions of this Agreement and those of any exhibit or attachment hereto, this Agreement proper shall prevail. In the event of a conflict between the terms and conditions of any two or more exhibits or attachments hereto, those prepared by the City shall prevail over those prepared by Consultant.
23. Non-Exclusivity. Notwithstanding any provision herein to the contrary, the services provided by Consultant hereunder shall be non-exclusive, and City reserves the right to employ other contractors in connection with the project.
24. Exhibits. All exhibits hereto are made a part hereof and incorporated herein by reference; provided, however, that any language in Exhibit "A" which does not pertain to the project description, proposal, or scope of services (as applicable) to be provided by Consultant, or any corresponding responsibilities of City, shall be deemed extraneous to, and not a part of, this Agreement.
25. Time of Essence. Time is of the essence of this Agreement.
26. Confidentiality. To the extent permissible under law, Consultant shall keep confidential its obligations hereunder and the information acquired during the performance of the project or services hereunder.
27. Third Parties. Nothing herein shall be interpreted as creating any rights or benefits in any third parties. For purposes hereof, transferees or assignees as permitted under this Agreement shall not be considered "third parties."
28. Governing Law and Venue. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law. Venue for any litigation or other action arising hereunder shall reside exclusively in the Superior Court of the County of Los Angeles, Southwest Judicial District.
29. Attorneys' Fees. In the event either party to this Agreement brings any action to enforce or interpret this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees (including expert witness fees) and costs. This provision shall survive the termination of this Agreement.
30. Claims. Any claim by Consultant against City hereunder shall be subject to Government Code §§ 800 *et seq.* The claims presentation provisions of said Act are hereby modified such that the presentation of all claims hereunder to the City

shall be waived if not made within six (6) months after accrual of the cause of action.

31. Interpretation. Consultant acknowledges that it has had ample opportunity to seek legal advice with respect to the negotiation of this Agreement. This Agreement shall be interpreted as if drafted by both parties.
32. Warranty. In the event that any product shall be provided to the City as part of this Agreement, Consultant warrants as follows: Consultant possesses good title to the product and the right to transfer the product to City; the product shall be delivered to the City free from any security interest or other lien; the product meets all specifications contained herein; the product shall be free from material defects in materials and workmanship under normal use for a period of one (1) year from the date of delivery; and the product shall be fit for its intended purpose(s). Notwithstanding the foregoing, consumable and maintenance items (such as light bulbs and batteries) shall be warranted for a period of thirty (30) days from the date of delivery. All repairs during the warranty period shall be promptly performed by Consultant, at Consultant's expense, including shipping. Consultant shall not be liable under this warranty for an amount greater than the amount set forth in Exhibit "C" hereto.
33. Severance. Any provision of this Agreement that is found invalid or unenforceable shall be deemed severed, and all remaining provisions of this Agreement shall remain enforceable to the fullest extent permitted by law.
34. Authority. City warrants and represents that upon City Council approval, the Mayor of the City of Redondo Beach is duly authorized to enter into and execute this Agreement on behalf of City. The party signing on behalf of Consultant warrants and represents that he or she is duly authorized to enter into and execute this Agreement on behalf of Consultant, and shall be personally liable to City if he or she is not duly authorized to enter into and execute this Agreement on behalf of Consultant.
35. Waiver. The waiver by the City of any breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

SIGNATURES FOLLOW ON NEXT PAGE

IN WITNESS WHEREOF, the parties have executed this Agreement in Redondo Beach, California, as of this 6th day of April, 2021.

CITY OF REDONDO BEACH

RINCON CONSULTANTS, INC.

William C. Brand, Mayor

By: _____
Name: _____
Title: _____

ATTEST:

APPROVED:

Eleanor Manzano, City Clerk

Diane Strickfaden, Risk Manager

APPROVED AS TO FORM:

Michael W. Webb, City Attorney

EXHIBIT "A"

PROJECT DESCRIPTION AND/OR SCOPE OF SERVICES

PROJECT DESCRIPTION

Zoning Ordinance amendment to activate the Artesia Aviation Corridors Area Plan (AACAP) and require future development in the AACAP Area to be consistent with the intent of the AACAP. Actions allowed under the AACAP that may result in environmental impacts include increases in the allowable floor area ratio from 0.5 to 0.6 (FAR), the application of design guidelines, alterations to signage, improvements to walking and biking infrastructure, and the creation of new public spaces.

Zoning Ordinance amendment to Section 10-2.621, *Additional Land Use Regulations*, which applies to the C-2-PD Zone. The amendment would remove the restriction of "Office" uses, including "Medical Office" to only the second floor or on the ground floor to the rear of other permitted retail or services uses in the AACAP area.

SCOPE OF SERVICES

It is assumed that all project impacts can be mitigated to a less than significant level and that an environmental impact report (EIR) will not be required. If during the course of the preparation of the IS it is determined that one or more issues will or may have significant and unavoidable impacts, Rincon shall notify the City immediately to discuss an appropriate course of action.

Task 1 – Project Kickoff

Within one week of authorization to proceed, the Rincon team shall organize a virtual kick-off meeting with City staff. Rincon shall use this opportunity to collect any relevant studies and information not already transmitted, confirm study objectives, and establish an operational protocol.

Task 2 – Administrative Draft IS-MND

Rincon shall prepare an internal review (Administrative) Draft IS-MND based on the City's preferred format, the CEQA Guidelines Appendix G checklist. The Administrative Draft IS-MND shall address all items on the environmental checklist. The analysis shall be programmatic in nature, focusing on the overall effects of the proposed amendments. As appropriate, prescriptive mitigation shall be developed for potentially significant effects. Rincon shall submit an electronic copy of the Administrative Draft IS-MND for City review in PDF and/or Word format.

Task 3 – Public Review Draft IS-MND

Rincon shall respond to City comments on the Administrative Draft IS-MND and prepare the Public Review Draft IS-MND. Rincon shall be responsible for preparing and mailing the Notice of Intent (NOI) to adopt an IS-MND to responsible agencies, file the NOI with the County Clerk, and prepare a newspaper notice. The City shall be responsible for

publishing the NOI in a local newspaper. Rincon shall provide one electronic (PDF) copy of the Public Review Draft IS-MND for posting on the City's website and up to 20 bound or CD copies. The City shall be responsible for radius mailing for CEQA noticing.

Task 4 – Final IS-MND

Upon receipt of public comments on the Public Review Draft IS-MND, Rincon shall prepare draft responses to comments for City review and prepare the Administrative Final IS-MND. The Mitigation Monitoring and Reporting Program (MMRP) shall be a table listing all mitigation measures and indicating what monitoring actions are required, the department(s) responsible for monitoring, and when monitoring is to occur. Prior to or following IS-MND approval, Rincon shall provide a PDF of the Final IS-MND (including responses to comments and the MMRP) on CD and up to 10 bound or CD copies. Rincon shall file the Notice of Determination (NOD) and the City shall pay applicable filing fees.

Task 5 – Public Hearings

Rincon shall attend two public hearings on the project. If needed, Rincon staff shall make a presentation summarizing the environmental review process and IS-MND conclusions. Rincon staff can attend additional hearings in accordance with Rincon's standard fee schedule.

Task 6 – Project Management

This task addresses project coordination and management. Rincon shall participate in bi-weekly conference calls with City staff throughout the CEQA process. These meetings shall serve as a forum to review working schedules and details for scheduled tasks shall be discussed.

Project coordination includes routine coordination with the City via email and telephone conferences, as well as an in-person meeting with Rincon's Project Manager. This task also includes internal coordination with our project team, coordination with subconsultants, and on-going project management responsibilities such as cost and schedule tracking, progress reporting and invoicing.

EXHIBIT "B"

SCHEDULE FOR COMPLETION

TERM

This Agreement shall commence on April 6, 2021 and shall continue until January 31 2022, unless otherwise terminated as herein provided.

SCHEDULE

Rincon shall complete the environmental review process based on the following schedule:

- Administrative Draft IS-MND to be submitted for City review within five weeks of notice to proceed
- Public Review Draft IS-MND to be submitted within two weeks of receipt of City comments on the Administrative Draft IS-MND
- Final IS-MND to be submitted within two weeks of receipt of all public comments on the Public Review Draft IS-MND


Based on these timeframes and assuming two-week City turnaround of internal review work products, the environmental review process can be completed within four to five months.

EXHIBIT "C"

COMPENSATION

Provided Consultant is not in default under this Agreement, Consultant shall be compensated as provided below.

1. **AMOUNT** The total cost for the environmental review is \$53,491. This amount includes \$2,863 for the traffic analysis to be prepared by a sub-consultant. The amount also includes the complete scope of work described in Exhibit A.

 RINCON CONSULTANTS, INC. AACAP Amendments IS-MND								
Cost Estimate								
Tasks	Labor Cost	Hours	Principal III	Supervisor I	Professional III	GIS/CADD Specialist	Production Specialist	Clerical
Task 1: Project Kickoff	\$1,410	8	2	4				2
Task 2: Administrative Draft IS-MND	\$16,156	110	8	20	72	4	6	
Cultural Resources Analysis Memo	\$5,042	36	1	6	24	3	2	
Task 3: Public Review Draft IS-MND	\$7,128	48	2	16	20	2	8	
Task 4: Final IS-MND	\$6,172	42	2	12	20	2	6	
Task 5: Public Hearings	\$4,260	20	8	12				
Task 6: Project Management	\$5,010	28	6	16				6
Subtotal Cost	\$ 45,178	292	\$ 6,960	\$ 16,770	\$ 17,680	\$ 1,232	\$ 1,936	\$ 600
Direct Cost Summary								
Print Draft IS-MND (20 hard copies)	\$ 1,500							
Print Final IS-MND (10 hard copies)	\$ 750							
AB 52 Assistance and SCCIC Records Search	\$ 2,200							
Miscellaneous Expenses	\$ 1,000							
FBP Analysis + Subconsultant Fee	\$ 2,863							
Subtotal Additional Costs	\$ 8,313							
Summary								
Professional Fees Subtotal	\$ 45,178							
Direct Costs Subtotal	\$ 8,313							
Total Project Budget	\$ 53,491							

Professional Services - are based on Rincon's standard fee schedule and labor classifications. The above is provided as an estimate of Rincon's effort per task. Rincon may reallocate budget between staff and tasks, as long as the total contract price is not exceeded.

Annual Escalation - Standard rates subject to 3% escalation annually

2. **METHOD OF PAYMENT** Consultant shall provide monthly invoices to City for approval and payment. Invoices must be adequately detailed, based on accurate records, and in a form reasonably satisfactory to City. Consultant may be required to provide back-up material upon request.

3. **SCHEDULE FOR PAYMENT** City agrees to pay Consultant within thirty (30) days of receipt of monthly invoices; provided, however, that payments by City shall not exceed \$53,491 and services are performed to the full satisfaction of the City. Consultant acknowledges that the payment of services is subject to a separate reimbursement agreement with a third party and that payment may be delayed due to delay in the City's receipt of reimbursement monies.
4. **NOTICE** Written notices to City and Consultant shall be given by registered or certified mail, postage prepaid and addressed to or personally served on the following parties.

Consultant

Rincon Consultants, Inc.
250 East 1st Street, Suite 301
Los Angeles, CA 90012
Attn: Joe Power

City

City of Redondo Beach
Planning Division
415 Diamond Street
Redondo Beach, CA 90277

All notices, including notices of address changes, provided under this Agreement are deemed received on the third day after mailing if sent by registered or certified mail. Changes in the respective address set forth above may be made from time to time by any party upon written notice to the other party.

EXHIBIT “D”

INSURANCE REQUIREMENTS FOR CONSULTANTS

Without limiting Consultant’s indemnification obligations under this Agreement, Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).

Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).

Workers’ Compensation insurance as required by the State of California.

Employer’s Liability Insurance.

Minimum Limits of Insurance

Consultant shall maintain limits no less than:

General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. The general aggregate limit shall apply separately to this project.

Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

Employer’s Liability: \$1,000,000 per accident for bodily injury or disease.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers or (2) the Consultant shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Endorsement:

General Liability: The City, its officers, elected and appointed officials, employees, and volunteers shall be covered as insureds with respect to liability arising out of work performed by or on behalf of the Consultant. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance, or as a separate owner's policy.

Automobile Liability: The City, its officers, elected and appointed officials, employees, and volunteers shall be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Consultant.

For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, elected and appointed officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.

Each insurance policy shall be endorsed to state that the inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverages afforded shall apply as though separate policies had been issued to each insured.

Each insurance policy shall be in effect prior to awarding the contract and each insurance policy or a successor policy shall be in effect for the duration of the project. The maintenance of proper insurance coverage is a material element of the contract and failure to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of contract on the Consultant's part.

Acceptability of Insurers

Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A:VII and which are authorized to transact insurance business in the State of California by the Department of Insurance.

Verification of Coverage

Consultant shall furnish the City with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on the City authorized forms provided with the contract specifications. Standard ISO forms which shall be subject to City approval and amended to conform to the City's requirements may be acceptable in lieu of City authorized forms. All certificates and endorsements shall be received and approved by the City before the contract is awarded. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

Subcontractors

Consultant shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

Risk Management

Consultant acknowledges that insurance underwriting standards and practices are subject to change, and the City reserves the right to make changes to these provisions in the reasonable discretion of its Risk Manager.

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AND RINCON CONSULTANTS, INC.**

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shall be specific for the project herein and shall not be used by the City for any other project without Consultant's consent. Notwithstanding the foregoing, Consultant shall not be obligated to assign any proprietary software or data developed by or at the direction of Consultant for Consultant's own use; provided, however, that Consultant shall, pursuant to Paragraph 14 below, indemnify, defend and hold the City harmless from and against any discovery or Public Records Act request seeking the disclosure of any such proprietary software or data.

4. Inspection. If the services set forth in Exhibit "A" shall be performed on City or other public property, the City shall have the right to inspect such work without notice. If such services shall not be performed on City or other public property, the City shall have the right to inspect such work upon reasonable notice. Inspections by the City shall not relieve or minimize the responsibility of Consultant to conduct any inspections Consultant has agreed to perform pursuant to the terms of this Agreement. Consultant shall be solely liable for said inspections performed by Consultant. Consultant shall certify in writing to the City as to the completeness and accuracy of each inspection required to be conducted by Consultant hereunder.
5. Services. The project or services set forth in Exhibit "A" shall be performed to the full satisfaction and approval of the City. In the event that the project or services set forth in Exhibit "A" are itemized by price in Exhibit "C", the City in its sole discretion may, upon notice to Consultant, delete certain items or services set forth in Exhibit "A", in which case there shall be a corresponding reduction in the amount of compensation paid to Consultant. City shall furnish Consultant to the extent available, with any City standards, details, specifications and regulations applicable to the Project and necessary for the performance of Consultant's services hereunder. Notwithstanding the foregoing, any and all additional data necessary for design shall be the responsibility of Consultant.
6. Records. Consultant, including any of its subcontractors shall maintain full and complete documents and records, including accounting records, employee time sheets, work papers, and correspondence pertaining to the project or services set forth in Exhibit "A". Consultant, including any of its subcontractors shall make such documents and records available for City review or audit upon request and reasonable notice, and shall keep such documents and records, for at least four (4) years after Consultant's completion of performance of this Agreement. Copies of all pertinent reports and correspondence shall be furnished to the City for its files.
7. Changes and Extra Work. All changes and/or extra work under this Agreement shall be provided for by a subsequent written amendment executed by City and Consultant.

8. Additional Assistance. If this Agreement requires Consultant to prepare plans and specifications, Consultant shall provide assistance as necessary to resolve any questions regarding such plans and specifications that may arise during the period of advertising for bids, and Consultant shall issue any necessary addenda to the plans and specifications as requested. In the event Consultant is of the opinion that City's requests for addenda and assistance is outside the scope of normal services, the parties shall proceed in accordance with the changes and extra work provisions of this Agreement.
9. Professional Ability. Consultant acknowledges, represents and warrants that Consultant is skilled and able to competently provide the services hereunder, and possesses all professional licenses, certifications, and approvals necessary to engage in its occupation. City has relied upon the professional ability and training of Consultant as a material inducement to enter into this Agreement. Consultant shall perform in accordance with generally accepted professional practices and standards of Consultant's profession.
10. Business License. Consultant shall obtain a Redondo Beach Business License before performing any services required under this Agreement. The failure to so obtain such license shall be a material breach of this Agreement and grounds for immediate termination by City; provided, however, that City may waive the business license requirement in writing under unusual circumstances without necessitating any modification of this Agreement to reflect such waiver.
11. Termination Without Default. Notwithstanding any provision herein to the contrary, the City may, in its sole and absolute discretion and without cause, terminate this Agreement at any time prior to completion by Consultant of the project or services hereunder, immediately upon written notice to Consultant. In the event of any such termination, Consultant shall be compensated for: (1) all authorized work satisfactorily performed prior to the effective date of termination; and (2) necessary materials or services of others ordered by Consultant for this Agreement, prior to Consultant's receipt of notice of termination, irrespective of whether such materials or services of others have actually been delivered, and further provided that Consultant is not able to cancel such orders. Compensation for Consultant in such event shall be determined by the City in accordance with the percentage of the project or services completed by Consultant; and all of Consultant's finished or unfinished work product through the time of the City's last payment shall be transferred and assigned to the City. In conjunction with any termination of this Agreement, the City may, at its own expense, make copies or extract information from any notes, sketches, computations, drawings, and specifications or other data, whether complete or not.
12. Termination in the Event of Default. Should Consultant fail to perform any of its obligations hereunder, within the time and in the manner provided or otherwise violate any of the terms of this Agreement, the City may immediately terminate this Agreement by giving written notice of such termination, stating the reasons

for such termination. Consultant shall be compensated as provided immediately above, provided, however, there shall be deducted from such amount the amount of damages if any, sustained by the City by virtue of Consultant's breach of this Agreement.

13. Conflict of Interest. Consultant acknowledges, represents and warrants that Consultant shall avoid all conflicts of interest (as defined under any federal, state or local statute, rule or regulation, or at common law) with respect to this Agreement. Consultant further acknowledges, represents and warrants that Consultant has no business relationship or arrangement of any kind with any City official or employee with respect to this Agreement. Consultant acknowledges that in the event that Consultant shall be found by any judicial or administrative body to have any conflict of interest (as defined above) with respect to this Agreement, all consideration received under this Agreement shall be forfeited and returned to City forthwith. This provision shall survive the termination of this Agreement for one (1) year.
14. Indemnity. To the maximum extent permitted by law, Consultant hereby agrees, at its sole cost and expense, to defend protect, indemnify, and hold harmless the City, its elected and appointed officials, officers, employees, volunteers, attorneys, and agents (collectively "Indemnitees") from and against any and all claims, including, without limitation, claims for bodily injury, death or damage to property, demands, charges, obligations, damages, causes of action, proceedings, suits, losses, stop payment notices, judgments, fines, liens, penalties, liabilities, costs and expenses of every kind and nature whatsoever, in any manner arising out of, incident to, related to, in connection with or arising from any act, failure to act, error or omission of Consultant's performance or work hereunder (including any of its officers, agents, employees, Subcontractors) or its failure to comply with any of its obligations contained in the Agreement, or its failure to comply with any current or prospective law, except for such loss or damage which was caused by the sole negligence or willful misconduct of the City. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant or Indemnitees. This indemnification obligation shall survive this Agreement and shall not be limited by any term of any insurance policy required under this Agreement.
 - a. Nonwaiver of Rights. Indemnitees do not and shall not waive any rights that they may possess against Consultant because the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement.
 - b. Waiver of Right of Subrogation. Consultant, on behalf of itself and all parties claiming under or through it, hereby waives all rights of subrogation and contribution against the Indemnitees.

15. Insurance. Consultant shall comply with the requirements set forth in Exhibit "D." Insurance requirements that are waived by the City's Risk Manager do not require amendments or revisions to this Agreement.
16. Non-Liability of Officials and Employees of the City. No official or employee of the City shall be personally liable for any default or liability under this Agreement.
17. Compliance with Laws. Consultant shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals, with respect to this Agreement, including without limitation all environmental laws, employment laws, and non-discrimination laws.
18. Limitations upon Subcontracting and Assignment. Consultant acknowledges that the services which Consultant shall provide under this Agreement are unique, personal services which, except as otherwise provided herein, Consultant shall not assign or sublet to any other party without the prior written approval of City, which approval may be withheld in the City's sole and absolute discretion. In the event that the City, in writing, approves any assignment or subletting of this Agreement or the retention of subcontractors by Consultant, Consultant shall provide to the City upon request copies of each and every subcontract prior to the execution thereof by Consultant and subcontractor. Any attempt by Consultant to assign any or all of its rights under this Agreement without first obtaining the City's prior written consent shall constitute a material default under this Agreement.

The sale, assignment, transfer or other disposition, on a cumulative basis, of twenty-five percent (25%) or more of the ownership interest in Consultant or twenty-five percent (25%) or more the voting control of Consultant (whether Consultant is a corporation, limited liability company, partnership, joint venture or otherwise) shall constitute an assignment for purposes of this Agreement. Further, the involvement of Consultant or its assets in any transaction or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Agreement or Consultant's assets occurs, which reduces Consultant's assets or net worth by twenty-five percent (25%) or more shall also constitute an assignment for purposes of this Agreement.

19. Subcontractors. Consultant shall provide properly skilled professional and technical personnel to perform any approved subcontracting duties. Consultant shall not engage the services of any person or persons now employed by the City without the prior written approval of City, which approval may be withheld in the City's sole and absolute discretion.
20. Integration. This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes any previous oral or written agreement; provided, however, that correspondence or documents

exchanged between Consultant and City may be used to assist in the interpretation of the exhibits to this Agreement.

21. Amendment. This Agreement may be amended or modified only by a subsequent written amendment executed by both parties.
22. Conflicting Provisions. In the event of a conflict between the terms and conditions of this Agreement and those of any exhibit or attachment hereto, this Agreement proper shall prevail. In the event of a conflict between the terms and conditions of any two or more exhibits or attachments hereto, those prepared by the City shall prevail over those prepared by Consultant.
23. Non-Exclusivity. Notwithstanding any provision herein to the contrary, the services provided by Consultant hereunder shall be non-exclusive, and City reserves the right to employ other contractors in connection with the project.
24. Exhibits. All exhibits hereto are made a part hereof and incorporated herein by reference; provided, however, that any language in Exhibit "A" which does not pertain to the project description, proposal, or scope of services (as applicable) to be provided by Consultant, or any corresponding responsibilities of City, shall be deemed extraneous to, and not a part of, this Agreement.
25. Time of Essence. Time is of the essence of this Agreement.
26. Confidentiality. To the extent permissible under law, Consultant shall keep confidential its obligations hereunder and the information acquired during the performance of the project or services hereunder.
27. Third Parties. Nothing herein shall be interpreted as creating any rights or benefits in any third parties. For purposes hereof, transferees or assignees as permitted under this Agreement shall not be considered "third parties."
28. Governing Law and Venue. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law. Venue for any litigation or other action arising hereunder shall reside exclusively in the Superior Court of the County of Los Angeles, Southwest Judicial District.
29. Attorneys' Fees. In the event either party to this Agreement brings any action to enforce or interpret this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees (including expert witness fees) and costs. This provision shall survive the termination of this Agreement.
30. Claims. Any claim by Consultant against City hereunder shall be subject to Government Code §§ 800 *et seq.* The claims presentation provisions of said Act are hereby modified such that the presentation of all claims hereunder to the City

shall be waived if not made within six (6) months after accrual of the cause of action.

31. Interpretation. Consultant acknowledges that it has had ample opportunity to seek legal advice with respect to the negotiation of this Agreement. This Agreement shall be interpreted as if drafted by both parties.
32. Warranty. In the event that any product shall be provided to the City as part of this Agreement, Consultant warrants as follows: Consultant possesses good title to the product and the right to transfer the product to City; the product shall be delivered to the City free from any security interest or other lien; the product meets all specifications contained herein; the product shall be free from material defects in materials and workmanship under normal use for a period of one (1) year from the date of delivery; and the product shall be fit for its intended purpose(s). Notwithstanding the foregoing, consumable and maintenance items (such as light bulbs and batteries) shall be warranted for a period of thirty (30) days from the date of delivery. All repairs during the warranty period shall be promptly performed by Consultant, at Consultant's expense, including shipping. Consultant shall not be liable under this warranty for an amount greater than the amount set forth in Exhibit "C" hereto.
33. Severance. Any provision of this Agreement that is found invalid or unenforceable shall be deemed severed, and all remaining provisions of this Agreement shall remain enforceable to the fullest extent permitted by law.
34. Authority. City warrants and represents that upon City Council approval, the Mayor of the City of Redondo Beach is duly authorized to enter into and execute this Agreement on behalf of City. The party signing on behalf of Consultant warrants and represents that he or she is duly authorized to enter into and execute this Agreement on behalf of Consultant, and shall be personally liable to City if he or she is not duly authorized to enter into and execute this Agreement on behalf of Consultant.
35. Waiver. The waiver by the City of any breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

SIGNATURES FOLLOW ON NEXT PAGE

IN WITNESS WHEREOF, the parties have executed this Agreement in Redondo Beach, California, as of this 6th day of April, 2021.

CITY OF REDONDO BEACH

RINCON CONSULTANTS, INC.

William C. Brand, Mayor

By: _____
Name: _____
Title: _____

ATTEST:

APPROVED:

Eleanor Manzano, City Clerk

Diane Strickfaden, Risk Manager

APPROVED AS TO FORM:

Michael W. Webb, City Attorney

EXHIBIT "A"

PROJECT DESCRIPTION AND/OR SCOPE OF SERVICES

PROJECT DESCRIPTION

Prepare a Parking Study for the Artesia Aviation Corridors Area Plan (AACAP), and California Environmental Quality Act (CEQA) documentation for the amendments to Article 5, Parking Regulations, of the City's Zoning Ordinance and the land use amendments associated with the AACAP.

Both the land use and parking standard amendments shall be analyzed in one Initial Study-Negative Declaration (IS-ND).

The traffic sub-consultant Fehr & Peers shall concurrently prepare the Implementation Parking Study that shall create and support a parking plan under the AACAP update.

SCOPE OF SERVICES

It is assumed that all project impacts can be mitigated to a less than significant level and that an environmental impact report (EIR) will not be required. If during the course of the preparation of the IS it is determined that one or more issues will or may have significant and unavoidable impacts, Rincon shall notify the City immediately to discuss an appropriate course of action.

Task 1 – Project Kickoff

Rincon team shall organize a virtual kick-off meeting with City staff. Rincon shall use this opportunity to collect any relevant studies and information not already transmitted, confirm study objectives, and establish an operational protocol.

Task 2 – Administrative Draft IS-ND

Rincon shall prepare an internal review (Administrative) Draft IS-ND based on the City's preferred format, the CEQA Guidelines Appendix G checklist. The Administrative Draft IS-ND shall address all items on the environmental checklist. The analysis shall be programmatic in nature, focusing on the overall effects of the proposed amendments. As appropriate, prescriptive mitigation shall be developed for potentially significant effects. Rincon shall submit an electronic copy of the Administrative Draft IS-ND for City review in PDF and/or Word format.

Task 3 – Public Review Draft IS-ND

Rincon shall respond to City comments on the Administrative Draft IS-ND and prepare the Public Review Draft IS-ND. Rincon shall be responsible for preparing and mailing the Notice of Intent (NOI) to adopt an IS-ND to responsible agencies, file the NOI with the County Clerk, and prepare a newspaper notice. The City shall be responsible for publishing the NOI in a local newspaper. Rincon shall provide one electronic (PDF) copy of the Public Review Draft IS-ND for posting on the City's website and up to 20 bound or CD copies. The City shall be responsible for radius mailing for CEQA noticing.

Task 4 – Final IS-ND

Upon receipt of public comments on the Public Review Draft IS-ND, Rincon shall prepare draft responses to comments for City review and prepare the Administrative Final IS-ND. The Mitigation Monitoring and Reporting Program (MMRP) shall be a table listing all mitigation measures and indicating what monitoring actions are required, the department(s) responsible for monitoring, and when monitoring is to occur. Prior to or following IS-ND approval, Rincon shall provide a PDF of the Final IS-ND (including responses to comments and the MMRP) on CD and up to 10 bound or CD copies. Rincon shall file the Notice of Determination (NOD) and the City shall pay applicable filing fees.

Task 5 – Public Hearings

Rincon shall attend two public hearings on the project. If needed, Rincon staff shall make a presentation summarizing the environmental review process and IS-ND conclusions. Rincon staff can attend additional hearings in accordance with Rincon's standard fee schedule.

Task 6 – Project Management

This task addresses project coordination and management. Rincon shall participate in bi-weekly conference calls with City staff throughout the CEQA process. These meetings shall serve as a forum to review working schedules and details for scheduled tasks shall be discussed.

This task also includes internal coordination with Rincon's project team, coordination with subconsultants, and on-going project management responsibilities such as cost and schedule tracking, progress reporting and invoicing.

Parking Study Scope of Work

The tasks below outline Fehr & Peers' approach to completing the Parking Study.

F&P Task 1.1 – Estimate Existing Residual Parking Capacity & Parking Management Triggers

As part of the AACAP update, Fehr & Peers conducted inventory and occupancy counts of existing parking throughout the Corridor Area Plan. Fehr & Peers collected new counts of existing on-street and off-street parking supply and utilization during one weekday and one weekend midday peak period, which identified available parking supply. Using parcel data provided by the city and the existing parking utilization data, Fehr & Peers calibrated an existing conditions shared parking model, to be used to estimate future parking demand.

Due to existing available parking in the AACAP, there is the capacity to increase land intensity without necessarily increasing the parking supply. Using parking demand ratios from the Urban Land Institute (ULI) Shared Parking, Third Edition (2020) manual, Fehr

& Peers shall estimate the residual capacity for land use growth for a range of different uses, targeting an overall parking occupancy percentage of 85% in the corridor as an effective capacity. This shall provide the City with information for how much organic land use growth could occur on the corridor before the need to implement parking management strategies and/or parking supply increases.

F&P Task 1.2 – Parking Management Strategies & Recommended Amendment to the City’s Existing Parking Regulations

Fehr & Peers shall evaluate best practices in other nearby coastal cities with similar parking management goals intended to balance future land use impacts with projected parking demand. This analysis would identify parking and land use ratios adopted by nearby cities in areas similar to the Aviation Artesia Corridor (like Long Beach’s 2nd Street corridor) and explore the successes and/or shortfalls of curbspace management tactics such as pricing. Policy and management recommendations that consider weekday, weekend, daytime, nighttime, and seasonal demand patterns, as well as management of the parking supply through time limits and long-term/short-term controls.

Policies for administering a district parking strategy, such as a framework for evaluating the need for and implementation of parking supply as demand increases in the future, as well as funding strategies, such as in-lieu fees would be summarized as well. Fehr & Peers shall identify “flexible” parking standards/regulations that could support addressing the increased development of the preferred uses, namely restaurants and in some cases medical office (higher parking rate than professional office).

F&P Task 1.3 – Parking Implementation Plan Report & Public Meetings

Fehr & Peers shall prepare a concise draft and final parking implementation plan report. Fehr & Peers is including three public hearings / workshops over the course of the parking implementation plan.

Technical Approach to IS-ND

The IS-ND shall address each issue on the CEQA checklist.

- Aesthetics: Long-term visual impacts (i.e., visual character and views from adjacent areas) resulting from the proposed amendments shall be reviewed based on a visual survey of the AACAP area. The analysis shall also consider light and glare impacts from street lights, vehicle headlights, and building lights.
- Agriculture and Forestry Resources: The IS-ND shall confirm that there would be no effect on farmland or forestland and that the project would not convert such lands to another use.

- **Air Quality:** Emissions associated with construction and operation under the AACAP shall be quantified using the California Emissions Estimator Model (CalEEMod) and compared to the South Coast Air Quality Management District (SCAQMD) thresholds of significance. Consistency with regional air quality plans shall also be evaluated.
- **Biological Resources:** Given the developed nature of the AACAP area, no sensitive biological species or habitat are expected to occur in the plan area. Conditions shall be confirmed.
- **Cultural Resources:** This discussion shall rely on readily available information, such as aerial photographs, and shall cite appropriate provisions of the CEQA Guidelines. The historic analysis shall include a windshield survey to identify potential historic resources. The cost estimate includes a South Central Coast Information Center (SCCIC) records search. The analysis shall be provided in memo that shall be included as an appendix to the IS-ND.
- **Energy:** The analysis shall include qualitative and quantitative evaluation of energy consumption resulting from estimated construction and operation derived from the CalEEMod data.
- **Geology and Soils:** Based on readily available sources, this analysis shall identify existing regional and local geology and soils constraints (such as liquefaction, compressible soils, and subsidence). As necessary, the analysis shall identify erosion control criteria and grading requirements to achieve consistency with the City's geologic and grading standards and policies.
- **Greenhouse Gas (GHG) Emissions:** The GHG analysis shall quantitatively assess GHG emissions using CalEEMod. Emissions shall be compared to applicable thresholds, including the threshold currently recommended by the SCAQMD. The discussion shall also compare the proposed amendments to applicable plans and policies such as the City's Energy Efficiency Climate Action Plan and the Southern California Association of Government's (SCAG) Sustainable Communities Strategy (SCS).
- **Hazards and Hazardous Materials:** Hazard conditions shall be examined based upon readily available data from agency databases, field observations, and any available technical studies. If potentially significant impacts are identified, a mitigation program shall be developed.
- **Hydrology and Water Quality:** Existing hydrology/drainage data for the AACAP area shall be reviewed to identify any existing localized flooding or drainage problems. The review shall consider changes in absorption rates, drainage patterns, storm drain improvements, and downstream effects. The potential impacts associated with the violation of water quality standards or waste discharge requirements shall also be analyzed. Standard Urban Stormwater Mitigation Plan (SUSMP) and National Pollutant

Discharge Elimination System (NPDES) requirements shall be referenced and incorporated as appropriate.

- Land Use and Planning: This discussion shall analyze the relationship of the proposed amendments to applicable planning policies and ordinances, including the City's General Plan and Development Code.
- Mineral Resources: This discussion shall verify that there would be no effect upon mineral resources.
- Noise: Potential noise impacts associated with construction and operation under the proposed amendments shall be analyzed. Due to the current restrictions associated with COVID-19 there is a reduced use of area roadways, so noise measurements taken at this time may not be representative of typical pre- or post-pandemic conditions. Therefore, background noise shall be calculated using the Federal Highway Administration Traffic Noise Model (FHWA TNM) acoustic algorithms, or similar model, and shall be based on traffic volume counts provided in the project traffic report, which assumes an eventual return to pre-pandemic traffic volumes.
- Population/Housing: The analysis shall discuss the potential for the proposed amendments to result in growth inducement or residential displacement.
- Public Services: The project's effects related to the provision of services, including fire, law enforcement, educational, and recreational services, shall be evaluated. Data sources shall include readily available documents, such as the City's General Plan, and contact with affected agencies.
- Recreation: The analysis shall address direct impacts to local recreation facilities as well as indirect impacts associated with increased demand for recreational facilities. Data sources shall include the City's General Plan and General Plan EIR.
- Transportation/Traffic: Based on Fehr & Peers' scope of work, because the parking implementation study is likely to be primarily management/policy focused and not include any development of proposed physical infrastructure projects, it is not anticipated that a detailed quantitative evaluation of transportation impacts would be required. However, VMT and the other Appendix G CEQA checklist items (geometric hazards, emergency response and plans policies, ordinances and programs review) shall be evaluated.
- Tribal Cultural Resources: Rincon shall conduct a cultural resources records search and facilitate Native American outreach in accordance with AB 52. Rincon shall assist the City in preparing the AB 52 consultation letters and participate in one conference call or virtual meeting for tribal consultation.
- Utilities: Impacts to existing infrastructure, including water, wastewater, electricity, natural gas, and solid waste facilities shall be evaluated. Water demand and wastewater

and solid waste generation shall be quantified using standard rates under the proposed amendment and compared to current and future system capacity.

- Wildfire: The IS shall indicate the distance to the nearest wildfire zone and discuss potential impacts related to wildland fire.
- Mandatory Findings of Significance: This section shall address cumulative effects, impacts to biological or cultural resources, and impacts to human beings.

EXHIBIT "B"

SCHEDULE FOR COMPLETION

TERM

This Agreement shall commence on April 6, 2021 and shall continue until January 31 2022, unless otherwise terminated as herein provided.

SCHEDULE

Rincon shall complete the IS-ND for the AACAP update based on the following schedule:

- Administrative Draft IS-ND to be submitted for City review within nine weeks of notice to proceed (this timing is based on receipt of the transportation analysis noted below).
- Public Review Draft IS-ND to be submitted within two weeks of receipt of City comments on the Administrative Draft IS-ND.
- Final IS-ND to be submitted within two weeks of receipt of all public comments on the Public Review Draft IS-ND

Fehr & Peers shall complete the Parking Study in six weeks, excluding potential time extensions if needed based on the specific public meeting schedule the City would like to have for the project. For the IS-ND, Fehr & Peers shall complete the transportation analysis two weeks following finalization of the Parking Study.


Based on these timeframes and assuming two-week City turnaround of internal review work products, the environmental review process can be completed within about six months.

EXHIBIT "C"

COMPENSATION

Provided Consultant is not in default under this Agreement, Consultant shall be compensated as provided below.

1. **AMOUNT** The total cost for the environmental review is \$84,065. This amount includes \$27,430 for the traffic analysis to be prepared by a sub-consultant. The amount also includes the complete scope of work described in Exhibit A.

 RINCON CONSULTANTS, INC. AACAP IS-ND and Parking Study								
Cost Estimate								
			Principal II	Supervisor I	Professional III	GIS/CADD Specialist I	Production Specialist	Clerical
Tasks	Labor Cost	Hours	\$247	\$201	\$134	\$115	\$91	\$77
1 - Project Kickoff	\$1,452	8	2	4				2
2 - Administrative Draft IS-ND	\$17,904	120	8	20	80	4	8	
Cultural Resources Analysis Memo	\$5,196	36	1	6	24	3	2	
3 - Public Review Draft IS-ND	\$7,712	52	2	16	20	2	12	
4 - Final IS-ND	\$6,008	40	2	12	16	2	8	
5 - Public Hearings	\$4,388	20	8	12				
6 - Project Management	\$5,160	28	6	16				6
Subtotal Cost	\$ 47,820	304	\$ 7,163	\$ 17,286	\$ 18,760	\$ 1,265	\$ 2,730	\$ 616
Direct Cost Summary								
Print Draft IS-ND (10 hard copies)	\$ 750							
Print Final IS-ND (10 hard copies)	\$ 750							
AB 52 Assistance and SCCIC Records Search	\$ 2,200							
Miscellaneous Expenses	\$ 1,000							
F&P - Parking Study and CEQA Analysis	\$ 27,430							
General & Administrative	\$ 4,115							
Subtotal Additional Costs	\$ 36,245							
Summary								
Professional Fees Subtotal	\$ 47,820							
Direct Costs Subtotal	\$ 36,245							
Total Project Budget	\$ 84,065							

Professional Services - are based on Rincon's standard fee schedule and labor classifications. The above is provided as an estimate of Rincon's effort per task. Rincon may reallocate budget between staff and tasks, as long as the total contract price is not exceeded.

Annual Escalation - Standard rates subject to 3% escalation annually

2. **METHOD OF PAYMENT** Consultant shall provide monthly invoices to City for approval and payment. Invoices must be adequately detailed, based on accurate records, and in a form reasonably satisfactory to City. Consultant may be required to provide back-up material upon request.

3. **SCHEDULE FOR PAYMENT** City agrees to pay Consultant within thirty (30) days of receipt of monthly invoices; provided, however, that payments by City shall not exceed \$53,491 and services are performed to the full satisfaction of the City. Consultant acknowledges that the payment of services is subject to a separate reimbursement agreement with a third party and that payment may be delayed due to delay in the City's receipt of reimbursement monies.

4. **NOTICE** Written notices to City and Consultant shall be given by registered or certified mail, postage prepaid and addressed to or personally served on the following parties.

Consultant

Rincon Consultants, Inc.
250 East 1st Street, Suite 301
Los Angeles, CA 90012
Attn: Joe Power

City

City of Redondo Beach
Planning Division
415 Diamond Street
Redondo Beach, CA 90277

All notices, including notices of address changes, provided under this Agreement are deemed received on the third day after mailing if sent by registered or certified mail. Changes in the respective address set forth above may be made from time to time by any party upon written notice to the other party.

EXHIBIT “D”

INSURANCE REQUIREMENTS FOR CONSULTANTS

Without limiting Consultant’s indemnification obligations under this Agreement, Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).

Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).

Workers’ Compensation insurance as required by the State of California.

Employer’s Liability Insurance.

Minimum Limits of Insurance

Consultant shall maintain limits no less than:

General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. The general aggregate limit shall apply separately to this project.

Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

Employer’s Liability: \$1,000,000 per accident for bodily injury or disease.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers or (2) the Consultant shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Endorsement:

General Liability: The City, its officers, elected and appointed officials, employees, and volunteers shall be covered as insureds with respect to liability arising out of work performed by or on behalf of the Consultant. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance, or as a separate owner's policy.

Automobile Liability: The City, its officers, elected and appointed officials, employees, and volunteers shall be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Consultant.

For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, elected and appointed officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.

Each insurance policy shall be endorsed to state that the inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverages afforded shall apply as though separate policies had been issued to each insured.

Each insurance policy shall be in effect prior to awarding the contract and each insurance policy or a successor policy shall be in effect for the duration of the project. The maintenance of proper insurance coverage is a material element of the contract and failure to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of contract on the Consultant's part.

Acceptability of Insurers

Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A:VII and which are authorized to transact insurance business in the State of California by the Department of Insurance.

Verification of Coverage

Consultant shall furnish the City with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on the City authorized forms provided with the contract specifications. Standard ISO forms which shall be subject to City approval and amended to conform to the City's requirements may be acceptable in lieu of City authorized forms. All certificates and endorsements shall be received and approved by the City before the contract is awarded. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

Subcontractors

Consultant shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

Risk Management

Consultant acknowledges that insurance underwriting standards and practices are subject to change, and the City reserves the right to make changes to these provisions in the reasonable discretion of its Risk Manager.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

2/1/2022

1/26/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Lockton Insurance Brokers, LLC 777 S. Figueroa Street, 52nd Fl. CA License #0F15767 Los Angeles CA 90017 (213) 689-0065	CONTACT NAME: PHONE (A/C. No. Ext): E-MAIL ADDRESS:		FAX (A/C. No):
	INSURER(S) AFFORDING COVERAGE INSURER A: Crum & Forster Specialty Insurance Co INSURER B: Hartford Fire Insurance Company INSURER C: Starstone National Insurance Company INSURER D: INSURER E: INSURER F:		NAIC # 44520 19682 25496
INSURED 1462718 Rincon Consultants, Inc. 180 N. Ashwood Ave. Ventura CA 93003			

COVERAGES RINCO01 **CERTIFICATE NUMBER:** 16059492 **REVISION NUMBER:** XXXXXXXX

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> SIR: \$50,000 <input checked="" type="checkbox"/> P&I GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:	Y	Y	EPK-133853	2/1/2021	2/1/2023	EACH OCCURRENCE \$ 3,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 3,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000 \$
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY	Y	Y	72UENOL5481	2/1/2021	2/1/2022	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ XXXXXXXX BODILY INJURY (Per accident) \$ XXXXXXXX PROPERTY DAMAGE (Per accident) \$ XXXXXXXX \$ XXXXXXXX
A	UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000	N	N	EFX-116867	2/1/2021	2/1/2022	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$ XXXXXXXX
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> N	Y N/A	T10210329	2/1/2021	2/1/2022	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	Contractors Pollution Liab E&O Liab.-Claims Made	N	N	EPK-133853	2/1/2021	2/1/2023	Limit: \$3,000,000/\$4,000,000 Limit: \$3,000,000/\$4,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Cyber Liability: Carrier: HDI Specialty Insurance Company, Policy No. Renewal Policy #: SCTRD2590380000, Policy Term: 2/1/2021-2/1/2022, Limit: \$5,000,000 SIR: \$10,000
 The City of Redondo Beach, Its officers, elected and appointed officials, employees and volunteers are named as additional insureds for General Liability and Auto Liability with respect to work performed for them by the Named Insured as required by written contract, per Blanket Additional Insured endorsement EN0147-1111, EN0320-0211, EN0321-0211 & HA99160312. Liability Coverage is Primary and Non-Contributory as required by written contract, per endorsement EN0147-1111 & HA99160312.

CERTIFICATE HOLDER

16059492
 City of Redondo Beach
 415 Diamond St.
 Redondo Beach CA 90277

CANCELLATION See Attachments

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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Blanket Waiver of Subrogation applies to General Liability, Auto Liability and Workers Compensation as required by written contract, per Endorsement EN0147-1111, HA99160312 & WC000313. Excess policy follows General Liability, Auto Liability and Employers Liability form.

Policy Number: EPK-133853

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location(s) of Covered Operations
Blanket when specifically required in a written contract with the named insured.	Blanket when specifically required in a written contract with the named insured.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section III — Who Is An Insured within the Common Provisions is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" cause, in whole or in part, by:

- 1. Your acts or omissions; or
- 2. The acts or omissions of those acting on your behalf; in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

- 1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
- 2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

Policy Number: EPK-133853

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Additional Person(s) or Organization(s):	Location And Description Of Completed Operations
Blanket when specifically required in a written contract with the named insured.	Blanket when specifically required in a written contract with the named insured.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section III — Who Is An Insured within the Common Provisions is amended to include as an insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

Policy Number: EPK-133853

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PRIMARY AND NON-CONTRIBUTORY ADDITIONAL INSURED
WITH WAIVER OF SUBROGATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
CONTRACTORS POLLUTION LIABILITY COVERAGE PART
ERRORS AND OMISSIONS LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) or Organization(s)

Blanket when specifically required in a written contract with the named insured.

- A. SECTION III — WHO IS AN INSURED** within the Common Provisions is amended to include as an additional insured the person(s) or organization(s) indicated in the Schedule shown above, but only with respect to liability arising out of "your work" for that person or organization performed by you, or by those acting on your behalf.
- B.** As respects additional insureds as defined above, this insurance also applies to "bodily injury" or "property damage" arising out of your negligence when the following written contract requirements are applicable:
1. Coverage available under this coverage part shall apply as primary insurance. Any other insurance available to these additional insureds shall apply as excess and not contribute as primary to the insurance afforded by this endorsement.
 2. We waive any right of recovery we may have against the person(s) or organization(s) indicated in the Schedule shown above because of payments we make for injury or damage arising out of "your work" performed under a written contract with that person(s) or organization(s).
 3. The term "additional insured" is used separately and not collectively, but the inclusion of more than one "additional insured" shall not increase the limits or coverage provided by this insurance.

This Endorsement does not reinstate or increase the Limits of Insurance applicable to any "claim" to which the coverage afforded by this Endorsement applies.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL AUTOMOBILE BROAD FORM ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

To the extent that the provisions of this endorsement provide broader benefits to the "insured" than other provisions of the Coverage Form, the provisions of this endorsement apply.

1. BROAD FORM INSURED

A. Subsidiaries and Newly Acquired or Formed Organizations

The Named Insured shown in the Declarations is amended to include:

- (1) Any legal business entity other than a partnership or joint venture, formed as a subsidiary in which you have an ownership interest of more than 50% on the effective date of the Coverage Form. However, the Named Insured does not include any subsidiary that is an "insured" under any other automobile policy or would be an "insured" under such a policy but for its termination or the exhaustion of its Limit of Insurance.
- (2) Any organization that is acquired or formed by you and over which you maintain majority ownership. However, the Named Insured does not include any newly formed or acquired organization:
 - (a) That is a partnership or joint venture,
 - (b) That is an "insured" under any other policy,
 - (c) That has exhausted its Limit of Insurance under any other policy, or
 - (d) 180 days or more after its acquisition or formation by you, unless you have given us notice of the acquisition or formation.

Coverage does not apply to "bodily injury" or "property damage" that results from an "accident" that occurred before you formed or acquired the organization.

B. Employees as Insureds

Paragraph A.1. - WHO IS AN INSURED - of SECTION II - LIABILITY COVERAGE is amended to add:

- d. Any "employee" of yours while using a covered "auto" you don't own, hire or borrow in your business or your personal affairs.

C. Lessors as Insureds

Paragraph A.1. - WHO IS AN INSURED - of Section II - Liability Coverage is amended to add:

- e. The lessor of a covered "auto" while the "auto" is leased to you under a written agreement if:
 - (1) The agreement requires you to provide direct primary insurance for the lessor and
 - (2) The "auto" is leased without a driver.

Such a leased "auto" will be considered a covered "auto" you own and not a covered "auto" you hire.

D. Additional Insured if Required by Contract

- (1) Paragraph A.1. - WHO IS AN INSURED - of Section II - Liability Coverage is amended to add:
 - f. When you have agreed, in a written contract or written agreement, that a person or organization be added as an additional insured on your business auto policy, such person or organization is an "insured", but only to the extent such person or organization is liable for "bodily injury" or "property damage" caused by the conduct of an "insured" under paragraphs a. or b. of Who Is An Insured with regard to the ownership, maintenance or use of a covered "auto."

The insurance afforded to any such additional insured applies only if the "bodily injury" or "property damage" occurs:

- (1) During the policy period, and
- (2) Subsequent to the execution of such written contract, and
- (3) Prior to the expiration of the period of time that the written contract requires such insurance be provided to the additional insured.

(2) How Limits Apply

If you have agreed in a written contract or written agreement that another person or organization be added as an additional insured on your policy, the most we will pay on behalf of such additional insured is the lesser of:

- (a) The limits of insurance specified in the written contract or written agreement; or
- (b) The Limits of Insurance shown in the Declarations.

Such amount shall be a part of and not in addition to Limits of Insurance shown in the Declarations and described in this Section.

(3) Additional Insureds Other Insurance

If we cover a claim or "suit" under this Coverage Part that may also be covered by other insurance available to an additional insured, such additional insured must submit such claim or "suit" to the other insurer for defense and indemnity.

However, this provision does not apply to the extent that you have agreed in a written contract or written agreement that this insurance is primary and non-contributory with the additional insured's own insurance.

(4) Duties in The Event Of Accident, Claim, Suit or Loss

If you have agreed in a written contract or written agreement that another person or organization be added as an additional insured on your policy, the additional insured shall be required to comply with the provisions in LOSS CONDITIONS 2. - DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS – OF SECTION IV – BUSINESS AUTO CONDITIONS, in the same manner as the Named Insured.

E. Primary and Non-Contributory if Required by Contract

Only with respect to insurance provided to an additional insured in 1.D. - Additional Insured If Required by Contract, the following provisions apply:

(3) Primary Insurance When Required By Contract

This insurance is primary if you have agreed in a written contract or written agreement that this insurance be primary. If other insurance is also primary, we will share with all that other insurance by the method described in Other Insurance 5.d.

(4) Primary And Non-Contributory To Other Insurance When Required By Contract

If you have agreed in a written contract or written agreement that this insurance is primary and non-contributory with the additional insured's own insurance, this insurance is primary and we will not seek contribution from that other insurance.

Paragraphs (3) and (4) do not apply to other insurance to which the additional insured has been added as an additional insured.

When this insurance is excess, we will have no duty to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, by the method described in Other Insurance 5.d.

2. AUTOS RENTED BY EMPLOYEES

Any "auto" hired or rented by your "employee" on your behalf and at your direction will be considered an "auto" you hire.

The OTHER INSURANCE Condition is amended by adding the following:

If an "employee's" personal insurance also applies on an excess basis to a covered "auto" hired or rented by your "employee" on your behalf and at your direction, this insurance will be primary to the "employee's" personal insurance.

3. AMENDED FELLOW EMPLOYEE EXCLUSION

EXCLUSION 5. - FELLOW EMPLOYEE - of SECTION II - LIABILITY COVERAGE does not apply if you have workers' compensation insurance in-force covering all of your "employees".

Coverage is excess over any other collectible insurance.

4. HIRED AUTO PHYSICAL DAMAGE COVERAGE

If hired "autos" are covered "autos" for Liability Coverage and if Comprehensive, Specified Causes of Loss, or Collision coverages are provided under this Coverage Form for any "auto" you own, then the Physical Damage Coverages provided are extended to "autos" you hire or borrow, subject to the following limit.

The most we will pay for "loss" to any hired "auto" is:

- (1) \$100,000;
- (2) The actual cash value of the damaged or stolen property at the time of the "loss"; or
- (3) The cost of repairing or replacing the damaged or stolen property,

whichever is smallest, minus a deductible. The deductible will be equal to the largest deductible applicable to any owned "auto" for that coverage. No deductible applies to "loss" caused by fire or lightning. Hired Auto Physical Damage coverage is excess over any other collectible insurance. Subject to the above limit, deductible and excess provisions, we will provide coverage equal to the broadest coverage applicable to any covered "auto" you own.

We will also cover loss of use of the hired "auto" if it results from an "accident", you are legally liable and the lessor incurs an actual financial loss, subject to a maximum of \$1000 per "accident".

This extension of coverage does not apply to any "auto" you hire or borrow from any of your "employees", partners (if you are a partnership), members (if you are a limited liability company)

5. PHYSICAL DAMAGE - ADDITIONAL TEMPORARY TRANSPORTATION EXPENSE COVERAGE

Paragraph A.4.a. of SECTION III - PHYSICAL DAMAGE COVERAGE is amended to provide a limit of \$50 per day and a maximum limit of \$1,000.

6. LOAN/LEASE GAP COVERAGE

Under SECTION III - PHYSICAL DAMAGE COVERAGE, in the event of a total "loss" to a covered "auto", we will pay your additional legal obligation for any difference between the actual cash value of the "auto" at the time of the "loss" and the "outstanding balance" of the loan/lease.

"Outstanding balance" means the amount you owe on the loan/lease at the time of "loss" less any amounts representing taxes; overdue payments; penalties, interest or charges resulting from overdue payments; additional mileage charges; excess wear and tear charges; lease termination fees; security deposits not returned by the lessor; costs for extended warranties, credit life insurance, health, accident or disability insurance purchased with the loan or lease; and carry-over balances from previous loans or leases.

7. AIRBAG COVERAGE

Under Paragraph B. EXCLUSIONS - of SECTION III - PHYSICAL DAMAGE COVERAGE, the following is added:

The exclusion relating to mechanical breakdown does not apply to the accidental discharge of an airbag.

8. ELECTRONIC EQUIPMENT - BROADENED COVERAGE

a. The exceptions to Paragraphs B.4 - EXCLUSIONS - of SECTION III - PHYSICAL DAMAGE COVERAGE are replaced by the following:

Exclusions 4.c. and 4.d. do not apply to equipment designed to be operated solely by use of the power from the "auto's" electrical system that, at the time of "loss", is:

- (1) Permanently installed in or upon the covered "auto";
- (2) Removable from a housing unit which is permanently installed in or upon the covered "auto";
- (3) An integral part of the same unit housing any electronic equipment described in Paragraphs (1) and (2) above; or

- (4) Necessary for the normal operation of the covered "auto" or the monitoring of the covered "auto's" operating system.

b. Section III – Version CA 00 01 03 10 of the Business Auto Coverage Form, Physical Damage Coverage, Limit of Insurance, Paragraph C.2 and Version CA 00 01 10 01 of the Business Auto Coverage Form, Physical Damage Coverage, Limit of Insurance, Paragraph C are each amended to add the following:

\$1,500 is the most we will pay for "loss" in any one "accident" to all electronic equipment (other than equipment designed solely for the reproduction of sound, and accessories used with such equipment) that reproduces, receives or transmits audio, visual or data signals which, at the time of "loss", is:

- (1) Permanently installed in or upon the covered "auto" in a housing, opening or other location that is not normally used by the "auto" manufacturer for the installation of such equipment;
- (2) Removable from a permanently installed housing unit as described in Paragraph 2.a. above or is an integral part of that equipment; or
- (3) An integral part of such equipment.

c. For each covered "auto", should loss be limited to electronic equipment only, our obligation to pay for, repair, return or replace damaged or stolen electronic equipment will be reduced by the applicable deductible shown in the Declarations, or \$250, whichever deductible is less.

9. EXTRA EXPENSE - BROADENED COVERAGE

Under Paragraph A. - COVERAGE - of SECTION III - PHYSICAL DAMAGE COVERAGE, we will pay for the expense of returning a stolen covered "auto" to you.

10. GLASS REPAIR - WAIVER OF DEDUCTIBLE

Under Paragraph D. - DEDUCTIBLE - of SECTION III - PHYSICAL DAMAGE COVERAGE, the following is added:

No deductible applies to glass damage if the glass is repaired rather than replaced.

11. TWO OR MORE DEDUCTIBLES

Under Paragraph D. - DEDUCTIBLE - of SECTION III - PHYSICAL DAMAGE COVERAGE, the following is added:

If another Hartford Financial Services Group, Inc. company policy or coverage form that is not an automobile policy or coverage form applies to the same "accident", the following applies:

- (1) If the deductible under this Business Auto Coverage Form is the smaller (or smallest) deductible, it will be waived;
- (2) If the deductible under this Business Auto Coverage Form is not the smaller (or smallest) deductible, it will be reduced by the amount of the smaller (or smallest) deductible.

12. AMENDED DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS

The requirement in LOSS CONDITIONS 2.a. - DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS - of SECTION IV - BUSINESS AUTO CONDITIONS that you must notify us of an "accident" applies only when the "accident" is known to:

- (1) You, if you are an individual;
- (2) A partner, if you are a partnership;
- (3) A member, if you are a limited liability company; or
- (4) An executive officer or insurance manager, if you are a corporation.

13. UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS

If you unintentionally fail to disclose any hazards existing at the inception date of your policy, we will not deny coverage under this Coverage Form because of such failure.

14. HIRED AUTO - COVERAGE TERRITORY

Paragraph e. of GENERAL CONDITIONS 7. - POLICY PERIOD, COVERAGE TERRITORY - of SECTION IV - BUSINESS AUTO CONDITIONS is replaced by the following:

- e. For short-term hired "autos", the coverage territory with respect to Liability Coverage is anywhere in the world provided that if the "insured's" responsibility to pay damages for "bodily injury" or "property damage" is determined in a "suit," the "suit" is brought in the United States of America, the territories and possessions of the United States of America, Puerto Rico or Canada or in a settlement we agree to.

15. WAIVER OF SUBROGATION

TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US - of SECTION IV - BUSINESS AUTO CONDITIONS is amended by adding the following:

We waive any right of recovery we may have against any person or organization with whom you have a written contract that requires such waiver because of payments we make for damages under this Coverage Form.

16. RESULTANT MENTAL ANGUISH COVERAGE

The definition of "bodily injury" in SECTION V-DEFINITIONS is replaced by the following:

"Bodily injury" means bodily injury, sickness or disease sustained by any person, including mental anguish or death resulting from any of these.

17. EXTENDED CANCELLATION CONDITION

Paragraph 2. of the COMMON POLICY CONDITIONS - CANCELLATION - applies except as follows:

If we cancel for any reason other than nonpayment of premium, we will mail or deliver to the first Named Insured written notice of cancellation at least 60 days before the effective date of cancellation.

18. HYBRID, ELECTRIC, OR NATURAL GAS VEHICLE PAYMENT COVERAGE

In the event of a total loss to a "non-hybrid" auto for which Comprehensive, Specified Causes of Loss, or Collision coverages are provided under this Coverage Form, then such Physical Damage Coverages are amended as follows:

- a.If the auto is replaced with a "hybrid" auto or an auto powered solely by electricity or natural gas, we will pay an additional 10%, to a maximum of \$2,500, of the "non-hybrid" auto's actual cash value or replacement cost, whichever is less,
- b.The auto must be replaced and a copy of a bill of sale or new lease agreement received by us within 60 calendar days of the date of "loss,"

- c.Regardless of the number of autos deemed a total loss, the most we will pay under this Hybrid, Electric, or Natural Gas Vehicle Payment Coverage provision for any one "loss" is \$10,000.

For the purposes of the coverage provision,

- a.A "non-hybrid" auto is defined as an auto that uses only an internal combustion engine to move the auto but does not include autos powered solely by electricity or natural gas.
- b.A "hybrid" auto is defined as an auto with an internal combustion engine and one or more electric motors; and that uses the internal combustion engine and one or more electric motors to move the auto, or the internal combustion engine to charge one or more electric motors, which move the auto.

19. VEHICLE WRAP COVERAGE

In the event of a total loss to an "auto" for which Comprehensive, Specified Causes of Loss, or Collision coverages are provided under this Coverage Form, then such Physical Damage Coverages are amended to add the following:

In addition to the actual cash value of the "auto", we will pay up to \$1,000 for vinyl vehicle wraps which are displayed on the covered "auto" at the time of total loss. Regardless of the number of autos deemed a total loss, the most we will pay under this Vehicle Wrap Coverage provision for any one "loss" is \$5,000. For purposes of this coverage provision, signs or other graphics painted or magnetically affixed to the vehicle are not considered vehicle wraps.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY**WC 00 03 13**
(Ed. 4-84)**WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT**

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

This agreement shall not operate directly or indirectly to benefit any one not named in the Schedule.

Schedule

WHERE REQUIRED BY WRITTEN CONTRACT, PROVIDED THE CONTRACT IS SIGNED AND DATED PRIOR TO THE DATE OF LOSS TO WHICH THIS WAIVER APPLIES. IN NO INSTANCE SHALL THE PROVISIONS AFFORDED BY THIS ENDORSEMENT BENEFIT ANY COMPANY OPERATING AIRCRAFT FOR HIRE.

Missouri Special Note: Any person or organization for which the employer has agreed by written contract, executed prior to loss, may execute a waiver of subrogation. However, for purposes of work performed by the employer in Missouri, this waiver of subrogation does not apply to any construction group of classifications as designated by the waiver of right to recover from others (subrogation) rule in our manual.

Per Policy Minimum Waiver Premium by State:

	AL, AR, CA, CO, CT, DC, HI, ID, IL, IN, IA, KS, ME, MD, MI, MN, MS, MT, NV, NM, OH, OK, OR, PA, RI, SC, SD, UT, VT, WA,
\$500:	WV
\$250:	AK, DE, LA, NY, TN, VA
\$100:	NC (per waiver)
\$50:	WI
N/A:	AZ, FL, GA, KY, MA, MO, NE, NH, NJ, TX

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective 2/1/2021	Policy No. T10210329
Insured	Rincon Consultants, Inc.
Insurance Company	StarStone National Insurance Company

Endorsement No.	10
Policy Effective Date	2/1/2021

Countersigned By _____


WC 00 03 13
(Ed. 4-84)

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Administrative Report

O.I., File # 21-2271

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL

From: JOE HOEFGEN, CITY MANAGER

TITLE

DISCUSSION AND POSSIBLE ACTION REGARDING THE CITY'S LOCAL EMERGENCY PERTAINING TO COVID-19

EXECUTIVE SUMMARY

This report provides the City Council with an opportunity to discuss the status of the City's Local Emergency pertaining to COVID-19 and to review and give direction on the City's current emergency orders. Presentations will be made at the meeting by staff from the Community Services, Library, Community Development, Public Works, and Finance Departments on the planned reopening of certain public counters and City services.

APPROVED BY:

Joe Hoefgen, City Manager