

NOTICE

The Urban Community Development Commission (UCDC) was established by Ordinance August 15, 1975 to function as the governing body of the Community Redevelopment Agency. Its purpose is to aid in planning and implementing projects in the City of Compton.

URBAN COMMUNITY DEVELOPMENT COMMISSION AGENDA

**Tuesday, October 23, 2007
2:50 PM**

WORKSHOP(S)

HEARING(S)

**3:20 PM JOINT PUBLIC HEARING - BETWEEN THE
COMMUNITY REDEVELOPMENT AGENCY AND PRISM-IQ
PARTNERS, LLC., AND ASSIGNMENT OF THE LEASE TO THE CITY
OF COMPTON AND A REIMBURSEMENT AGREEMENT BETWEEN
THE CITY AND PRISM-IQ PARTNERS TO ENHANCE SECURITY
SERVICES AT GATEWAY TOWNE CENTER (SEE ITEM 2)**

OPENING

APPROVAL OF MINUTES

1. October 2, 2007

ORAL AND WRITTEN COMMUNICATION

UNFINISHED BUSINESS

NEW BUSINESS

2. AUTHORIZING A SHOPPING CENTER LEASE AGREEMENT BETWEEN THE COMMUNITY REDEVELOPMENT AGENCY AND PRISM-IQ PARTNERS, LLC., AND ASSIGNMENT OF THE LEASE TO THE CITY OF COMPTON PURSUANT TO A

REIMBURSEMENT AGREEMENT BETWEEN THE CITY AND
PRISM-IQ PARTNERS, LLC., IN CONNECTION WITH THE
PROPOSED DEVELOPMENT OF A SHERIFF SUBSTATION AT
THE GATEWAY TOWNE CENTER SITE IN THE
REDEVELOPMENT PROJECT AREA

AUDIENCE COMMENTS

COMMISSION COMMENTS

ADJOURNMENT

OCTOBER 2, 2007

The Urban Community Development Commission meeting was called to order at 7:06 p.m. in the Council Chambers of City Hall by Chairperson Eric Perrodin.

Roll Call

Commissioners Present: Calhoun, Dobson, Arceneaux, Hall, Perrodin
Commissioners Absent: None

Other Officials Present: L. Clegg, A. Godwin, C. Evans

APPROVAL OF MINUTES On motion by Calhoun, seconded by Arceneaux, the minutes of **September 4, 2007**, **September 11, 2007** and **September 18, 2007** were approved by the following vote on roll call:

AYES: Commissioners - Calhoun, Dobson, Arceneaux, Hall, Perrodin
NOES: Commissioners - None
ABSENT: Commissioners - None

UNFINISHED BUSINESS There was no Unfinished Business.

NEW BUSINESS

ACCEPTING THE PROPOSAL OF BRYAN A. STIRRAT & ASSOCIATES (BAS) TO PROVIDE ENVIRONMENTAL REMEDIATION ON AGENCY OWNED PROPERTY On motion by Arceneaux, seconded by Hall, **Resolution # 1,683** entitled **“A RESOLUTION OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF COMPTON ACCEPTING THE PROPOSAL OF BRYAN A. STIRRAT & ASSOCIATES (BAS) TO PROVIDE ENVIRONMENTAL REMEDIATION ON AGENCY OWNED PROPERTY”** was adopted by the following vote on roll call:

AYES: Commissioners - Calhoun, Dobson, Arceneaux, Hall, Perrodin
NOES: Commissioners - None
ABSENT: Commissioners - None

AUTHORIZING THE EXECUTIVE SECRETARY TO ENTER INTO A CONTRACT WITH SWAYZER'S INC. FOR THE ALAMEDA STREET LANDSCAPING ENHANCEMENT (CIP #08-11) Removed per the City Attorney.

AUDIENCE COMMENTS

There were no Audience Comments.

COMMISSION COMMENTS

There were no Commission Comments.

On motion by Hall, seconded by Arceneaux, the meeting was adjourned at 7:07 p.m., by the following vote on roll call:

AYES: Commissioners - Calhoun, Dobson, Arceneaux, Hall, Perrodin

NOES: Commissioners - None

ABSENT: Commissioners - None

**Clerk of the Urban Community
Development Commission**

**Chairman of the Urban Community
Development Commission**

RESOLUTION SIGN-OFF FORM

DEPARTMENT: Community Redevelopment

RESOLUTION TITLE: AUTHORIZING A SHOPPING CENTER LEASE AGREEMENT BETWEEN THE COMMUNITY REDEVELOPMENT AGENCY AND PRISM-IQ PARTNERS, LLC., AND ASSIGNMENT OF THE LEASE TO THE CITY OF COMPTON PURSUANT TO A REIMBURSEMENT AGREEMENT BETWEEN THE CITY AND PRISM-IQ PARTNERS, LLC., IN CONNECTION WITH THE PROPOSED DEVELOPMENT OF A SHERIFF SUBSTATION AT THE GATEWAY TOWNE CENTER SITE IN THE REDEVELOPMENT PROJECT AREA

<ManagersName>
DEPARTMENT MANAGER’S SIGNATURE

<ManagersDate>
DATE

REVIEW / APPROVAL

<LegalName>
CITY ATTORNEY

<LegalDate>
DATE

<ControllerName>
CITY CONTROLLER

<ControllerDate>
DATE

<BudgetName>
BUDGET OFFICER

<BudgetDate>
DATE

<CityManager>
CITY MANAGER

<CityManagerDate>
DATE

Use when:	
Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney’s review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.

October 23, 2007

TO: MAYOR AND COUNCIL MEMBERS

FROM: CITY MANAGER

SUBJECT: AUTHORIZING A SHOPPING CENTER LEASE AGREEMENT BETWEEN THE COMMUNITY REDEVELOPMENT AGENCY AND PRISM-IQ PARTNERS, LLC., AND ASSIGNMENT OF THE LEASE TO THE CITY OF COMPTON PURSUANT TO A REIMBURSEMENT AGREEMENT BETWEEN THE CITY AND PRISM-IQ PARTNERS LLC., IN CONNECTION WITH ESTABLISHMENT OF A SHERIFF SUBSTATION AT THE GATEWAY TOWNE CENTER SITE IN THE REDEVELOPMENT PROJECT AREA

SUMMARY

Requesting Council authorization to consider a Shopping Center Lease (the "Lease") between the Community Redevelopment Agency ("Tenant") and Prism-IQ Partners, LLC ("Landlord") and an assignment of the Lease by the Agency to the City of Compton pursuant to a Reimbursement Agreement to enhance public safety at the premises of the Gateway Towne Center development located in the Compton Redevelopment Project Area.

BACKGROUND

Pursuant to the terms of a certain Disposition and Development Agreement (DDA) with the Community Redevelopment Agency, Prism-IQ Partners LLC., is developing a shopping center commonly known as the Gateway Towne Center at the former Compton Auto Plaza site. Prism-IQ Partners LLC., in conjunction with the Agency and the City of Compton, has determined that there is a vital need for a sheriff's substation in the shopping center to enhance public safety and welfare in the area. The Agency, Prism-IQ, and the City have further determined that a sheriff's substation would alleviate blight as well as benefit the immediate area in which the leased premises are located, and that no other reasonable means of financing the acquisition of the leasehold interest or the tenant improvements by the City are available to the Agency or the City.

The Agency intends to lease certain premises in the Gateway Towne Center from Prism-IQ Partners pursuant to a Shopping Center Lease (see attached). The Agency would then assign its leasehold interest to the City of Compton, and the City would permit the County Sheriff's Department to occupy and utilize the leased premises as a sheriff's substation. Notwithstanding the lease assignment, the Agency would continue to make rental payments under the Lease and pay for the costs of tenant improvements for the leased premises, but would not pay for normal maintenance or operational costs.

Prism-IQ, LLC – Lease Agreement
October 23, 2007
Page Two

The tenant improvements would be initially owned by the Agency, but title and interest including any additional tenant improvements undertaken by the Agency would be transferred to the City for the benefit of law enforcement purposes under the lease assignment and a Reimbursement Agreement.

STATEMENT OF THE ISSUE

In accordance with Section 33445 and 33679 of the Health and Safety Code, any Agency assistance towards payment for all or part of the value of land, and the cost of construction of any improvement that are publicly owned requires a joint public hearing of both the Agency and legislative body for public input. California Health and Safety Code Section 33679 requires that the public hearing be noticed in a newspaper of general circulation for at least two weeks prior to the public hearing and that a summary report describing certain information described in Section 33679 be made available for public inspection and copying (at a cost not to exceed the cost of duplication) as of the first publication of the notice of public hearing. Subsequent to the hearing, the Commission and City Council must consider and approve a resolution authorizing the transaction.

In compliance with the Redevelopment Law, the Commission on October 9, 2007, scheduled a joint public hearing (by minute motion) for October 23, 2007, to consider a resolution authorizing the Shopping Center Lease between the Agency and Prism-IQ Partners LLC., and Assignment of the Lease to the City of Compton pursuant to a Reimbursement Agreement between the Agency and the City. Accordingly, the notice of the joint public hearing was published in the *Compton Bulletin* on October 10, 2007 and October 17, 2007. A copy of the transaction and Summary Report was also placed in the City Clerk's Office on October 10, 2007 for public review in accordance with the Redevelopment Law.

ECONOMIC BENEFITS

The Gateway Towne Center represents a major revenue generating retail/commercial facility in the Project area. The proposed substation would further enhance the economic revitalization of the area by improving public safety and preventing blight in a formerly underutilized area as well as stimulate the economic resurgence of the Project Area.

FISCAL IMPACT

That funds not to exceed \$1,128,013.49 are available in account no. 1300-80-0000-4269.

RECOMMENDATION

That the attached resolution authorizing the Executive Secretary to approve a Shopping Center Lease between the Agency and Prism-IQ Partners and assignment of lease between the Agency and the City of Compton.

KOFI SEFA-BOAKYE
DIRECTOR OF REDEVELOPMENT

CHARLES EVANS
CITY MANAGER

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON, AUTHORIZING A SHOPPING CENTER LEASE AGREEMENT BETWEEN THE COMMUNITY REDEVELOPMENT AGENCY AND PRISM-IQ PARTNERS, LLC., AND ASSIGNMENT OF THE LEASE TO THE CITY OF COMPTON PURSUANT TO A REIMBURSEMENT AGREEMENT BETWEEN THE CITY AND PRISM-IQ PARTNERS, LLC., IN CONNECTION WITH THE ESTABLISHMENT OF A SHERIFF SUBSTATION AT THE GATEWAY TOWNE CENTER SITE IN THE REDEVELOPMENT PROJECT AREA

WHEREAS, the Community Redevelopment Agency of the City of Compton (the "Agency") is carrying out the Redevelopment Plan for the Compton Redevelopment Project Area, as merged and amended by Ordinance No. 2,114 adopted by the City Council on November 16, 2004; and

WHEREAS, pursuant to the terms of a certain Disposition and Development Agreement (DDA) with the Agency, Prism-IQ Partners, LLC., is developing a shopping center commonly known as the Gateway Towne Center at the former Compton Auto Plaza site; and

WHEREAS, Prism-IQ Partners LLC., in conjunction with the Agency and the City has determined that there is a vital need for a police substation in the shopping center to enhance public safety and welfare; and

WHEREAS, the Agency and the City have further determined that a police substation would alleviate blight in the Project Area and benefit the immediate area in which the leased premises are located; and

WHEREAS, the Agency and the City have determined that there is no other reasonable means of financing the substation; and

WHEREAS, the Agency has negotiated a fifteen year (15) lease agreement with the Redeveloper which calls for the Agency to assign its rights and title plus any additional tenant improvements to the City of Compton in connection with the use of the premises as a sheriff's substation to protect the shopping center; and

WHEREAS, the Agency shall prepay the net present value of the Minimum Rent due to Landlord for the Term of the Lease discounted monthly in equal monthly increments of \$47,000.56 over the first twenty-four (24) months of the Lease Term (the "Monthly Prepayment Amount") which equals \$1,128,013.49; and

WHEREAS, funds not to exceed \$1,128,013.49 are available in account no. 1300-80-0000-4269.

WHEREAS, the Agency intends to lease certain premises in the Gateway Towne Center from Prism-IQ Partners, LLC., pursuant to a Shopping Center Lease Agreement and would then assign its interest under the Lease to the City of Compton, and the City of Compton would permit the County Sheriff's Department to occupy and utilize the leased premises as a sheriff's substation; and

WHEREAS, the Commission and City Council held a joint public hearing on Tuesday, October 23, 2007, in the City Council Chambers to consider and act upon the Lease Agreement.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. That funds in an amount not to exceed \$1,128,013.49 are available in account no. 1300-80-0000-4269.

Section 2. That the City Council hereby approves the terms and conditions of the Shopping Center Lease (the "Lease") between the Community Redevelopment Agency ("Tenant") and Prism-IQ Partners, LLC., ("Landlord"), an assignment of the Lease by the Agency to the City of Compton pursuant to a Reimbursement Agreement (Reimbursement) and Premises Improvement Agreement (Premises) to enhance public safety at the Gateway Towne Center development located in the Compton Redevelopment Project Area.

Section 3. That the City Council hereby finds that the transaction will alleviate blight in the Project Area and benefit the immediate area in which the leased premises are located, and that no other reasonable means of financing the acquisition of the leasehold interest or the tenant improvements by the City are available to the Agency or the City.

Section 4. That the Council hereby approves a reservation of funds for the transaction in connection with the development of a sheriff substation to protect the Gateway Towne Center.

Section 5. That the City Manager is hereby authorized and directed to execute any necessary documents upon the advice of the City Attorney.

Section 6. That a certified copy of this resolution shall be filed in the offices of the City Manager, City Attorney, City Controller, Community Redevelopment Agency, and City Clerk.

Section 7. That the Mayor shall sign and the City Clerk shall attest to the adoption of this resolution.

ADOPTED this ____ day of _____, 2007.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

Resolution No. _____
Page Three

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Alita Godwin, City Clerk of the City of Compton, hereby certify that the foregoing resolution was adopted by the City Council, signed by the Mayor, and attested by the City Clerk at the regular meeting thereof held on the _____ day of _____, 2007.

That said resolution was adopted by the following vote, to wit:

AYES: COUNCIL MEMBERS -
NOES: COUNCIL MEMBERS -
ABSENT: COUNCIL MEMBERS -
ABSTAIN:

CITY CLERK OF THE CITY OF COMPTON

ASSIGNMENT OF LEASE

THIS ASSIGNMENT OF LEASE (this "Assignment") is dated as of October 23, 2007 and is entered into by and between the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON, a public body, corporate and politic ("Assignor"), and the CITY OF COMPTON, a California municipal corporation ("Assignee").

WITNESSETH:

WHEREAS, Assignor is the tenant under that certain Shopping Center Lease dated October 23, 2007 (the "Lease") with Prism-IQ Partners, LLC, a California limited liability company ("Landlord") regarding certain premises located in a redevelopment area of the City of Compton, County of Los Angeles, State of California described therein (the "Premises").

WHEREAS, Assignor desires to assign its interest in, under and to the Lease to Assignee and Assignee desires to accept the assignment thereof.

WHEREAS, the Lease and this Assignment have been duly authorized by both Assignor and Assignee under and pursuant to California Health and Safety Code Sections 33445 and 33679 pursuant to resolutions adopted by Assignor and Assignee on October 23, 2007;

NOW, THEREFORE, in consideration of the foregoing recitals, the covenants and agreements contained herein, and other considerations, the sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. As of the date hereof, Assignor assigns to Assignee all of its right, title and interest in and to the Lease and the tenant improvements described in the Lease (which are to be constructed by Landlord) and any additional tenant improvements, fixtures and other property installed by Assignor for the benefit of Assignee and its law enforcement subtenant.

2. Assignor and Assignee hereby acknowledge and agree that, notwithstanding this assignment: (i) Assignor shall make all rental payments under the Lease and shall remain liable to Landlord for all tenant obligations under the Lease (subject to clause iii) below and subject to Section 3 below); (ii) Assignor shall fulfill all obligations of the tenant under the Lease to reimburse Landlord for tenant improvement costs and pay for costs of reconstructing any such improvements that are damaged; (iii) Assignor shall not be obligated to pay for the normal maintenance or operation of the Premises; and (iv) Assignee shall not have any right to modify the Lease or to exercise any Lease extension option.

3. Assignee hereby accepts the assignment described herein. Assignee shall indemnify, defend and hold harmless Assignor from and against any and all claims, damages, losses, costs, expenses and liabilities arising out of the negligence or willful misconduct of Assignee (or its assignees, sublessees or other occupants of the Premises) in connection with the Premises or any breach of the Lease by Assignee, or its assignees, sublessees or other occupants of the Premises.

4. In the event of any litigation between Assignor and Assignee arising out of the obligations of the parties under this Assignment or concerning the meaning or interpretation of

any provision contained herein, the losing party shall pay the prevailing party's costs and expenses in such litigation, including, without limitation, reasonable attorneys' fees and expenses. In addition to the foregoing award of attorneys' fees to the prevailing party, the prevailing party in any lawsuit on this Agreement shall be entitled to its reasonable attorneys' fees incurred in any post judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Assignment into any judgment on this Assignment.

5. This Assignment shall be binding on and inure to the benefit of the parties herein, their successors-in-interest and assigns.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the date and year first above written.

ASSIGNOR:

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON, a public body,
corporate and politic

By: _____
Charles Evans, Executive Secretary

ATTEST:

APPROVED AS TO FORM:

Richards Watson & Gershon,
Special Counsel to the Assignor

By: _____
Bruce Galloway

ASSIGNEE:

CITY OF COMPTON,
a California municipal corporation

By: _____
Print Name: _____
Mayor

APPROVED AS TO FORM:

City Attorney

EXHIBIT "D"
TO SHOPPING CENTER LEASE
CONSTRUCTION PROVISIONS

I. LANDLORD'S WORK.

The following outline of specifications sets forth the division of responsibility regarding the construction work between Landlord and Tenant under the terms and conditions of this Lease. In every instance where responsibility is not specifically allocated to Landlord under the provisions of these Construction Provisions, the responsibility shall be Tenant's.

Landlord's Work shall mean the work to be done by Landlord in satisfying its obligation for constructing the Premises under this Lease shall be limited to that set forth in the Approved Plans (defined below). All items listed below as Non-Reimbursable Costs, shall be at the sole cost and expense of the Landlord and Tenant shall not reimburse Landlord for any of these costs ("**Non-Reimbursable Costs**"). All work performed by Landlord in accordance with the Approved Plans excluding the items specifically listed as Non-Reimbursable Costs shall be at Tenant's sole cost and expense ("**Reimbursable Costs**") and shall become due and payable in accordance with Section 4.4 of the Lease.

A list of the final plans and specifications and working drawings covering the construction of the Premises are attached to this Lease as **Exhibit "D-1"** (the "**Approved Plans**"). Landlord and Tenant have approved the Approved Plans.

Non-Reimbursable Costs are the following:

1. Walls: Standard demising walls consisting of unpainted masonry or drywall on both sides over stud in a ready for paint condition.
2. Floor: Smooth concrete slab.
3. Heating/Air Conditioning: Roof mounted HVAC system consistent with Title 24 requirements sized at approximately 1 ton per 300 square feet. Any HVAC requirements including distribution resulting from Tenant's use or interior design will be at Tenant's expense.
4. Telephone Outlet: One (1) outlet and conduit for use by Tenant located at rear of the Premises per the permitted shell plans for the Premises. Telephone wiring and cover plates by Tenant.
5. Lighting: One (1) standard recessed 2' x 4' fluorescent tube fixture for every 100 square feet gross leasable ground floor area, panel switched, and located per the permitted shell plans for the Premises.
6. Restroom: One (1) unisex restroom built to handicap specifications consisting of finished ceiling, vinyl flooring, one (1) flush valve type water closet, one (1) wall mounted lavatory (cold water only), one (1) incandescent light fixture, one (1) wall duplex outlet, one (1) light switch, one (1) exhaust fan, all per the permitted shell plans for the Premises.
7. Electrical Service: 200 amps, 42 circuit service panel with 120/208 volt power, 3 phase, 4 wire system, all per the permitted shell plans for the Premises.

8. Sign Outlet: One (1) sign circuit with J-Box (20 amp) located on the front facia with connection to Building House Meter with photometric cell and timer, all per the permitted shell plans for the Premises.
9. Sewer: All sewer laterals to be installed by Landlord. Hookup charges and capacity fees shall be paid by Landlord based on general merchandise use only. Any additional charges or fees shall be paid by Tenant (or reimbursed to Landlord if previously paid by Landlord).
10. Water: Water service for restroom and fire sprinklers for structure will be supplied in accordance with the permitted shell plans for the Premises and requirements of utility company.
11. Storefront: Aluminum glass (1/4" clear) storefront per Landlord's design with one (1) 3'0" x 7'0" double action door with cylinder lock, keyed both sides per the permitted shell plans for the Premises.
12. Rear door: Typical 3' x 7' hollow metal door per the permitted shell plans for the Premises. Alarms, special hardware, peepholes or other modifications shall be at Tenant's expense.

II. TENANT'S WORK.

The work to be done by Landlord in satisfying its obligation for constructing the Premises under this Lease shall be limited to that set forth in Section I of these Construction Provisions. Tenant shall, at Tenant's sole cost and expense, perform all work, other than Landlord's Work set forth in Section I of these Construction Provisions, to put the Premises in condition to permit Tenant to conduct its business therein ("**Tenant's Work**"). The cost of any work performed by Landlord's contractor at Tenant's direction shall be performed at the expense of the Tenant and shall become due and payable upon completion of such work. Tenant's Work shall be performed in strict accordance with the provisions of this Lease and the Exhibits.

A. Compliance with Criteria, Jurisdiction and Codes.

1. The criteria and outline specifications set forth herein represent minimum standards for design, construction, finish and operation of the Premises by Tenant. Landlord reserves the right from time to time, to revise these criteria and outline specifications as Landlord, in its sole discretion, determines.

2. The Shopping Center is being developed in and under the jurisdiction of the City of Compton and the State of California. All design and construction work shall comply with all applicable statutes, ordinances, rules, regulations and codes of the aforementioned jurisdictions, all other applicable regulations, all requirements of Landlord's fire insurance carriers, all requirements of any company or governmental body supplying utilities or services, all applicable federal building and safety orders, statutes, ordinances, rules, regulations and codes, all requirements and regulations of any environmental-protection agency, fire-protection district and quasi-governmental authority having jurisdiction over the Shopping Center.

B. Approval of Tenant's Plans and Specifications.

1. Within ten (10) days following written request from Tenant, Landlord shall provide to Tenant a complete set of Approved Plans to assist Tenant in the preparation of the any Tenant improvement drawings and specifications for Tenant's Work, that is: architectural floor plan and building elevations, structural, mechanical, plumbing, electrical and fire protection.

2. Tenant shall, within sixty (60) days from the date Tenant receives the drawings referenced in Section B 1 above, at Tenant's sole cost and expense, prepare and deliver to Landlord and to Landlord's architect, for approval, two sets of complete plans and specifications (including all architectural, mechanical, plumbing, exterior sign, fire protection and electrical design, as well as structural design, if applicable) covering all of Tenant's Work, in such detail as Landlord may reasonably require, in full compliance with this Lease and the Exhibits, certified by a licensed architect and, if applicable, a licensed professional engineer.

3. If Landlord shall notify Tenant that Tenant's plans and specifications are not approved, Tenant shall have ten (10) days from the date of Landlord's disapproval to revise the plans and specifications and resubmit them to Landlord for Landlord's approval. Landlord's written approval shall be obtained by Tenant before undertaking any construction work which deviates from, or modifies in any way, the Landlord-approved plans and specifications, or any other work not explicitly shown on said plans and specifications.

4. If, as a result of the design and layout of the Premises by Tenant, Landlord shall elect, in its sole and absolute discretion, to make any changes, additions, or increases in capacity in the standard Landlord's Work, or to make additional roof openings or roof modifications, changes, or increases in the capacity of the plumbing, electrical, or mechanical services, lines, conduits, or equipment, special foundation preparation, special reinforcements, depression of the floor slab or other structural changes necessary to accommodate Tenant's equipment, then such modifications, changes, additions, and/or increases in capacity shall be performed at Tenant's expense by Landlord's contractor, if Landlord so directs. Landlord shall advise Tenant as to the cost of any such additional work. If Tenant fails to approve the cost for any such additional work within five (5) days after notice from Landlord stating such cost, or fails to pay such cost before Landlord's commencement of such additional work, Landlord shall have no obligation to perform the same, and may proceed to complete Landlord's Work, which shall be limited to the items set forth herein.

5. Landlord shall be responsible for all costs incurred by Landlord's architects and engineers in reviewing and coordinating the Tenant's plans with the Approved Plans.

C. Permits

1. Before commencement of construction by Tenant, Tenant shall obtain, at Tenant's expense, all necessary permits and approvals for Tenant's Work (including but not limited to grading, structural, building, mechanical, plumbing, electrical, fire and signage for Tenant's signage) and post same upon the Premises, with a copy of the permits delivered to Landlord. Tenant is responsible for obtaining the permits for Tenant's Signage.

2. Tenant shall be required to obtain a Certificate of Occupancy and provide Landlord with a copy of the original before opening for business in the Premises.

3. Tenant shall cause to be posted on the Premises, for Landlord's benefit, notices of Landlord's non-responsibility.

D. Design of Tenant's Premises

1. Design Loads: The building shell structure has been designed to carry specific calculated live and dead loads. Loading imposed by any Tenant's Work on a temporary or permanent basis shall not exceed these design parameters.

2. Roof: Tenant shall not make any installation whatsoever on the roof above the Premises or any other portion of the roof of the Shopping Center, without Landlord's

prior written authorization. If work is approved, Tenant must use Landlord's roofing contractor to repair any penetrations so as not to void or impair any warranties or guarantees.

3. Standard Project Details: Standard project details, as issued from time to time by Landlord's architect and as they pertain to Tenant's Work, shall govern with respect to such work. Such details shall be incorporated into the working drawings and specifications for the Premises, for example, roof curbs for mechanical equipment.

4. Materials: Only new, first-class materials shall be used in the performance of Tenant's Work.

5. Exterior Building Signage: Two sets of sign shop drawings in 1/4" scale in conformance with Landlord's Sign Criteria must be submitted to both Landlord and the City of Compton for approval. Tenant shall provide wiring from the J-box to Landlord's Common Area electrical panel as required to provide power to its signage.

6. Landlord's Prior Approval: In performing Tenant's Work, any alterations, additions, or reinforcements to Landlord's structure to accommodate Tenant's Work shall not be performed without, in each instance, the prior written approval of the Landlord's architect, which may be given or withheld in its sole and absolute discretion. Tenant shall leave Landlord's structure as strong as or stronger than the original design and with finishes in like condition in which they were received.

7. Architectural Work:

a. Tenant shall maintain floor elevations at all entrances to the Premises at the same elevation as adjacent areas.

b. All interior walls shall be 25 gauge, 3-5/8" metal studs with 5/8" gypsum board on each side, with joints taped and sanded. Any combustible materials applied to the walls shall be covered with a fire retardant coating.

c. Tenant shall perform all interior painting, decorating, paneling, wall covering, pegboard and slat wall installation, floor covering and finished ceiling work on the Premises.

d. Commercial-grade finish hardware, labeled where required, shall be used throughout. All doors shall have one and one-half pair of butts, wall or floor stops, kick plates and/or locksets, push-pull plates and other hardware as required by applicable code.

8. Mechanical:

a. Tenant shall provide all mechanical work, other than that included in Landlord's Work, including any additional HVAC units or modifications, at Tenant's sole cost and expense. All piping and duct work for the HVAC system is to be run on the underside of the roof.

b. Landlord, upon notification from Tenant that the electric meter has been set, shall dispatch Landlord's HVAC contractor to start up the HVAC units. Warranties may be voided if others start the units.

c. Tenant shall, if odors, excessive heat, moisture, smoke or other air contaminants, including, but not limited to, those produced by food services facilities, beauty salons, etc., emanate or are anticipated to emanate from the Premises, provide separate exhaust

systems in accordance with NFPA standards, applicable codes and laws, and Landlord's design criteria.

9. Plumbing:

a. Tenant shall provide all plumbing work, other than that included in Landlord' Work.

b. If required by Tenant, Tenant shall provide all gas connections, lines, devices and meters from the stub-out provided by Landlord at the exterior of the building. Tenant shall extend the gas piping into the Premises at grade level and run the gas piping along the interior of the Premises.

c. Tenant, at its sole cost and expense, shall provide its own individual water meter, connections, lines and devices, and shall be responsible for all permits, installation and expenses attributed to the maintenance and operation thereof.

d. Taps into the sewer beyond those defined in the Approved Plans shall be the responsibility of the Tenant, including, without limitation, removal and replacement of the concrete slab-on-grade by Landlord's contractor. Sewer connection fees attributable to the Premises shall be the sole cost of Tenant.

10. Fire Protection

a. Tenant shall provide all fire protection work to modify the Landlord's system other than that included in Approved Plans for Tenant's particular design at Tenant's expense. This work shall include installation of audio/visual strobes and proper tie-in to the fire alarm system. Tenant shall notify and coordinate with other tenants any shut-down to the building system. The fire protection system shall be monitored by independent companies and the fire department.

b. Landlord's sprinkler main shall become active on a schedule established by Landlord. Should Tenant require that Landlord's sprinkler mains be modified or changed, such work shall be performed by Landlord's contractor at Tenant's expense.

c. Landlord's fire insurance carrier shall, from time to time during the term of this Lease, have the right to inspect the fire protection system and its component parts installed by Tenant. Said system shall, at all times, comply with requirements of said fire insurance carrier and shall meet the conditions of its approval. Any alterations, improvements, repairs or maintenance required by any such fire insurance carrier shall be Tenant's sole responsibility and shall be performed promptly at Tenant's sole cost and expense upon notice from Landlord.

11. Electrical:

a. Tenant shall provide all electrical work other than that included in the Approved Plans.

b. If power is required beyond amounts shown on the Approved Plans, Landlord may elect to require Tenant to make direct arrangements with the utility company and contract directly for such portion of Tenant's total requirements. All such electrical work to be approved by Landlord.

c. Tenant shall provide additional power, lighting and telephone including the conduit, wiring, and telephone service, lines in accordance with applicable codes.

d. Tenant shall provide special systems in the Premises that may be required by Tenant, such as a security system, sound system, intercom system, special wiring or lighting systems, etc.

e. Tenant shall make application for, and secure the electric meter to be installed in the meter socket at the service entrance section. Tenant shall notify Landlord once the meter has been set so Landlord's contractor can start up the HVAC units and verify that all electrical systems are operable.

E. Construction of the Premises.

1. Protection: At all times during the construction of Tenant's Work, Tenant shall cause each of Tenant's contractors and subcontractors to maintain continuous protection of the Premises in such a manner as to prevent any damage to Landlord's Work or Tenant's Work, or to adjacent property or improvements by reason of the performance of Tenant's Work. Tenant's contractor and subcontractors shall properly secure the Premises, including the furnishing of temporary guardrails and barricades.

2. Coordination of Tenant's Work: Tenant shall coordinate its work with all work being performed or to be performed by Landlord, its architects, engineers or contractors, and that of other tenants of the Shopping Center, so that Tenant's Work shall not interfere with or delay the completion of any such work in the Shopping Center, or interfere with the conducting of business by other tenants. Tenant's contractors and subcontractors shall not at any time damage, injure, interfere with, or delay the completion of the building in which the Premises shall be located or any other construction within the Shopping Center. Each of them shall comply with all procedures and regulations prescribed by Landlord for integration of Tenant's Work with the work to be performed in the Shopping Center by Landlord, other tenants or their agents. Landlord may require construction requiring the use of hammer drills, saw cutting machines, or other equipment producing excessive noise, be used during off hours to minimize disruption to adjacent tenants.

3. General Provisions:

a. Tenant shall hold Landlord harmless from payment of any claim by way of liens on account of bills for labor or materials in connection with Tenant's Work performed by Tenant or Tenant's contractors .

b. Tenant shall submit to Landlord, at least seven (7) days before commencement of Tenant's Work, the following:

(i) The name and address of Tenant's general contractor and subcontractors.

(ii) The proposed commencement date of Tenant's Work, the estimated completion date of Tenant's Work, and Tenant's estimated opening date in the Premises.

(iii) The certificates of insurance as set forth in Section F below. Tenant shall not permit its contractor(s) to commence any work until all required insurance has been obtained, certificates thereof have been delivered to Landlord, and Landlord has approved same.

c. Any disagreement or dispute which may arise between Landlord and Tenant with respect to Tenant's Work shall be resolved by the decision of the Landlord's architect.

d. All of Tenant's contractors and subcontractors shall be licensed contractors in the State of California, be bonded, have good labor relations, be of good reputation, and be capable of performing quality workmanship and working in harmony with Landlord's general contractor and other contractors on the job. Tenant shall coordinate Tenant's Work with Landlord's Work. Tenant's general contractor must have specific experience in the scheduling, coordination, and construction practices of retail tenants and shopping center development. Tenant shall provide Landlord with reasonable evidence of the fulfillment of the standards herein specified upon demand.

e. Tenant's Work shall be subject to the inspection of Landlord, Landlord's architect, and Landlord's general contractor from time to time, during the period in which Tenant's Work is being performed.

f. Tenant shall apply and pay for all utility meters and connection fees as required.

g. Upon the completion of Tenant's Work, all of Tenant's facilities shall be fully operable, without defects.

h. Construction equipment and materials shall be located in confined areas, and truck traffic shall be routed to and from the site, such as directed by Landlord, so as not to burden the construction or operation of the Shopping Center. Landlord may order Tenant, Tenant's general contractor, and any subcontractor who willfully violates the above requirements to cease work and to remove all of its equipment and employees from the Shopping Center.

i. No approval by Landlord shall be valid unless in writing and signed by either Landlord or Landlord's architect.

j. Tenant shall provide, at its sole cost and expense, temporary power, water, heating, and cooling during the construction of Tenant's Work.

k. Tenant shall provide, at its sole cost and expense, trash removal caused by its construction on a weekly basis. Landlord, at its option and Tenant's expense, may request more frequent trash removal.

4. Deliveries Upon Completion: Tenant shall conduct a walk-through of the Premises with Landlord at the completion of Tenant's Work to establish conformity with Section II- Tenant's Work. Items to be corrected, if any, shall be noted and repairs made within thirty (30) days. Tenant shall perform and provide Landlord with each of the following within thirty (30) days of completion of Tenant's Work:

a. Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the county in which the Premises are located in accordance with the Civil Code of the State of California, and shall deliver a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense;

b. A copy of all warranties, guaranties, operating manuals and information relating to the improvements, equipment and systems in the Premises;

c. A copy of the Certificate of Occupancy or equivalent, issued by the City of Compton;

d. A copy of the building permits with all sign-offs executed by the appropriate governmental agencies;

e. A copy of Tenant's Architect's Substantial Completion form, fully executed. This shall serve as verification that the Premises were constructed in conformance with Landlord-approved plans and specifications and are 100% complete with respect thereto;

f. A copy of all unconditional lien releases on account of such construction work from all parties having the right to file the same on account thereof, if any. If no such party shall have such right, Tenant shall, in writing, represent and warrant the same to Landlord;

g. A copy of all "as-built" plans for the Premises (and other areas in which Tenant performed construction) stamped and signed by the general contractor which show all filed conditions and deviations from the final plans; and

h. An original executed Estoppel Certificate in such form of as is reasonably required by Landlord or Landlord's lender.

F. Insurance.

Tenant's contractors must fulfill the following insurance requirements and shall maintain, at no expense to Landlord:

1. Comprehensive general liability insurance, including property damage and motor vehicle liability insurance, with limits, in form, and with companies as provided in this Lease;

2. Worker's Compensation Insurance coverage, with limits, in form, and with companies as provided in this Lease; and

3. "Builder's All-Risk" insurance, in an amount acceptable to Landlord, must be provided by Tenant and/or required from its contractors.

All insurance policies must remain in effect throughout construction of Tenant's Work. Each of Tenant's contractors shall name Landlord, Landlord's agents, Landlord's lender, and if Landlord elects, any owner and/or occupant of a tract in the Shopping Center which adjoins Landlord's tract or tracts designated by Landlord, as additional insured(s). All insurance required herein (except Worker's Compensation) shall preclude subrogation claims by the insurer against anyone insured thereunder, shall provide that it is primary insurance as respects Landlord and shall provide that any other insurance maintained by Landlord is excess and noncontributing with the insurance required hereunder.

Certificates of insurance evidencing the above-referenced insurance policies must be delivered to Landlord by each contractor before commencing any work on the Premises.

Such insurance shall comply in all respects with and be subject to the policy-form requirements set forth in this lease.

G. Disclaimer.

Each of Landlord's or Landlord's architect's approval of Tenant's plans and specifications, or of any changes, modifications or additions thereto, and inspections made by Landlord or Landlord's architect, and the issuance of a certificate of acceptance by Landlord or Landlord's architect shall be primarily for the purpose of protecting the Shopping Center and

Landlord's interest, however, Tenant may rely upon Landlord's or its agents' approvals or inspections. Landlord shall not be the guarantor of, nor be responsible for, the correctness or accuracy of any plans or specifications, any construction undertaken by Tenant, the compliance thereof with applicable laws, or its fitness for any purpose. Landlord shall incur no liability of any kind by reason of granting or denying any approvals or undertaking any inspections. Tenant's Work shall conform to all applicable governing codes, ordinances, regulations and other laws, and the regulations and requirements of fire insurance rating bureaus. Landlord's approval of plans and specifications does not release Tenant from this obligation. The requirements of this paragraph are in addition to, and do not limit any of the provisions of this Lease to the same or similar subject matter.

H. Hold Harmless Agreement.

Tenant shall save and hold Landlord, Landlord's lender, Landlord's affiliates, Landlord's agents and Landlord's architect harmless from and against all claims, damages, losses, expenses (including, without limitation, court costs and attorneys' fees) and liabilities whatsoever arising out of or connected with, the performance of work by Tenant, Tenant's contractor and subcontractors. Tenant shall defend, with attorneys acceptable to Landlord, and at Tenant's sole cost and expense, any action based thereon and shall pay all charges of attorneys, all costs and all other expenses arising therefrom. Tenant shall cause each of its contractors and subcontractors, to the fullest extent permitted by law, to protect, defend, save harmless and indemnify Landlord, Landlord's lender, Landlord's affiliates, and Landlord's architect against any liability, claim, demand, or expense incurred on account of any injury or damage, alleged or real, arising out of, or in any way connected with, the performance of work by Tenant, its contractor and subcontractors, and any act or omission to act on their part as required pursuant to this Lease.

I. Americans with Disabilities Act of 1990.

Notwithstanding anything to the contrary contained in this Lease, Tenant shall comply with the Americans with Disabilities Act of 1990 and all amendments thereto ("**ADA**"), as well as all other applicable laws regarding access to, employment of, and service to individuals covered by the ADA. Tenant's compliance obligation shall include, but not be limited to, the design, construction and alteration of the Premises and such other areas (for example, path of travel) as Tenant may need to alter to be in compliance with the ADA.

SHOPPING CENTER LEASE

by and between

PRISM-IQ PARTNERS, LLC,

AS LANDLORD

AND

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON

AS TENANT

TABLE OF CONTENTS

SHOPPING CENTER LEASE

ARTICLE I BASIC LEASE PROVISIONS.....	1
1.1. Date of Lease.....	1
1.2. Tenant's Trade Name	1
1.3. Shopping Center	1
1.4. Premises	1
1.5. Floor Area	1
1.6. Term.....	1
1.7. Estimated Date For Completion Landlord's Work	1
1.8. Minimum Rent.....	1
1.9. Percentage Rent Rate	1
1.10. Public Use of Premises.....	1
1.11. Security Deposit.....	1
1.12. Guarantor	1
1.13. Address For Notices to Tenant	1
1.14. Address For Notices to Landlord	1
1.15. Interest Rate	2
1.16. OEA.....	2
1.17. Master CUP	2
1.18. DDA.....	2
ARTICLE II LEASED PREMISES.....	3
2.1. Premises; Floor Area; Shopping Center.....	3
2.2. Reservations	3
2.3. Conditions of Record	3
2.4. DDA.....	3
ARTICLE III TERM.....	4
3.1. Term; Commencement Date	4
3.2. Memorandum of Commencement Date.....	4
3.3. Early Occupancy.....	4
ARTICLE IV RENT.....	4
4.1. Minimum Rent.....	4
4.2. Increases to Minimum Rent	4
4.3. Prepayment of Minimum Rent.	4
4.4. Tenant Reimbursement of Initial Construction Costs.	~~54~~
4.5. Additional Rent.....	5
4.6. Late Payment.....	5
ARTICLE V CONSTRUCTION OF LEASED PREMISES	5
5.1. Landlord's And Tenant's Obligations	5
5.2. Possession.....	5
5.3. Tenant Construction Activities	6
5.4. Delay in Possession.....	6
ARTICLE VI RECORDS AND BOOKS OF ACCOUNT	6
ARTICLE VII AUDIT	6
ARTICLE VIII TAXES.....	6
8.1. Real Property Taxes	6
8.2. Personal Property Taxes	7
ARTICLE IX SECURITY DEPOSIT	7
9.1. Amount of Deposit.....	7
9.2. Use and Return of Deposit.....	7
9.3. Transfer of Security Deposit.....	7
ARTICLE X CONDUCT OF BUSINESS BY TENANT	7
10.1. Use of Premises.....	7
10.2. Intentionally Deleted	8
10.3. Intentionally Deleted	8
10.4. Auctions	8
10.5. Compliance With Laws	8
10.6. Hazardous Materials	8
10.7. Sewer Damages	9
10.8. Non-Discrimination And Hiring Requirements	9
ARTICLE XI MAINTENANCE AND REPAIRS.....	10
11.1. Landlord's Maintenance Obligations.....	10
11.2. Landlord's Right of Entry.....	10
11.3. Tenant's Maintenance Obligations	10
11.4. Plate Glass.....	11

ARTICLE XII COMMON AREA.....	11
12.1. Definition of Common Area.....	11
12.2. Maintenance and Use of Common Area.....	11
12.3. Control of and Changes to Common Area.....	11
12.4. After-Hours Common Area Lighting.....	11
12.5. Parking.....	12
ARTICLE XIII UTILITIES.....	12
ARTICLE XIV ALTERATIONS, SIGNS AND FIXTURES.....	12
14.1. Installation.....	12
14.2. Removal by Tenant.....	12
14.3. Liens.....	13
14.4. Signs, Awnings and Canopies.....	13
ARTICLE XV SURRENDER OF PREMISES.....	13
ARTICLE XVI INSURANCE AND INDEMNITY.....	13
16.1. Tenant Insurance.....	13
16.2. Landlord Insurance.....	14
16.3. Indemnification of Landlord.....	14
16.4. Waiver of Subrogation.....	15
16.5. Waiver of Loss and Damage.....	15
16.6. Notice by Tenant.....	15
16.7. Survival; No Release of Insurers.....	15
ARTICLE XVII ESTOPPEL CERTIFICATE, ATTORNMENT, SUBORDINATION, MORTGAGEE PROTECTION.....	16
17.1. Estoppel Certificate.....	16
17.2. Attornment and Nondisturbance.....	16
17.3. Subordination.....	16
17.4. Mortgagee Protection Clause.....	16
ARTICLE XVIII ASSIGNMENT AND SUBLETTING.....	17
18.1. Assignment and Subletting.....	17
18.2. Permitted Assignments and Sublettings.....	18
18.3. Tenant's Request.....	18
18.4. Other Prohibited Transfers.....	18
18.5. Sale of Premises.....	18
ARTICLE XIX DESTRUCTION.....	18
19.1. Total or Partial Destruction of Premises.....	18
19.2. Proceeds.....	19
19.3. Partial Destruction of Developer Tract	19
19.4. Waiver of Termination.....	19
ARTICLE XX EMINENT DOMAIN.....	19
20.1. Total Condemnation of Premises.....	19
20.2. Total Condemnation of Parking Area.....	19
20.3. Partial Condemnation of Premises.....	19
20.4. Partial Condemnation of Parking Area.....	20
20.5. Allocation of Award.....	20
ARTICLE XXI DEFAULT.....	20
21.1. Notice and Remedies.....	20
21.2. Special Tenant Termination Rights ; Default by Landlord.....	21
21.3. Limitation on Tenant's Recourse.....	21
21.4. Insolvency.....	21
21.5. Security Interest.....	21
ARTICLE XXII HOLDING OVER, SUCCESSORS.....	22
22.1. Holding Over.....	22
22.2. Successors.....	22
ARTICLE XXIII QUIET ENJOYMENT.....	22
ARTICLE XXIV MISCELLANEOUS.....	22
24.1. Waiver.....	22
24.2. Accord and Satisfaction.....	23
24.3. Entire Agreement; Delegation of Authority to Executive Secretary.....	23
24.4. No Partnership.....	23
24.5. Force Majeure Delays and Tenant Delays.....	23
24.6. Notices.....	23
24.7. Captions and Section Numbers.....	24
24.8. Partial Invalidity.....	24
24.9. No Option.....	24
24.10. Brokers.....	
24.11. Recording.....	24
24.12. Legal Expenses.....	24
24.13. Rights Cumulative.....	24

24.14. Authority 24

24.15. Time of the Essence 25

24.16. Lease Addenda and Exhibits 25

24.17. Tenant Defined, Use of Pronoun 25

EXHIBIT "A-1" - DEPICTION OF THE FLOOR PLAN OF THE PREMISES

EXHIBIT "A-2" - LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT "B" - SITE PLAN OF THE SHOPPING CENTER

EXHIBIT "C-1" - LEGAL DESCRIPTION OF DEVELOPER TRACT

EXHIBIT "C-2" - LEGAL DESCRIPTION OF THE TARGET TRACT

EXHIBIT "C-3" - LEGAL DESCRIPTION OF THE HOME DEPOT TRACT

EXHIBIT "D" - CONSTRUCTION PROVISIONS

EXHIBIT "E" - NON-DISCRIMINATION AND HIRING REQUIREMENTS

EXHIBIT "F" - RULES AND REGULATIONS

EXHIBIT "G-1" - SIGN CRITERIA

EXHIBIT "G-2" - TENANT'S APPROVED SIGN SPECIFICATIONS

SHOPPING CENTER LEASE

THIS LEASE is made and entered as of October 23, 2007, by and between **PRISM-IQ PARTNERS, LLC**, a California limited liability company ("**Landlord**"), and **COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON**, a public body, corporate and politic ("**Tenant**").

ARTICLE I
BASIC LEASE PROVISIONS

- 1.1. **Date of Lease:** October 23, 2007.
- 1.2. **Tenant's Trade Name:** "Los Angeles County Sheriff Substation" or [such other trade name that the Los Angeles County Sheriff's Department uses in a majority of their substations.](#)
- 1.3. **Shopping Center:** Commercial center located at the 91 Freeway and Alameda Street in the City of Compton in Los Angeles County, California.
- 1.4. **Premises:** Address: 200 Towne Center Drive, Suite 102, Compton, California 90220.
- 1.5. **Floor Area:** Approximately 1,202 rentable square feet.
- 1.6. **Term:** [Fifteen \(15\) years.](#)
- 1.7. **[Estimated Date For Completion](#) Landlord's Work:** [December 15, 2007.](#)
- 1.8. **Minimum Rent:** \$5.10 per rentable square foot per month; subject to adjustment pursuant to Section 4.2.
- 1.9. **Percentage Rent Rate:** None.
- 1.10. **Public Use of Premises:** A sheriff's or law enforcement substation (the "**Permitted Use**").
- 1.11. **Security Deposit:** [\\$47,000.56.](#)
- 1.12. **Guarantor:** None.
- 1.13. **Address For Notices to Tenant:** 205 South Willowbrook Avenue, Compton, CA 90220 Attn: Executive Secretary.
Telephone Number. (310) 605-5511.
- 1.14. **Address For Notices to Landlord:** 4667 MacArthur Blvd., Suite #200, Newport Beach, California 92660, Attention: Lease Administration.
Telephone Number: (949) 250-1902
- 1.15. **Interest Rate:** means the greater of ten percent (10%) per annum or two percent (2%) in excess of the prime lending or reference rate of Wells Fargo Bank N.A. or any successor bank in effect on the twenty-fifth (25th) day of the calendar month immediately prior to the event giving rise to the Interest Rate imposition; provided, however, the Interest Rate will in no event exceed the maximum interest rate permitted to be charged by applicable law.
- 1.16. **OEA:** means the Operation and Easement Agreement dated November 28, 2006, between Landlord, Target Corporation and Home Depot U.S.A., Inc., recorded in the Official Records of Los Angeles County, California, on November 28, 2006, as Instrument No. 20062620928, as such Operation and Easement Agreement may be modified from time to time.
- 1.17. **Master CUP:** means the Conditional Use Permit Case No. 2482 recorded in the Official Records of Los Angeles County, California, on January 24, 2005, as Document No. 0165433.
- 1.18. **DDA:** means the Disposition and Development Agreement, by and between Landlord and The Community Redevelopment Agency of the City of Compton dated as of January 12, 2005, as may be amended from time to time.

Landlord's Initials: _____ Tenant's Initials: _____

ARTICLE II LEASED PREMISES

2.1. Premises; Floor Area; Shopping Center.

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, those certain Premises described in Section 1.4 which are located in the Shopping Center described in Section 1.3. The Premises consist of a space having "Floor Area" (defined in the OEA) of approximately that square footage stated in Section 1.5. **"Floor Area,"** as defined in the OEA, means the aggregate of the actual number of square feet of space (i) contained on each floor within a building, including any mezzanine, balcony, subterranean or basement space, as measured from the exterior faces of the exterior walls or store front and/or the center line of any common walls; provided, however, that the following areas shall not be included in such calculation: (i) space attributable to any multi-deck, platform, storage mezzanine, rack or other multi-level system used solely for the storage of merchandise which is located above ground floor; (ii) any space used solely for building utilities or mechanical equipment; (iii) space within an "Outside Sales Area" (defined in the OEA); (iv) the Garden Center located on the Home Depot Tract; and (v) space used for outdoor seating for customers or restaurants and/or other food service businesses allocated exclusively to one occupant. A depiction of the floor plan of the Premises is attached to this Lease as **Exhibit "A-1."** A legal description of the real property on which the Premises is located (the **"Property"**) is attached to this Lease as **Exhibit "A-2."** The boundaries and location of the Shopping Center of which the Premises is a part are generally depicted on the site plan attached to this Lease as **Exhibit "B"** (the **"Site Plan"**). Tenant acknowledges that **Exhibit "B"** sets forth a proposed general layout of the Shopping Center and shall not be deemed a representation by Landlord that the Shopping Center will be constructed as indicated thereon, or, except as otherwise specifically set forth in this Lease, that any tenants or occupants designated by name or type of business will conduct business in the Shopping Center, or that the Shopping Center will not be expanded, reduced or otherwise modified.

As used in this Lease, the **"Shopping Center"** means the real property described in **Exhibit "C-1"** (the **"Developer Tract"**), the real property described in **Exhibit "C-2"** (the **"Target Tract"**) and the real property described in **Exhibit "C-3"** (the **"Home Depot Tract"**). As of the date of this Lease, Landlord will own the Developer Tract and, subject to a lease with Home Depot U.S.A., Inc. (**"Home Depot"**), the Home Depot Tract, and Target Corporation (**"Target"**) will own the Target Tract. The Developer Tract, the Home Depot Tract and the Target Tract together will constitute an integrated retail shopping center, as the same may be modified from time to time throughout the Term of this Lease (the **"Shopping Center"**). As used in this Lease, **"Landlord's Parcel"** means the portion of the Developer Tract owned by Landlord from time to time. Landlord may at any time and from time to time change the shape, size, location, number, height and extent of the improvements in Landlord's Parcel and eliminate or add any improvements to any portion of Landlord's Parcel and add land to it or eliminate land from it, provided, however, that Landlord shall endeavor to perform such changes in such a manner so as to minimize any material interference to Tenant's business conducted from the Premises, access to and from the Premises or parking serving the Premises.

2.2. Reservations.

Provided Landlord does not unreasonably interfere with Tenant's use of and access to the Premises, Landlord reserves the right at any time to (i) make alterations or additions to the building in which the Premises are contained (the **"Building"**); (ii) construct other buildings or improvements in the Shopping Center and to make alterations or additions thereto; and (iii) go on the roof of the Premises for the purpose of effecting certain items of repair and maintenance as provided in this Lease. Easements for light and air are not included with the Premises.

2.3. Conditions of Record.

Landlord's title is subject to: (a) the effect of any covenants, conditions, restrictions, easements, reciprocal easement and operating agreements, development agreements, mortgages or deeds of trust, ground leases, rights of way, and other matters or documents of record now or hereafter recorded against Landlord's title, including without limitation the OEA, (b) the effects of all zoning laws of the city, county and state where the Shopping Center is situated, and (c) general and special taxes and assessments. As to Tenant's leasehold estate Tenant, and all persons in possession or holding under Tenant, will conform to and will not violate said matters of record. This Lease is and shall be subject and subordinate to said matters of record and any amendments or modifications thereto.

2.4. DDA.

Notwithstanding anything to the contrary in this Lease, in no event shall the Tenant's execution of this Lease or any of the terms or agreements in this Lease or any approval, consent, request made by Tenant under or in connection with this Lease constitute an act by Tenant under the DDA or amend, waive or alter in any way any term or provision of the DDA.

ARTICLE III TERM

3.1. Term; Commencement Date.

The term of this lease (the **"Term"**) shall commence on the date Landlord completes Landlord's Work (the **"Commencement Date"**). The Term shall continue from the Commencement Date for the period specified in Section 1.6 computed from the date (the **"Term Date"**) which is the first day of the month following the Commencement Date. The Term shall include any extension period pursuant to this Lease unless sooner terminated in accordance with the provisions of this Lease. As used in this Lease, **"Lease Year"** means the twelve (12) month period commencing on the Term Date, and each subsequent twelve (12) month period during the Term.

3.2. Memorandum of Commencement Date.

Within five (5) business days following the Commencement Date, Tenant and Landlord shall execute a written memorandum ("**Commencement Memorandum**") on Landlord's standard form stating the actual Commencement Date and the expiration date of the Term as determined pursuant to Section 3.1.

3.3. Early Occupancy.

If Tenant occupies the Premises prior to the Commencement Date for any reason, such early occupancy shall be subject to all of the terms and conditions of this Lease, including, without limitation, the provisions of Article XVI regarding insurance and indemnification, except that, if Tenant does not commence the operation of the permitted use (described in Section 1.10) from the Premises, Tenant will not be obligated to pay rent during the period of such early occupancy. Tenant shall provide Landlord with prior notice of any such intended early occupancy and to cooperate with Landlord during the period of any such early occupancy so as not to interfere with Landlord in the completion of Landlord's Work.

ARTICLE IV RENT

4.1. Minimum Rent.

Tenant shall pay to Landlord during the Term, without prior demand, deduction, counterclaim or offset, minimum monthly rent ("**Minimum Rent**") in the amount stated in Section 1.8, subject to increase from time to time during the Term as provided in Section 4.2 below. All Minimum Rent shall be paid in advance in monthly payments on or before the first day of each calendar month during the Term. Minimum Rent for any partial calendar month at the beginning or end of the Term shall be prorated on a per diem basis assuming a thirty (30) day month.

4.2. Increases to Minimum Rent.

As used in this Lease, "**Adjustment Date**" means each anniversary of the Term Date during the Term. Minimum Rent payable under Section 4.1 of the Lease shall be increased by five percent (5%) of the previous year's Minimum Rent as of each Adjustment Date.

4.3. Prepayment of Minimum Rent. Tenant shall prepay the net present value of the Minimum Rent due to Landlord for the Term of this Lease discounted monthly using an annual rate of four and one-quarter percent (4.25%) (the "Total Prepayment Amount") in equal monthly increments over the first twenty-four (24) months of the Lease Term (the "Monthly Prepayment Amount"). The Total Prepayment Amount is equal to \$1,128,013.49 and the Monthly Prepayment Amount is equal to \$47,000.56. The Monthly Prepayment Amount for the first month of the Term shall be paid upon execution of this Lease.

4.4. Tenant Reimbursement of Initial Construction Costs.

Within thirty (30) days after the Commencement Date and Tenant's receipt of reasonable evidence of the direct out-of-pocket costs incurred by Landlord in completing the Landlord's Work described in Exhibit "D" which is described as Reimbursable Costs, Tenant shall reimburse Landlord for such costs.

4.5. Additional Rent.

All other sums required to be paid by Tenant to Landlord pursuant to this Lease including, without limitation, Minimum Rent and Common Area Expenses and any other sums, whether or not designated as rent, shall be deemed to be rent for purposes of this Lease.

4.6. Late Payment.

If Tenant fails to pay the Minimum Rent or any installment thereof or any other additional rent under this Lease within five (5) days after the same has become due, both Tenant and Landlord agree that Landlord will incur additional expenses including, but not limited to, extra collection efforts and handling costs. Both parties agree that should Tenant so fail to pay its rent, Landlord is entitled to compensation for the detriment caused by the failure, but that it is extremely difficult and impractical to ascertain the extent of the detriment. The parties therefore agree that should Tenant fail to pay any rent due hereunder within five (5) days after the same becomes due, Landlord shall be entitled to recover from Tenant as a late charge the greater of (i) five percent (5%) of the amount past due or (ii) two hundred fifty dollars (\$250.00). Such past due amounts shall also bear interest at the Interest Rate set forth in Section 1.15 from the date due until paid. Tenant further shall pay Landlord any costs incurred by Landlord in the collection of such past due rent including, but not limited to, fees of an attorney and/or collection agency. Nothing herein contained shall limit any other remedy of Landlord under this Lease. Landlord shall also have the right to require Tenant to pay any past due sums by cashier's check or money order.

ARTICLE V CONSTRUCTION OF LEASED PREMISES

5.1. Landlord's And Tenant's Obligations.

Subject to delay as provided herein, Landlord shall improve the Premises in accordance with plans and specifications prepared by Landlord or Landlord's architect, incorporating in such construction all items of work to be performed by

Landlord (**"Landlord's Work"**), as described in the Construction Provisions attached as **Exhibit "D"** (the **"Construction Provisions"**) to this Lease as soon as practical after all final drawings and specifications for the improvements to the Premises have been adopted and approved as provided in the Construction Provisions. Any furnishings, equipment and trade fixtures other than those items listed in the Construction Provisions requested by Tenant to be installed in or constructed on the Premises by Landlord shall be installed and paid for by the Tenant.

5.2. Possession.

At least ten (10) business days prior to the date on which Landlord intends to substantially complete the Premises, Landlord shall deliver to Tenant written notice (**"Landlord's Delivery Notice"**) of the estimated delivery date. If Tenant causes a delay in possession (including any delay caused by Tenant's failure to supply the information referred to in the following sentence), then, for purposes of determining the Commencement Date pursuant to clause (b) of Section 3.1, the date of Landlord's delivery of the Premises to Tenant shall be deemed to be the date such delivery would have occurred by for Tenant's delay. Notwithstanding the foregoing, 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; (ii) the Initial Prepayment Amount; and [(iii) copies of policies of insurance or certificates thereof as required under Article 16 of this Lease.

Upon Landlord's "substantial completion" (defined below) of Landlord's Work in the Premises, Landlord shall notify Tenant in writing (**"Substantial Completion Notice"**). As used in this Lease, "substantial completion" means completion of Landlord's Work to such extent that Tenant may commence its fixturing of the Premises without undue interference with the balance of the Landlord's Work to be performed by Landlord in the Premises, or undue interference by Landlord with the Tenant's construction activities and may move the personal property necessary or convenient for the permitted use into the Premises and commence its permitted use. Landlord's delivery of the Substantial Completion Notice shall constitute delivery of possession of the Premises, although Landlord reserves the right to thereafter enter upon the Premises to the extent reasonably necessary to fully complete Landlord's Work. Landlord warrants the Building against latent defects for a period of one (1) year from completion of the original construction. Except as set forth in the previous sentence, Landlord shall not be liable for any latent or patent defects in the Building or the Premises.

5.3. Tenant Construction Activities.

Prior to commencement of any work by Tenant ("Tenant Work"), Tenant shall notify Landlord in writing of the date Tenant will commence construction and shall deliver to Landlord certificates of insurance evidencing the existence of insurance as required by Section 16.1. Tenant's contractor shall commence the construction of Tenant Work promptly, shall diligently pursue completion of Tenant's Work. Unless otherwise agreed to in writing by Landlord, any work performed on the Premises in connection with the heating, ventilation, air conditioning equipment (collectively, **"HVAC"**), any roof penetrations, or automatic sprinklers shall be performed by Landlord and/or Landlord's contractor at Tenant's expense. If Tenant does not use Landlord's roofer and/or HVAC contractor or sprinkler contractor, Landlord reserves the right to have Landlord's contractor inspect Tenant's improvements at Tenant's expense and correct any defects at Tenant's expense. Until such time as any substandard work has been repaired by Landlord's contractor, Tenant will be responsible for any necessary repairs and/or service calls.

5.4. Delay in Possession.

Except as set forth in this Lease, Landlord shall not be liable to Tenant for failure to deliver possession of the Premises to Tenant on any date or time specified herein; however, if Landlord's Work has not been substantially completed by March 1, 2008, Tenant may terminate this Lease by delivering written notice to Landlord no later than April 1, 2008; provided, however, the March 1, 2008 shall be extended one (1) day for each day Landlord delays in completing Landlord's Work beyond March 1, 2008 resulting from "Tenant Delays" as described in Section 24.5 that delay completion of Landlord's Work beyond March 1, 2008. Thereafter, neither party shall have any further liability to the other in connection with this Lease.

**ARTICLE VI
RECORDS AND BOOKS OF ACCOUNT**

Intentionally Deleted.

**ARTICLE VII
AUDIT**

Intentionally Deleted.

**ARTICLE VIII
TAXES**

8.1. Real Property Taxes.

If at any time during the Term under the laws of the United States, or the state, county, municipality, or any political subdivision thereof in which the Shopping Center is located, a tax or excise on rent or any other tax however described is levied or assessed by any such political body against Landlord on account of rent payable to Landlord hereunder, or any tax is levied or assessed upon Landlord based upon Tenant's use or occupancy or operation of its business within the Premises, such tax or excise shall be payable in full by Tenant within ten (10) days after Tenant's receipt of the tax bill therefor from Landlord.

8.2. Personal Property Taxes.

Tenant shall pay prior to delinquency all federal, municipal, county or state taxes, charges, assessments and fees assessed during the Term against any leasehold interest or personal property of any kind, owned by or placed in, upon or about the Premises by Tenant, whether or not title thereto is vested in Tenant.

ARTICLE IX SECURITY DEPOSIT

9.1. Amount of Deposit.

Upon signing this Lease, Tenant shall deposit with Landlord the sum, if any, set forth in Section 1.11 herein ("Security Deposit"). This Security Deposit shall be held by Landlord, without liability for interest, as partial security for the full and faithful performance by Tenant of all the terms, covenants, and conditions of this Lease to be performed by Tenant, including, without limitation, those relating to the payment of rent, repairing the Premises (other than normal wear and tear) and cleaning the Premises upon termination of the Term. Landlord may commingle the Security Deposit and shall not be required to keep it separate from its general funds.

9.2. Use and Return of Deposit.

In the event of the failure of Tenant to abide by any of the terms, covenants and conditions of this Lease, including without limitation those relating to rent, repairs (other than normal wear and tear) and cleaning, Landlord may, at its option, use any amount of the Security Deposit to pay any overdue rent (including prepayments of rent to the extent the prepayments are overdue) or to compensate Landlord for any loss or damage sustained or suffered due to such failure by Tenant. Tenant shall, upon the written demand of Landlord, immediately remit to Landlord a sufficient amount in the form of a cashier's check to restore the Security Deposit to the original sum deposited. Failure to do so within five (5) days after such demand shall constitute a material breach of this Lease. If Tenant complies with all of the terms, covenants and conditions of this Lease and promptly pays when due all of the rent herein provided and all other sums payable by Tenant to Landlord, upon the expiration or earlier termination of the Term, Landlord shall return the Security Deposit to Tenant (or amount remaining after appropriate deductions including payments made by Landlord to the City of Compton under the Substation Reimbursement Agreement).

9.3. Transfer of Security Deposit.

Following a termination of Landlord's interest in the Lease, whether by sale or other transfer, and upon Landlord's compliance with Section 1950.7(d) of the California Civil Code or any successor statute thereto, Landlord shall be relieved of any further liability with respect to the Security Deposit.

ARTICLE X CONDUCT OF BUSINESS BY TENANT

10.1. Use of Premises.

Tenant shall use the Premises solely for the uses specified in Section 1.10. Tenant shall not use, or permit the Premises or any part thereof to be used, for any other use without Landlord's prior written consent which may be withheld in Landlord's sole absolute discretion. Tenant shall operate its business in the Premises only under the trade name specified in Section 1.2 unless a different name is approved by Landlord, which approval shall not be unreasonably withheld.

Without limiting the generality of the preceding paragraph, Tenant agrees as follows:

(a) Tenant acknowledges that it is aware that the OEA and the Master CUP prohibit certain uses at the Shopping Center. Tenant also acknowledges that leases with certain tenants allow tenant's "primary use" of its premises. Accordingly, Tenant covenants that it shall not use or allow the Premises to be used for any such prohibited or primary use (whether designated previously or in the future); provided that the foregoing shall not affect Tenant's right to use the Premises for the uses described in Section 1.10. Without limiting Landlord's other remedies under this Lease, Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims, demands, suits, judgments, injunctions, losses, liabilities, costs and expenses (including actual attorneys' fees and costs of suit) arising out of or in connection with a breach of the covenant in the preceding sentence by Tenant, or any assignee, sub-tenant, licensee or concessionaire of Tenant.

(b) Tenant shall at no time allow gaming machines (slots or otherwise) and/or arcade amusement machines (pinball, video, etc.) to be used, operated or kept within the Premises. Tenant shall not commit or suffer to be committed any waste upon the Premises or any nuisance or other act or thing which may disturb the quiet enjoyment of any other tenants or their customers in the Shopping Center.

(c) No use shall be made or permitted to be made of the Premises, nor acts done, which will increase the existing rate of insurance upon the Building, or cause a cancellation of any insurance policy covering the Premises or any part thereof, provided that the foregoing shall not affect Tenant's right to use the Premises for the uses described in Section 1.10. Tenant shall not sell or permit to be kept, used, stored or sold in or about Premises any article which may be prohibited by standard form fire insurance policies provided that the foregoing shall not affect Tenant's right to use the Premises for the uses described in Section 1.10. Tenant shall, at its sole cost, comply with any and all reasonable

requirements pertaining to the use of the Premises of any insurance organization or company necessary for the maintenance of the fire and public liability insurance described in this Lease covering the Building and its appurtenances. If Tenant's use of the Premises results in a rate increase for the Building, Tenant shall pay within ten (10) days of billing from Landlord, as additional rent, a sum equal to the additional premium caused by such rate increase.

(d) Tenant shall use its best efforts to complete, or cause to be completed, all deliveries, loading, unloading and services to the Premises prior to 10:00 a.m. each day. Tenant shall ensure that no delivery trucks or other vehicles servicing the Premises park in front of the Premises between the hours of 10:00 a.m. and 9:00 p.m. Landlord reserves the right to further regulate the activities of Tenant with regards to deliveries and servicing of the Premises.

10.2. Intentionally Deleted

10.3. Intentionally Deleted.

10.4. Auctions.

No auction, "fire," sidewalk, close-out or bankruptcy sales may be conducted in or upon the Premises without Landlord's prior written consent.

10.5. Compliance With Laws.

Tenant shall not use the Premises, or permit anything to be done in or about the Premises, which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all covenants, conditions and restrictions applicable to the Shopping Center (including without limitation the OEA), all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force and with the requirements of any board of fire underwriters or other similar bodies now or hereafter constituted relating to or affecting the condition, use, occupancy, alteration or improvement of the Premises, including, without limitation, the provisions of the Americans with Disabilities Act of 1990 as it pertains to Tenant's use, occupancy, improvement and alteration of the Premises. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between the Landlord and Tenant.

10.6. Hazardous Materials.

Tenant hereby makes the following covenants regarding hazardous materials:

(a) Tenant shall at all times and in all respects comply with all federal, state and local laws, ordinances and regulations, including, but not limited to, the Federal Water Pollution Control Act (33 U.S.C. § 1251, et seq.), Resource Conservation & Recovery Act (42 U.S.C. § 6901 et seq.), Safe Drinking Water Act (42 U.S.C. § 300f et seq.), Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601, et seq.), California Health & Safety Code (§ 25100 et seq., § 39000 et seq.), California Safe Drinking Water & Toxic Enforcement Act of 1986 (California Health & Safety Code § 25249.5, et seq.), California Water Code (§ 13000 et seq.), and other comparable state laws ("Hazardous Materials Laws"), relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, disposal or transportation of any oil, flammable explosives, asbestos, urea formaldehyde, radioactive materials or waste, or other hazardous, toxic, contaminated or polluting materials, substances or waste, including, without limitation, any "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under any such laws, ordinances or regulations (collectively, "**Hazardous Materials**").

(b) Tenant shall, at its own expense, procure, maintain in effect and comply with all conditions of any and all permits, licenses, and other governmental and regulatory approvals required for Tenant's use of the Premises, including, without limitation, discharge of (appropriately treated) materials or wastes into or through any sanitary sewer serving the Premises. Except as discharged into the sanitary sewer in strict accordance and conformity with all applicable Hazardous Materials Laws, Tenant shall cause any and all Hazardous Materials removed from the Premises to be removed and transported solely by duly licensed haulers to duly licensed facilities for final disposal of such materials and wastes. Tenant shall in all respects handle, treat, deal with and manage any and all Hazardous Materials in, on, under or about the Premises in total conformity with all applicable Hazardous Material Laws and prudent industry practice regarding management of such Hazardous Materials. Upon expiration or earlier termination of the Lease Term, Tenant shall cause all Hazardous Materials to be removed from the Premises and transported for use, storage or disposal in accordance with and compliance with all applicable Hazardous Materials Laws. Tenant shall not take any remedial action in response to the presence of any Hazardous Materials in or about the Premises or any building, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Materials in any way connected with the Premises or any building, without first notifying Landlord of Tenant's intention to do so and affording Landlord ample opportunity to appear, intervene or otherwise appropriately assert and protect Landlord's interest with respect thereto.

(c) Tenant shall immediately notify Landlord in writing of: (i) any enforcement, cleanup, removal or other governmental or regulatory action instituted, completed or threatened pursuant to any Hazardous Materials Laws; (ii) any claim made or threatened by any person against Tenant, the Premises or any building relating to damage, contribution, cost recovery compensation, loss or injury resulting from or claimed to result from any Hazardous

Materials; and (iii) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in or removed from the Premises or any building, including any complaints, notices, warnings or asserted violations in connection therewith. Tenant shall also supply to Landlord as promptly as possible, and in any event within five (5) business days after Tenant first receives or sends the same, with copies of all claims, reports, complaints, notices, warnings or asserted violations, relating in any way to the Premises, any building or Tenant's use thereof. Tenant shall promptly deliver to Landlord copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials removed from the Premises.

(d) Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord), protect, and hold Landlord and each of Landlord's partners, employees, agents, attorneys, successors and assigns, free and harmless from and against any and all claims, liabilities, penalties, forfeitures, losses or expenses (including attorneys' fees), or death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly, by (i) the presence in, on, under or about the Premises or any building, of any Hazardous Materials caused by or knowingly permitted by Tenant or for which Tenant may be legally liable; (ii) Tenant's use, analysis, storage, transportation, generation of Hazardous Materials to, in, on, under, about or from the Premises or any building; or (iii) Tenant's failure to comply with any Hazardous Materials Laws. Tenant's obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repair, cleanup or detoxification or decontamination of the Premises or any building, or the preparation and implementation of any closure, remedial action or other required plans in connection therewith, and shall survive the expiration or earlier termination of the Lease term. For purposes of the release and indemnity provisions hereof, any acts or omissions of Tenant, or by employees, agents, assignees, contractors or subcontractors of Tenant or others acting for or on behalf of Tenant (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to Tenant.

10.7. Sewer Damages.

Tenant agrees not to discharge any acid or other harmful or dangerous chemicals into the sewer system, the sinks, drains and toilets, if any, of the Premises or inside the main system leading from the Premises to the main sewer line. If Tenant discharges any acid or harmful chemicals into any such systems, Tenant shall be fully responsible for the cost and repair of such damage. Landlord reserves the right to select an expert of its choosing to inspect any damage at Tenant's cost.

10.8. Non-Discrimination And Hiring Requirements.

Tenant shall comply with the Non-Discrimination and Hiring Requirements attached as ***Exhibit "E."***

ARTICLE XI MAINTENANCE AND REPAIRS

11.1. Landlord's Maintenance Obligations.

Landlord shall maintain, at its sole cost and expense (and not as part of Common Area Expenses), the structural elements of the Building, including the roof structure, the foundation and slab and the structural elements of exterior walls. Landlord on behalf of Tenant and the other occupants of the Building shall maintain in good condition and repair the roof covering/membrane and other exterior surfaces of the exterior walls of the Building (exclusive of doors, door frames, door checks, windows, window frames, and store fronts) and all heating, ventilating and air conditioning equipment which does not serve the Premises exclusively; provided, however, if any repairs or replacements are necessitated by the negligence or willful acts of Tenant or anyone acting under Tenant or by reason of Tenant's failure to observe or perform any provisions contained in this Lease or caused by alterations, additions or improvements made by Tenant or anyone acting under Tenant, the cost of such repairs and replacements shall be solely borne by Tenant. Notwithstanding anything to the contrary contained in this Lease, Landlord shall not be liable for failure to make repairs required to be made by Landlord under the provisions of this Lease unless Tenant has previously notified Landlord in writing of the need for such repairs and Landlord has failed to commence and complete the repairs within a reasonable period of time following receipt of Tenant's written notification. Tenant waives any right of offset against any rent due hereunder and agrees not to assert as an affirmative defense in any judicial proceeding or arbitration brought by Landlord against Tenant on claims made under this Lease including, without limitation, the provisions of Sections 1941 and 1942 of the California Civil Code, or any superseding statute, and of any other law permitting Tenant to make repairs at Landlord's expense.

11.2. Landlord's Right of Entry.

Landlord, its agents, contractors, employees and assigns may enter the Premises at all reasonable times upon reasonable prior notice under the circumstances (a) to examine the Premises; (b) to perform any obligation of, or exercise any right or remedy of, Landlord under this Lease; (c) to make repairs, alterations, improvements or additions to the Premises, the Building or to other portions of the Shopping Center as Landlord reasonably deems necessary; (d) to perform work necessary to comply with laws, ordinances, rules or regulations of any public authority or of any insurance underwriter; (e) to show prospective tenants the Premises during the last six (6) months of the Term; and (f) to perform work that Landlord reasonably deems necessary to prevent waste or deterioration in connection with the Premises should Tenant fail to commence to make, and diligently pursue to completion, its required repairs as provided herein. In exercising such entry rights, Landlord shall use commercially reasonable efforts under the circumstances to minimize interference with Tenant's use of the Premises.

11.3. Tenant's Maintenance Obligations.

Tenant, at its sole cost and expense, shall keep the Premises and all parts thereof including, without limitation, utility meters, pipes and conduits, all fixtures, furniture and equipment including heating, ventilation and air conditioning equipment serving only the Premises, the storefront or storefronts, Tenant's signs, locks and closing devices, security devices, windows, window sashes, casements or frames, all doors and door frames, floor coverings, including carpeting, tile and other flooring, ceilings, light fixtures, sprinklers, interior walls, all wall coverings, shelving, restrooms and other lavatory facilities, in first class order, condition and repair and shall make all replacements necessary to keep the Premises in such condition. All replacements shall be of a quality equal to or exceeding that of the original. Should Tenant fail to make these repairs and replacements or otherwise so maintain the Premises for a period of ten (10) days after written demand by Landlord, or should Tenant commence, but fail to complete, any repairs or replacements within a reasonable time after written demand by Landlord, Landlord may make such repairs or replacements without liability to Tenant for any loss or damage that may occur to Tenant's stock or business other than those resulting from Landlord's gross negligence or willful misconduct, and Tenant shall pay to Landlord the reasonable costs incurred by Landlord in making such repairs or replacements together with interest thereon at the Interest Rate from the date of commencement of the work until repaid. Tenant shall, at its expense, repair promptly any damage to the Building or the Shopping Center caused by Tenant or its agents or employees or caused by the installation or removal of Tenant's personal property. Tenant shall contract with a service company licensed and experienced in servicing HVAC equipment and approved by Landlord for the quarterly maintenance of the HVAC equipment serving the Premises and shall provide Landlord with a copy of the service contract within thirty (30) days following its execution, or Landlord, at its option, may contract with a service company of its own choosing, or provide such service itself, for the maintenance of the HVAC equipment, and either bill Tenant for the cost of service contract or include the estimated monthly charges in the Monthly Impound described in Section 12.5. The sum so billed to Tenant shall become immediately due to Landlord as additional rent. Tenant shall, at its own expense, comply with all requirements, including the installation and periodic maintenance of fire extinguishers or automatic dry chemical extinguishing system, of the insurance underwriters and other governmental authority having jurisdiction as necessary for maintenance of reasonable fire and extended coverage insurance for the Premises.

11.4. Plate Glass.

Tenant shall replace, at its expense, any and all plate and other glass in and about the Premises which is damaged or broken from any cause whatsoever except due to the negligence or willful misconduct of Landlord, its agents or employees.

ARTICLE XII COMMON AREA

12.1. Definition of Common Area.

The term "**Common Area**," as used in this Lease, means all areas within the exterior boundaries of the Shopping Center now or later made available for the general use of Landlord and other persons entitled to occupy Floor Area in the Shopping Center and their customers, guests and invitees, including all exterior surfaces and the roofs of all Buildings in the Shopping Center except as indicated in this Lease, parking areas, access and perimeter roads, sidewalks, landscaped areas, enclosed courts and malls, service areas and similar areas and facilities, as more specifically set forth in the OEA. Without limiting this definition, Landlord may include in the Common Area those portions of the Shopping Center presently or later sold or leased to purchasers or tenants, as the case may be, until the commencement of construction of the building(s) thereon, at which time there shall be withdrawn from the Common Area those areas not provided by such Landlord or lessee for common use. Common Area shall not include (a) the entryway to a tenant's premises, (b) any improvements installed by a tenant outside of its premises, whether with or without Landlord's knowledge or consent, or (c) any areas or facilities that could be considered as Common Area except that the areas or facilities are included in the description of premises leased to a tenant or are exclusively for the use of and are the responsibility of a tenant.

12.2. Maintenance and Use of Common Area.

The Common Area shall be maintained in the manner provided in the OEA. Tenant shall have the right to the nonexclusive use and occupancy of the Common Area (except those portions on which have been constructed or placed permanent or temporary kiosks, displays, carts and stands and except areas used in the maintenance or operation of the Shopping Center) in common with Landlord and other tenants of the Shopping Center and their customers and invitees, subject to such reasonable, non-discriminatory rules and regulations concerning the use of the Common Area as may be established by Landlord from time to time including, without limitation, the Rules and Regulations attached hereto as **Exhibit "F"** as the same may be amended from time to time. Landlord shall have the right to assign parking spaces for the exclusive use of individual tenants without the consent of Tenant. Written notice of such rules and regulations and amendments and supplements thereto, if any, shall be given to Tenant thirty (30) days prior to their effective date. Tenant shall promptly comply with all such rules and regulations upon receipt of written notice from Landlord. Tenant and Tenant's employees and agents shall not solicit business in the Common Areas, nor shall Tenant distribute any handbills or other advertising matter on automobiles parked in the Common Areas.

12.3. Control of and Changes to Common Area.

Landlord shall have the right to make reasonable changes to the Common Area. Provided Tenant's use of and access to the Premises is not unreasonably interfered with, such rights of Landlord shall include, without limitation, the right to (a) restrain the use of the Common Area by unauthorized persons, (b) cause Tenant to remove or restrain persons

from any unauthorized use of the Common Area if they are using the Common Area by reason of Tenant's presence in the Shopping Center, (c) utilize from time to time any portion of the Common Area for promotional, entertainment and related matters, (d) place permanent or temporary kiosks, displays, carts and stands in the Common Area and to lease same to tenants, (e) temporarily close any portion of the Common Area for repairs, improvements or alterations, to discourage non-customer use, to prevent dedication or an easement by prescription, or for any other reasons deemed sufficient in Landlord's reasonable judgment, (f) subdivide all or portions of the Landlord Parcel (including the Common Area), sell or lease the lots or parcels so created and subject the Landlord Parcel to reciprocal easements and operating agreements with such Landlords or tenants, (g) determine the nature, size and extent of the Common Area and whether portions of the same shall be surface, underground or multiple-deck; and (h) reasonably change the shape and size of the Common Area, add, eliminate or change the location of improvements to the Common Area, including, without limitation, buildings, lighting, parking areas, roadways and curb cuts, and construct buildings on the Common Area.

12.4. After-Hours Common Area Lighting.

If Tenant requires lighting of the Common Area adjacent to the Building after 11:00 p.m. ("**Excess Lighting**"), Tenant shall deliver written notice to Landlord setting forth the hours after 11:00 p.m. for which Tenant is requesting lighting. If Tenant requests Excess Lighting, Landlord shall use commercially reasonable efforts to provide the requested Excess Lighting, provided that Tenant shall pay all costs and expenses associated with the Excess Lighting. If other tenants or occupants of the Landlord's Parcel request Excess Lighting, each tenant and occupant requesting Excess Lighting shall pay a pro rata share of the costs and expenses of the Excess Lighting.

12.5. Parking.

Tenant and its employees shall park their vehicles only in those portions of the Common Area from time to time designated for such purpose by Landlord. Further, Landlord shall have the right to adopt and implement such parking programs as may be necessary to alleviate parking problems during peak traffic periods, including requiring the use of offsite parking by Tenant and its employees, vendors, agents and contractors. Tenant shall furnish Landlord with a list of its employees and the license numbers of their vehicles within fifteen (15) days after Tenant opens for business in the Premises. Tenant shall be responsible for ensuring that its employees comply with all the provisions of this section and such other parking rules and regulations as may be adopted and implemented by Landlord from time to time including, but not limited to, systems of validation, shuttle transportation or any other programs which may be deemed reasonably necessary or appropriate by Landlord to control, regulate or assist parking by customers of the Shopping Center.

ARTICLE XIII UTILITIES

Tenant shall be solely responsible for and shall promptly pay all charges for heat, water, gas, electricity, telephone and any other utility used, consumed or provided in, or furnished, or attributable to the Premises at the rates charged by the supplying utility companies. Should Landlord elect to supply any or all of such utilities, Tenant shall purchase and pay for the same as additional rent as apportioned by Landlord. The rate to be charged by Landlord to Tenant shall not exceed the rate charged Landlord by any supplying utility plus any expenses incurred by Landlord in connection with billing and supplying such utility service to Tenant. In no event shall Landlord be liable for any interruption or failure in the supply of any such utilities to the Premises, nor shall rent be abated as a result of any such interruption. Tenant shall reimburse Landlord within ten (10) days of billing for fixture charges and/or water tariffs, if applicable, which are charged by local utility companies. Landlord will notify Tenant of any such charges as soon as they become known. Any such charges will increase or decrease with current charges being charged Landlord by the local utility company, and will be due as additional rent.

ARTICLE XIV ALTERATIONS, SIGNS AND FIXTURES

14.1. Installation.

Without Landlord's prior written consent, Tenant shall not make or cause to be made any alterations, additions or improvements to the Premises (except Tenant's Work pursuant to the Construction Provisions), or install or cause to be installed any trade fixtures, floor covering, interior lighting, plumbing fixtures, exterior signs, shades or awnings, or make any changes to the store front of the Premises (collectively, "**Tenant Alterations**," and individually, a "**Tenant Alteration**"). Landlord may condition its consent upon Tenant's agreement to either leave or to remove the alteration, additions and improvements upon the expiration or earlier termination of this Lease. Tenant shall present Landlord with plans and specifications for any Tenant Alteration concurrently with the request for approval. In any event, Tenant shall remove its signs and repair any damage to the Premises caused thereby upon the expiration or earlier termination of this Lease.

14.2. Removal by Tenant.

All alterations, decorations, fixtures, additions and improvements made by the Tenant, or made by Landlord on Tenant's behalf by agreement under this Lease, whether temporary or permanent in character, and whether or not affixed to the Premises shall be the property of Tenant (or the City of Compton) until the expiration or earlier termination of this Lease.

14.3. Liens.

Tenant and Landlord shall keep the Premises free of any kinds of liens arising out of work performed for or materials furnished to it, and shall promptly pay all contractors and materialmen used by it to improve the Premises so as to minimize the possibility of a lien attaching thereto. If required by Landlord, Tenant shall also provide security for the lien free completion of such work in the form of a bond or other security reasonably satisfactory to Landlord. Should any lien be made or filed, the applicable party shall bond against or discharge the same within twenty (20) days. Tenant shall indemnify, defend, protect and hold Landlord, the Premises and the Shopping Center and every part thereof free and harmless from and against any and all liability, damage, claims, demands, suits, actions or expense (including attorneys' fees) arising out of any work done or materials furnished with respect to the Premises by Tenant, its employees, representatives, successors, contractors, subcontractors, materialmen and assigns.

14.4. Signs, Awnings and Canopies.

Without Landlord's prior written consent, Tenant will not place or suffer to be placed or maintained on the roof or on any exterior door, wall or window of the Premises any sign, awning or canopy, nor any advertising matter on the glass of any window or door of the Premises or within 48" of any window. Tenant further shall maintain any permitted signs, awnings, canopies, decorations, lettering or advertising matter as may be approved in good condition and repair at all times. Subject to Landlord's prior written approval and compliance with (i) the sign criteria set forth on **Exhibit "G-1"** attached to this Lease (**"Sign Criteria"**), (ii) the requirements of applicable governmental authorities and (iii) the OEA, (collectively, the **"Sign Requirements"**), Tenant, at its sole cost and expense, may install on the Premises its standard corporate signage for its stores on the fascia of the Building- Tenant's signs shall be installed prior to Tenant's opening for business and shall thereafter be maintained by Tenant at its own expense.- If Tenant fails to maintain such sign, Landlord may do so and Tenant shall reimburse Landlord for such cost plus a twenty (20%) percent overhead fee. If, without Landlord's prior written consent, Tenant installs a sign that does not conform to Landlord's Sign Criteria, Landlord may have the Tenant's sign removed and stored at Tenant's expense. The removal and storage costs shall bear interest until paid at the Interest Rate. Landlord reserves the right to revise the Sign Criteria at any time as a result of any governmental requirement or Landlord's renovation of the Premises, the Building or Shopping Center. Within ninety (90) days of Landlord's request and provided that Tenant has been in occupancy of the Premises for at least five (5) years, Tenant shall remove Tenant's existing sign, patch the fascia, and install a new sign, at Tenant's sole cost and expense, in accordance with the Sign Requirements then in effect.

ARTICLE XV SURRENDER OF PREMISES

At the expiration or earlier termination of this Lease, Tenant shall surrender the Premises in a first class, clean condition in accordance with the requirements of Section [14.1 and](#) 14.2 herein, reasonable wear and tear and damage by unavoidable casualty excepted, and shall surrender all keys for the Premises to Landlord at the place then fixed for the payment of rent and shall inform Landlord of all combinations on locks, safes and vaults, if any, in the Premises. Tenant shall remove all of its furnishings, equipment and trade fixtures, before surrendering the Premises to Landlord and shall repair any damage to the Premises caused thereby. Tenant shall provide Landlord with a written statement, obtained at Tenant's sole expense from a reputable company licensed and experienced in HVAC repair and maintenance and approved by Landlord, certifying that the HVAC equipment serving the Premises was inspected and serviced, if necessary, within the last thirty (30) days of the Term and is in good working order, subject to reasonable wear and tear.

ARTICLE XVI INSURANCE AND INDEMNITY

16.1. Tenant Insurance-

During the Term, Tenant shall maintain at its own expense in full force and effect the following insurance policies:

(a) A policy of Commercial General Liability Insurance covering the insured against claims of bodily injury, personal injury and property damage (including loss of use thereof) on or about the Premises, and insuring contractual liabilities (including performance by Tenant of its indemnity agreements under this Lease), with a Broad Form endorsement naming Landlord, Landlord's managing agent and any mortgagee of the Premises and any other party in interest designated by Landlord as additional insureds, with a minimum combined single limit of at least Five Million Dollars (\$5,000,000.00) per occurrence. Such liability limit will be increased from time to time if Landlord's insurance advisor reasonably determines that a higher limit is customary for similar uses. Such policy shall be on an occurrence (and not on a claims-made) basis, and shall not have an aggregate liability limit unless approved in writing by Landlord;

(b) "All risk" extended coverage property insurance protecting against fire, theft, vandalism, malicious mischief, plate glass, sprinkler leakage and water damage of any type, and such additional perils as now are or hereafter may be included in a standard extended coverage endorsement together with Special Form property damage insurance, insuring Tenant's merchandise, trade fixtures, furnishings, equipment and all items of Tenant's personal property or trade fixtures located in, on or about the Premises. The amount of such insurance will be set forth in an "agreed value endorsement" to the policy of such insurance but shall be not less than one hundred percent (100%) of the full replacement value thereof as the same may exist from time to time, without deduction for depreciation, and with a commercially reasonable deductible amount;

(c) Employer liability insurance in the amount of One Million Dollars (\$1,000,000) for each accident for bodily injury, One Million Dollars (\$1,000,000) policy limit for bodily injury by disease and One Million Dollars (\$1,000,000) per employee for bodily injury by disease-;

(d) Automobile liability insurance for owned, hired and non-owned automobiles, the limits of liability of which shall not be less than One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage-;

(e) Workers' compensation coverage as required by law;

(f) With respect to alterations, improvements and the like required or permitted to be made by Tenant under this Lease and builder's risk insurance or course of construction insurance in amounts reasonably satisfactory to Landlord;

(g) Any other form or forms of insurance as Tenant or Landlord or the mortgagees of Landlord may reasonably require from time to time, in form, amounts and for insurance risks against which a prudent tenant would protect itself.

Each of Tenant's insurance policies required hereinabove shall name Landlord, and any person, firms, or corporations designated by Landlord, as additional insureds. Such persons or entities shall not, by reason of their inclusion under any such policy, incur liability for payment of any premium. All such 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 to Landlord and the Landlord Parties by reason of Tenant's acts or omissions. Tenant's insurance policies shall contain a clause that insurer will not cancel or change coverage without first giving Landlord at least thirty (30) days prior written notice. All insurance required hereunder shall be issued in form acceptable to Landlord by an insurance company or companies approved by Landlord, licensed to do business in California and having a general policyholder's rating of not less than A- and a financial rating of class VIII or better as rated in the most current available "Best's Key Rating Guide." A copy of the policy or certificate of insurance (and of all endorsements to it) shall be delivered to Landlord on the date of Landlord's delivery of possession of the Premises to Tenant and thereafter within thirty (30) days prior to the expiration of each such policy. Tenant agrees to permit Landlord at all reasonable times to inspect the policies of insurance of Tenant covering risks upon the Premises for which policies or copies thereof are not delivered to Landlord. All public liability, property damage and other casualty policies shall be written as primary policies, not contributing with and not in excess of coverage which Landlord may carry. No policy required to be maintained by Tenant under this Section shall have a deductible in excess of \$1,000 without Landlord's prior written consent. If Tenant fails to maintain any insurance required under this Section, Landlord may itself maintain such insurance and charge the cost of it to Tenant as additional rent. Such amount shall be due and owing within ten (10) days following written request for the amount and shall bear interest at the Interest Rate until paid. Landlord makes no representation or warranty to Tenant that the amount of insurance to be carried by Tenant under the terms of this Lease is adequate to fully protect Tenant's interests and Tenant assumes full responsibility to confirm the adequacy of its insurance coverage.

16.2. Landlord Insurance.

Landlord shall maintain fire with extended coverage insurance with a vandalism and malicious mischief endorsement, ~~and~~ rental loss insurance. Landlord may also carry other insurance coverages deemed necessary by Landlord or Landlord's lender (collectively "**Landlord Carried Insurance**") throughout the Term, which insurance coverages shall be in amounts from time to time deemed reasonably necessary by Landlord or Landlord's lender. The Landlord Carried Insurance may be obtained through a blanket policy or other form of pooled insurance coverage covering not only the Developer Tract, but other property owned by Landlord or its affiliates. The fire and extended coverage insurance shall be in an amount equal to at least ninety (90%) percent of the replacement value (exclusive of foundation and excavation costs) of the Premises, the Building and other improvements within the Developer Tract and shall include loss of rents coverage for up to twelve (12) months.

16.3. Indemnification of Landlord.

Tenant will indemnify, protect, defend and save Landlord harmless from and against any and all claims, demands, actions, damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and costs of investigation with respect to any claim, demand or action) in connection with loss of life, bodily injury, personal injury and/or damage to property arising from or connected with the conduct or management of the business conducted by Tenant on the Premises, or the occupancy or use by Tenant of the Premises or any part of it, or from any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to this Lease, or from violations of or noncompliance with any governmental requirements or insurance requirements, or from any acts or omissions of Tenant or any person on the Premises by license or invitation of Tenant or occupying the Premises or any part thereof under Tenant, whether such injury occurs in, on or about the Premises or the Common Area. In case Landlord shall be made a party to any litigation commenced by or against Tenant, Tenant shall accept any tender of defense by Landlord and shall, notwithstanding any allegations of negligence or willful misconduct on the part of Landlord, its agents or employees, defend Landlord and protect and hold Landlord harmless and pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection with such litigation; provided, however, Tenant shall not be liable for any such injury or damage to the extent and in the proportion such injury or damage is ultimately determined to be attributable to the sole, active negligence or misconduct of Landlord, its agents or employees, unless covered by insurance required to be carried by Tenant. Landlord may, at its option, require Tenant to assume Landlord's defense in any action covered by this section through counsel satisfactory to Landlord.

16.4. Waiver of Subrogation.

Provided that their respective policies of insurance are not invalidated thereby, each party hereby waives (a) its rights of recovery against the other party, its successors, assigns, directors, agents and representatives in connection with any loss or damage caused to the insured's property and covered by any property insurance policies of the insured, and (b) on behalf of its carriers, any right of subrogation it may have against the other. Each party shall notify its carrier of the waiver contained herein and shall obtain, if required by their respective insurers, any special endorsements required by such insurers to evidence compliance with the foregoing waiver.

16.5. Waiver of Loss and Damage.

Except to the extent such matter is not covered by the insurance required to be maintained by Tenant under this Lease and notwithstanding Landlord's active or passive negligence or breach of this Lease, neither Landlord nor Landlord's property manager shall be liable to Tenant, Tenant's employees, agents or invitees for: (i) any damage to property of Tenant, or of others, located in, on or about the Premises, nor for (ii) the loss of or damage to any property of Tenant or of others by theft or otherwise, (iii) any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or leaks from any part of the Premises or from the pipes, appliance of plumbing works or from the roof, street or subsurface or from any other places or by dampness or by any other cause of whatsoever nature, or (iv) any such damage caused by other tenants or persons in the Premises, occupants of adjacent property of the Shopping Center, or the public, or caused by operations in construction of any private, public or quasi-public work. The foregoing shall not be construed to relieve Landlord of liability for Landlord's gross negligence or willful misconduct. Landlord shall not in any event be liable for any consequential damages or loss of business or profits and Tenant hereby waives any and all claims for any such damages. All property of Tenant kept or stored on the Premises shall be so kept or stored at the sole risk of Tenant and Tenant shall hold Landlord harmless from any claims arising out of damage to the same, including subrogation claims by Tenant's insurance carriers, unless such damage shall be caused by the negligence or willful misconduct of Landlord.

16.6. Notice by Tenant.

Tenant shall use good faith efforts to give immediate notice to Landlord of any material damage to or material defects in the Premises, the Building or any fixtures or equipment therein of which Tenant becomes aware.

16.7. Survival; No Release of Insurers.

Tenant's indemnification obligations under this Lease shall survive the expiration or earlier termination of this Lease. Tenant's covenants, agreements and indemnification in Sections 16.1 and 16.5 are not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried by Tenant pursuant to the provisions of this Lease.

ARTICLE XVII ESTOPPEL CERTIFICATE, ATTORNMEN, SUBORDINATION, MORTGAGEE PROTECTION

17.1. Estoppel Certificate.

Within ten (10) business days after Landlord's written request, in connection with any sale, assignment, hypothecation or other transfer of Landlord's interest in this Lease, the Premises, the Building or the Developer Tract, Tenant shall deliver in recordable form a certificate or tenant estoppel letter to any proposed mortgagee, purchaser, or other transferee, or to Landlord, certifying to the extent true that this Lease is in full force and effect, that to Tenant's knowledge there does not exist nor has there existed during the period of Tenant's tenancy any toxic materials or hazardous waste in, on or about the Premises, the amount of rent paid in advance, that a true and correct copy of the Lease and all amendments thereto are attached to the certificate or tenant estoppel letter, and that there are no defenses or offsets thereto, or stating those claimed by Tenant, and such other items as may be reasonably requested. If Tenant fails to deliver such certificate or tenant estoppel letter within such ten (10) business day period, Tenant hereby irrevocably appoints Landlord as Tenant's attorney-in-fact for the purpose of completing, executing and delivering the same on behalf of Tenant.

17.2. Attornment and Nondisturbance.

If any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under, any mortgage, deed of trust or other encumbrance made by Landlord covering the Premises, Tenant shall attorn to the purchaser or mortgagee upon any such foreclosure sale or transfer in lieu of foreclosure sale and recognize such purchaser or mortgagee as the Landlord under this Lease, provided that any such purchaser or mortgagee shall recognize this Lease as remaining in full force and effect so long as Tenant is not in default hereunder.

17.3. Subordination.

This Lease, at Landlord's option, shall be subject and subordinate to the lien of any mortgages or trust deeds or the lien resulting from any other method of financing or refinancing, now or hereafter in force against the land and buildings of which the Premises are a part or upon any buildings hereafter placed upon the land of which the Premises are a part, and to all advances made or hereafter to be made upon the security thereof, provided that the holder thereof agrees in a recorded agreement that is binding on the holder and its successors and any person or entity

acquiring title by foreclosure or deed in lieu thereof not to disturb Tenant and to perform Landlord's obligations under this Lease arising after the date it acquires title to the Premises provided Tenant is not in default after any applicable cure period and provided further, that Tenant attorns to the entity acquiring title after receipt of a copy of the deed transferring title. This section shall be self-operative and no further instrument of subordination shall be required unless requested by Landlord. Tenant will execute such additional reasonable subordination agreements from time to time within twenty (20) days following written request therefor by Landlord. However, if Landlord so elects, this Lease shall be deemed senior in priority to any mortgage, deed of trust or other encumbrance upon or including the Premises, regardless of date of recording and Tenant will execute a statement in writing to such effect at Landlord's request. If Tenant fails to deliver any required agreement under this Section within such twenty (20) day period, Tenant irrevocably appoints Landlord as Tenant's attorney-in-fact for the purpose of executing and delivering the same on behalf of Tenant.

17.4. Mortgagee Protection Clause.

Tenant shall give any mortgagees and/or trust deed holders, by registered mail, a copy of any notice of default served by Tenant upon Landlord, provided that prior to such notice Tenant has been notified in writing (by way of notice of assignment of lease, or otherwise) of the addresses of such mortgagees and/or trust deed holders. Tenant further agrees that if Landlord shall have failed to cure such default within the time provided for in this Lease, then the mortgagees and/or trust deed holders shall have an additional thirty (30) days within which to cure such default, or if such default cannot be cured within that time, then such additional time as may be necessary, provided such mortgagees and/or trust deed holders commence such cure within thirty (30) days and diligently pursue the remedies necessary to cure such default (including, but not limited to, commencement of foreclosure proceedings, if necessary to effect such cure), in which event this Lease shall not be terminated while such remedies are being so diligently pursued. Tenant shall not unreasonably withhold its consent to changes or amendments to this Lease requested by the holder of any mortgage or deed of trust covering Landlord's interest in the Premises so long as such changes do not materially alter the economic terms of this Lease or otherwise materially diminish the rights or materially increase the obligations of Tenant under this Lease.

ARTICLE XVIII ASSIGNMENT AND SUBLETTING

18.1. Assignment and Subletting.

Except as expressly permitted under Section 18.2, Tenant will not assign this Lease in whole or in part, nor sublet all or any part of the Premises, without the prior written consent of Landlord, which consent Landlord shall not unreasonably withhold. Without in any way limiting Landlord's right to reasonably refuse to give consent, it shall not be unreasonable for Landlord to withhold its consent to any requested assignment or subletting if in Landlord's reasonable business judgment:

- (a) The quality of the operation of the proposed assignee or subtenant is not equal to that of the Tenant;
- (b) The financial strength of the proposed assignee or subtenant, both in terms of net worth and in terms of reasonably anticipated cash flow over the Lease Term, is materially less than Tenant's financial strength at the time this Lease was signed or at the time of such assignment or sublease, whichever is greater, or is insufficient, based on generally accepted industry standards, to capitalize the business to be conducted in the Premises;
- (c) The proposed assignee or subtenant does not, in Landlord's reasonable judgment, have sufficient business experience (including substantial experience in comparable retail centers) to successfully operate a retail establishment in the Premises in the manner contemplated in this Lease;
- (d) The business of the proposed assignee or subtenant is substantially similar to the business of another tenant currently leasing a portion of the Shopping Center, conflicts with the permitted uses set forth in this Lease, would violate the rights of another tenant of the Shopping Center (or a prospective tenant of the Developer Tract with which Landlord is then negotiating), or would violate applicable law, the OEA or other matters of record;
- (e) The business of the proposed assignee or subtenant is not, in Landlord's reasonable judgment, a business that is likely to attract patrons to the Shopping Center, based on the demographics and clientele of the Shopping Center, or the business or reputation of the proposed assignee or subtenant is inconsistent with the image of the Shopping Center;
- (f) The proposed assignee or subtenant intends to make substantial alterations to the Premises which would result in a period of non-operation in excess of six (6) months; or
- (g) The proposed assignee or subtenant is currently a tenant of the Shopping Center.

Any proposed assignee or subtenant approved by Landlord shall be deemed a **"Permitted Business."**

The consent by Landlord to any assignment or subletting shall not constitute a waiver of the necessity for obtaining Landlord's consent to any subsequent assignment or subletting. This prohibition against assigning or subletting shall be construed to include a prohibition against any assignment or subletting by operation of law. If this Lease is assigned by Tenant, or if the Premises or any part thereof is sublet or occupied by any person or entity other than Tenant, Landlord may collect rent from the assignee, subtenant or occupant, and apply the net amount collected to the rent herein reserved, but no such assignment, subletting, occupancy or collection shall be deemed a waiver on the part of Landlord, or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from the

further performance by Tenant of covenants on the part of Tenant herein contained unless expressly made in writing by Landlord. Irrespective of any assignment or sublease, Tenant shall remain fully liable under this Lease and shall not be released from performing any of the terms, covenants and conditions of this Lease. Any assignment or sublease made by Tenant without Landlord's written consent shall be voidable at Landlord's election. If Tenant assigns this Lease or sublets the Premises or any portion thereof as permitted herein or as consented to by Landlord, any rent or additional rent paid to Tenant by such assignee or subtenant which exceeds the rent payable by Tenant to Landlord as set forth in this Lease (which total rent shall be reasonably allocated by Landlord if less than all of the Premises is assigned or sublet) shall be retained by Tenant.

If Tenant is a corporation, limited liability company, unincorporated association or partnership, the transfer, assignment or hypothecation of any stock or interest in such entity in the aggregate of fifty percent (50%) or more shall be deemed an assignment within the meaning and provisions of this Section 18.1.

Tenant shall pay Landlord a non-refundable processing fee of \$1,500.00 for each requested assignment or sublease for which Landlord's consent is required to cover Landlord's costs. This fee shall accompany any request for assignment or sublease. In addition, Tenant shall pay all costs reasonably incurred by Landlord in connection with reviewing a request to consent to an assignment or sublease, including Landlord's reasonable attorneys' and accountants' fees.

Tenant shall remain fully liable under this Lease and shall not be released from performing any of the terms, covenants and conditions of this Lease.

18.2. Permitted Assignments and Sublettings.

Tenant may, upon written notice to Landlord, assign this Lease to the City of Compton ("City"), and the City may thereafter assign this Lease or sublet the Premises [to the Los Angeles County Sheriff's Department](#); however, the Community Redevelopment Agency of the City of Compton ("Agency") shall continue to make all rental payments under this Lease and shall make the payments required under Section 4.4, and shall otherwise remain liable under this Lease (except that the Agency shall not be obligated to pay for normal maintenance or operation of the Premises).

18.3. Tenant's Request.

If Tenant desires to make an assignment or sublease not expressly permitted under Section 18.2, Tenant shall submit a written request therefor to Landlord which shall state (a) the name of the proposed assignee or subtenant, (b) the nature of the assignee's or subtenant's business to be carried on in the Premises, and (c) the terms and conditions of the proposed assignment or sublease. Tenant shall provide such financial information regarding the proposed assignee or sublessee as Landlord may request. Any assignment or sublease, if approved by Landlord, shall be pursuant to a written document approved by Landlord, and Landlord shall receive an original or copy of such fully executed document.

18.4. Other Prohibited Transfers.

Tenant shall not grant any concession or right of use or occupancy to all or any part of the Premises (other than an assignment or sublease under Section 18.1 or 18.2), nor shall Tenant encumber, hypothecate, or assign this Lease as security for an obligation or indebtedness, or grant any other form of security interest in this Lease, without Landlord's prior written consent which may be withheld in Landlord's sole, absolute and arbitrary discretion. Any such concession, right or security interest made by Tenant without Landlord's written consent shall be null and void. [If Tenant selects or appoints some person or entity other than Tenant to manage and control the business conducted in the Premises and the result thereof is substantially similar to the result of a sublease or assignment, then such selection or appointment shall be deemed an assignment within the meaning and provisions of this Article.](#)

18.5. Sale of Premises.

If Landlord sells, conveys, transfers or exchanges the Premises, the Developer Tract or the Building, Landlord shall disclose this Lease to the transferee or buyer and Tenant shall recognize and attorn to the purchaser, or transferee, as the Landlord under this Lease and Landlord shall be and is hereby relieved and released from any liability under any and all of its covenants and obligations under the Lease arising out of any act, occurrence or event which occurs after such sale, conveyance, transfer or exchange.

ARTICLE XIX DESTRUCTION

19.1. Total or Partial Destruction of Premises.

If the Premises are damaged by fire, the elements or other casualty insured against under the provisions of Section 16.2 but are not thereby rendered untenable in whole or in part, Landlord shall cause such damage to be repaired as soon as reasonably practical (subject to Landlord's being able to obtain all necessary permits and approvals for such repair), and any rent or other charges payable under this Lease shall not be abated. Tenant shall be responsible for the prompt and reasonable repair and restoration of its furniture, fixtures and equipment in the Premises damaged by such event. If the Premises are damaged by fire, the elements or other casualty insured against under the provisions of Section 16.2 but are rendered untenable only in part, Landlord shall repair the damage as soon as reasonably practical (subject to Landlord's being able to obtain all necessary permits and approvals for such repair), and the Minimum Rent shall be abated [to the extent of proceeds Landlord receives from rental loss insurance carried by Landlord](#). If the Premises are damaged by fire, the elements or other casualty insured

against under the provisions of Section 16.2 rendered but are rendered wholly untenable, Landlord shall repair the damage as soon as reasonably practical (subject to Landlord's being able to obtain all necessary permits and approvals for such repair), and Minimum Rent shall be abated. If Landlord elects not to reconstruct the Premises, this Lease shall terminate as of the date of said damage and the rent shall be adjusted as of such date. If the Premises are damaged as a result of casualty not covered by insurance required to be maintained under this Lease, or are damaged during the last twelve (12) months of the Term, Landlord, within sixty (60) days following the date of such damage, may commence such repair or reconstruction work or may elect to terminate this Lease on the expiration of sixty (60) days following delivery of written notice to Tenant of Landlord's election not to repair or restore such damage.

19.2. Proceeds.

All proceeds from the insurance required under Section 16.2 shall be delivered to and constitute the property of Landlord and the proceeds of all property insurance covering Tenant's leasehold improvements which would constitute the property of Landlord upon termination of the Lease shall also be paid to Landlord. Unless Landlord elects to terminate this Lease in accordance with Section 19.1 or 19.2 above, Landlord shall apply its insurance proceeds toward reconstruction of the Premises. Tenant shall be entitled to retain the proceeds of its insurance carried pursuant to Section 16.1 covering its trade fixtures, merchandise, signs and other personal property which it would be entitled to remove upon the expiration of the Lease.

19.3. Partial Destruction of Developer Tract.

If fifty (50%) percent or more of the rentable area of the Developer Tract is damaged or destroyed by fire or other casualty, notwithstanding that the Premises may be unaffected by such fire or other casualty, and Landlord desires to terminate this Lease in order to re-develop the Developer Tract with a new retail facility, then Landlord shall have the right, by written notice delivered to Tenant within sixty (60) days from and after said occurrence, to terminate this Lease if Landlord agrees not to unreasonably withhold its consent to Tenant's leasing comparable premises in the new retail facility.. Upon the giving of such notice and agreement to Tenant, the Term shall expire upon the tenth (10th) day after such notice and agreement is given, and Tenant shall vacate the Premises and surrender the same to Landlord in the condition required pursuant to Article XV.

19.4. Waiver of Termination.

Tenant hereby waives any statutory rights which it may have to terminate the Lease in the event of the partial or total destruction of the Premises, Building or Shopping Center, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, it being agreed that the provisions of this Article XX shall control in the event of any damage or destruction.

ARTICLE XX EMINENT DOMAIN

20.1. Total Condemnation of Premises.

If the whole of the Premises shall be taken by eminent domain, then the Term shall cease and terminate as of the date possession of title is given to such condemning authority in such proceeding and all rent shall be paid up to that date.

20.2. Total Condemnation of Parking Area.

If the entire portion of the Common Area used for parking in the Shopping Center ("**Parking Area**") shall be acquired for any public or quasi-public use or purpose or taken by eminent domain, the Term shall cease and terminate as of the date possession or title is given to such condemning authority in such proceeding unless Landlord provides other parking facilities substantially equal to the previously existing ratio between the Parking Area and the Premises within ninety (90) days from the date of such taking. If Landlord provides such other parking facilities, this Lease shall continue in full force and effect without abatement of rent or other charges.

20.3. Partial Condemnation of Premises.

If any part of the Premises are acquired or taken by eminent domain for any public or quasi-public use or purpose, and if such partial taking or condemnation renders the Premises unsuitable for the operation of Tenant's business, this Lease shall cease and terminate as of the date possession or title is given to such condemning authority in such proceeding. In the event of a partial taking or condemnation which is not extensive enough to render the Premises unsuitable for the operation of Tenant's business, Landlord shall promptly restore the Premises to a condition comparable to its condition at the time of such condemnation less the portion lost in the taking, this Lease shall continue in full force and effect and the Minimum Rent shall be equitably reduced based on the percentage of Floor Area of the Premises lost in the taking.

20.4. Partial Condemnation of Parking Area.

If any part of the Parking Area shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose and if, as the result of such partial taking, the ratio of square feet of Parking Area to square feet of the sales Floor Area of the entire Shopping Center is reduced to a ratio below 2 to 1, Tenant may terminate this Lease, unless Landlord provides reasonable evidence of its ability to increase the parking ratio to a ratio equal to or in excess of 2 to 1 or Landlord can provide substitute parking either in or outside the Shopping Center, in which event this Lease shall be unaffected and remain in full force and effect as between the parties.

20.5. Allocation of Award.

Except as provided below, in the event of any condemnation or taking, whether whole or partial, Tenant shall not be entitled to any part of the award, as damages or otherwise, for such condemnation and Landlord shall receive the full amount of such award. Tenant expressly waives any right or claim to any part of the award, including the right or claim for the value of the unexpired portion of the Term or diminution in value of Tenant's leasehold interest, or for the value of any option to extend the Term or renew this Lease. Notwithstanding the foregoing, Tenant shall have the right, provided such award shall not diminish Landlord's award, to claim and recover from the condemning authority, but not from Landlord, such compensation as may be separately awarded or recoverable by Tenant in Tenant's own right on account of any and all damage to Tenant's business by reason of the condemnation and for or on account of any costs or loss to which Tenant might incur in removing Tenant's merchandise, furniture, fixtures and equipment from the Premises. Tenant hereby waives any rights it might otherwise have pursuant to Section 1265.130 of the California Code of Civil Procedure to terminate this Lease as a result of any condemnation action or proceeding in lieu thereof.

ARTICLE XXI DEFAULT

21.1. Notice and Remedies.

If Tenant fails to pay rent or to perform any of Tenant's other obligations under this Lease, or any part thereof, when due or called for hereunder, Tenant shall have a period of fifteen (15) days after service of written notice by Landlord specifying the nature of Tenant's default within which to cure such defaults, provided that if the nature of a non-monetary default is such that it cannot be fully cured within said fifteen (15) day period, Tenant shall have such additional time as may be reasonably necessary to cure such default so long as Tenant commences such cure promptly after service of Landlord's notice and proceeds diligently at all times to complete such cure. Tenant agrees that a notice served in accordance with the provisions of this Section 21.1 shall be in lieu of, and not in addition to any notice required under applicable law including, without limitation, the provisions of California Code of Civil Procedure Section 1161 (or its successor). If Tenant fails to comply with the foregoing provisions (an "Event of Default"), Tenant shall be deemed to be in material breach of this Lease, and Landlord with or without further notice or demand may:

(a) Terminate Tenant's right to possession of the Premises because of such breach, and upon termination, recover from Tenant as damages (i) the worth at the time of award of any unpaid rent which had been earned at the time of termination, plus (ii) the worth at the time of award of the amount by which the unpaid rent which would have been due and payable after termination until the time of award exceeds the amount of such rent loss that Tenant proves could have been reasonably avoided, plus (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rent loss that Tenant proves could be reasonably avoided, plus (iv) any other amounts necessary to compensate Landlord for all of the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom, including, without limitation, any costs or expenses incurred by Landlord (A) in retaking possession of the Premises, (B) in maintaining, repairing, preserving, restoring, replacing, cleaning, altering or rehabilitating the Premises or any portion thereof, including such acts for reletting to a new tenant or tenants, (C) for leasing commissions, or (D) for any other costs necessary or appropriate to relet the Premises, plus (v) at Landlord's election, such other amounts and remedies in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State of California including, without limitation, the remedies provided by California Civil Code Section 1951.2, as amended or as superseded by any successor statute.

The "worth at the time of award" of the amounts referred to in subsections 21.1(a) (i) and (ii) above shall be computed by allowing interest at the maximum nonusurious rate permitted by law. The "worth at the time of award" of the amount referred to in subsection 21.1(a) (iii) shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%. Tenant hereby waives redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179 or under any other present or future law, if Tenant is evicted or Landlord takes possession of the Premises by reason of any default of Tenant hereunder. No act by Landlord other than giving written notice thereof to Tenant shall terminate this Lease. Any act of maintenance or efforts to relet the Premises or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession; or

(b) Without waiving Landlord's right to terminate the Lease later, continue this Lease in full force and effect; and in that event (1) Landlord may enforce all rights and remedies under this Lease and under the provisions of Section 1951.4 of the California Civil Code, as amended or as superseded by any successor statute, including the right to recover the rent and all other charges due hereunder as such rent and other charges become due hereunder, and (2) Tenant may assign its interest in this Lease with Landlord's prior written consent, which shall not be unreasonably withheld, as provided in Section 18.1 herein; or

(c) With or without terminating this Lease, re-enter the Premises and remove all persons and property from the Premises. Such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. No re-entry or taking possession of the Premises by Landlord pursuant to this paragraph shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant.

21.2. Special Tenant Termination Rights; Default by Landlord.

Tenant may terminate this Lease upon written notice to Landlord in the event that certain [Substation Reimbursement Agreement](#) is terminated by the City of Compton or expires. Landlord may terminate this Lease in the event the [Substation Reimbursement Agreement](#) is terminated or expires. If this Lease is so terminated, Landlord shall promptly

refund to Tenant any prepaid rent theretofore paid by Tenant for the period after the date of termination and not yet paid to the City [under the Substation Reimbursement Agreement](#).

Landlord shall be deemed to be in default under this Lease only if Landlord fails to perform any of the covenants or conditions required on its part to be performed pursuant to this Lease, and such failure continues for a period of thirty (30) days after receipt of written notice specifying the nature and extent of such default in detail; provided, however, that if such default is of a nature that it cannot reasonably be cured within such thirty (30) day period, Landlord shall have such additional time as may be required to effect such cure provided Landlord commences the cure within such thirty (30) day period, in no event shall Tenant have the right to terminate this Lease as a result of Landlord's default and Tenant's remedies shall be limited to damages and/or an injunction.

21.3. Limitation on Tenant's Recourse.

Tenant's sole recourse under this Lease against Landlord is to the interest of Landlord in and to the Premises and any portion of the Shopping Center owned by Landlord. Tenant shall have no right to satisfy any judgment which it may have against Landlord from any other assets of Landlord or from any other assets of any partner, venturer or shareholder of Landlord. The provisions of this Section are not intended to limit the Tenant's right to seek injunctive relief or specific performance, or Tenant's right to claim the proceeds of insurance (if any) specifically maintained by Landlord for Tenant's benefit. The foregoing limitations shall also apply to any successor to Landlord's interest in the Premises.

21.4. Insolvency.

The occurrence of any of the following shall constitute a material, incurable breach which shall entitle Landlord to the remedies provided in Section 21.1 (and the cure periods provided below shall be in lieu of, and not in addition to, any cure periods provided in Section 21.1):

- (a) This Lease or the Premises or any part of the Premises are taken upon execution or by other process of law directed against Tenant, or are taken upon or subjected to any attachment by any creditor of Tenant or claimant against Tenant, and such attachment is not discharged within thirty (30) days after its levy;
- (b) Tenant or any guarantor of this Lease files a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or is dissolved, or makes an assignment for the benefit of creditors; or
- (c) Involuntary proceedings under any such bankruptcy laws or insolvency act or for the dissolution of Tenant or any guarantor of this Lease are instituted against Tenant or any guarantor of this Lease, or a receiver or trustee is appointed for all or substantially all of Tenant's property or the property of any guarantor of this Lease, and such proceedings are not dismissed or such receivership or trusteeship is not vacated within sixty (60) days after such institution or appointment.

21.5. Security Interest.

Tenant hereby grants to Landlord a lien and security interest on all property of Tenant now or hereafter placed in or upon the Premises including, but not limited to, all fixtures, machinery, equipment, furnishings and other articles of personal property, and all proceeds of the sale or other disposition of such property (collectively, the "**Collateral**") to secure the payment of all rent to be paid by Tenant pursuant to this Lease. Such lien and security interest shall be in addition to any landlord's lien provided by law. This Lease shall constitute a security agreement under the Commercial Code of the state so that Landlord shall have and may enforce a security interest in the Collateral. Tenant authorizes Landlord to execute and file such financing statements as may be necessary to perfect this security interest. Tenant shall execute as debtor and deliver such financing statement or statements and any further documents as Landlord may now or hereafter reasonably request to protect such security interest pursuant to such code. Landlord, as secured party, shall be entitled to all rights and remedies afforded as secured party under such code, which rights and remedies shall be in addition to Landlord's liens and rights provided by law or by the other terms and provisions of this Lease. At Landlord's sole discretion, Landlord may agree to subordinate its lien and security interest to the rights of any bona fide third party lender to which Tenant desires to grant a security interest in the Collateral, in which event Landlord will execute such instruments as are acceptable to Landlord to evidence such subordination.

ARTICLE XXII HOLDING OVER, SUCCESSORS

22.1. Holding Over.

Any holding over after the expiration of the Term, with the consent of the Landlord, express or implied, shall, in the absence of a written agreement providing otherwise, be construed to be a tenancy from month to month at a Minimum Rent equal to one hundred fifty percent (150%) of the Minimum Rent in effect upon the expiration of the Term and shall otherwise be on the terms and conditions of this Lease.

22.2. Successors.

All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors, and assigns of said parties; and if there shall be more than one party comprising Tenant, they shall all be bound jointly and severally by the terms, covenants and agreements herein. No rights, however, shall inure to the benefit of any assignee of Tenant unless the assignment of

such assignee has been approved by Landlord in writing as provided in Section 18.1 hereof or permitted by Section 18.2 hereof.

ARTICLE XXIII

QUIET ENJOYMENT

Provided an Event of Default by Tenant does not occur, Tenant shall peaceably and quietly hold and enjoy the Premises for the Term without unreasonable hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under the Landlord, subject, nevertheless, to the terms and conditions of this Lease.

ARTICLE XXIV

MISCELLANEOUS

24.1. Waiver.

The waiver by either party of any breach of any term, covenant or condition of this Lease shall not be deemed to be a waiver of any other term, covenant or condition of this Lease or of any subsequent breach of the same 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, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. No covenant, term or condition of this Lease shall be deemed to have been waived by either party, unless such waiver is in writing by the waiving party.

24.2. Accord and Satisfaction.

No payment by Tenant or acceptance by Landlord of a lesser amount than the rent herein stipulated shall be deemed to be other than a partial payment of the rent herein stipulated, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided in this Lease.

24.3. Entire Agreement; Delegation of Authority to Executive Secretary.

This Lease, the Exhibits and Addenda, if any, attached to this Lease and forming a part of it, set forth all the representations, covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the Premises, and there are no representations, covenants, promises, agreements, conditions or understandings, either oral or written, between them other than are set forth in this Lease. Except as otherwise provided in this Lease, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by both parties; provided, however, that Tenant hereby authorizes the Executive Secretary of Tenant to (i) give consents and approvals under this Lease on behalf of the City [CRA?]; (ii) execute amendments that do not materially increase the obligations or materially decrease the rights of Tenant hereunder; and (iii) execute estoppel certificates required hereunder.

24.4. No Partnership.

Landlord does not in any way or for any purpose become a partner of Tenant in the conduct of its business, or otherwise, or joint venturer or a member of a joint enterprise with Tenant by reason of this Lease.

24.5. Force Majeure Delays and Tenant Delays.

If either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lock-outs, labor troubles, unavailability of materials, failure of power, governmental moratorium, riots, insurrection, war or other reason of a like nature not the fault of the party delaying in performing work or doing acts required under the terms of this Lease (but excluding delays due to financial inability) (herein collectively, "**Force Majeure Delays**"), then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay so long as the delayed party delivers written notice describing the Force Majeure delay within five (5) days after the occurrence of the event, along with a description of the delay and the reasons for it. The provisions of this Section 24.5 shall not apply to nor operate to excuse Tenant from the payment of Minimum Rent, additional rent or any other payments strictly in accordance with the terms of this Lease.

As used in this Lease, "**Tenant Delays**" shall mean any delay in the completion of Landlord's Work resulting from any or all of the following: (a) Tenant's failure to timely perform any of its obligations pursuant to this Lease Agreement or the Construction Provisions attached to this Lease Agreement as **Exhibit "D,"** including any failure to complete, on or before the due date, any action item which is Tenant's responsibility pursuant to any schedule delivered by Landlord to Tenant pursuant to this Lease or the Construction Provisions; (b) Tenant's changes to the plans for Landlord's Work; (c) Tenant's request for materials, finishes, or installations which are not readily available or which are incompatible with the standards for the Building; (d) any delay of Tenant in making payment to Landlord for Tenant's share of any costs of the tenant improvements as described in the plans; or (e) any other act or failure to act by Tenant, Tenant's employees, agents, architects, independent contractors, consultants and/or any other person performing or required to perform services on behalf of Tenant.

24.6. Notices.

All notices given in connection with this Lease must be served (i) by personal delivery or overnight courier (such as Federal Express or Overnight Express); or (ii) by certified or registered mail as aforesaid, postage prepaid, and must be addressed to Tenant at the address specified in Section 1.13 and to Landlord at the address specified in Section 1.14, or at such other address as Landlord or Tenant may designate by written notice pursuant to this Section. Notices shall be deemed duly given (a) when personally delivered or on the date of first attempted delivery as shown on the return receipt if delivered personally or if delivered by overnight courier; or (b) forty-eight (48) hours after deposited in the United States registered or certified mail, return receipt request, postage prepaid.

24.7. Captions and Section Numbers.

The captions, section numbers and article numbers in this Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections or articles of this Lease nor in any way affect this Lease.

24.8. Partial Invalidity.

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

24.9. No Option.

The submission of this Lease for examination does not constitute a reservation of or option for the Premises or any other space within the Shopping Center and shall vest no right in either party. This Lease shall become effective as a Lease only upon execution and legal delivery thereof by the parties, and the delivery by Tenant to Landlord of any documents and monies (if any) required to be delivered by Tenant to Landlord upon Tenant's execution and delivery of this Lease to Landlord. This Lease may be executed in more than one counterpart, and each such counterpart shall be deemed to be an original document.

24.10. Brokers.

Each Party represents and warrants to the other, that, to its knowledge, no broker, agent or finder (a) negotiated or was instrumental in negotiating or consummating this Lease on its behalf, and (b) is or might be entitled to a commission or compensation in connection with this Lease. Tenant shall indemnify, protect, defend (by counsel reasonably approved in writing by Landlord) and hold Landlord harmless from and against any and all claims, judgments, suits, causes of action, damages, losses, liabilities and expenses, including attorneys' fees and court costs, resulting from any breach by Tenant of the foregoing representation, including, without limitation, any claims that may be asserted against Landlord by any broker, agent or finder undisclosed by Tenant. Landlord shall indemnify, protect, defend (by counsel reasonably approved in writing by Tenant) and hold Tenant harmless from and against any and all claims, judgments, suits, causes of action, damages, losses, liabilities and expenses, including attorneys' fees and court costs, resulting from any breach by Landlord of the foregoing representation, including, without limitation, any claims that may be asserted against Tenant by any broker, agent or finder undisclosed by Landlord. The foregoing indemnities shall survive the expiration or earlier termination of this Lease.

24.11. Recording.

Tenant shall not record this Lease or a memorandum of it without the written consent of Landlord.

24.12. Legal Expenses.

If either Landlord or Tenant should institute any action or proceeding against the other with respect to this Lease, then all costs and expenses, including without limitation, actual professional fees and costs such as appraisers', accountants' and reasonable attorneys' fees and costs, incurred by the party which prevails in such action, whether by final judgment or out of court settlement, shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment. As used herein, reasonable attorneys' fees and costs shall include, without limitation, reasonable attorneys' fees, costs and expenses incurred in connection with any (i) post-judgment motions; (ii) contempt proceedings; (iii) garnishment, levy, and debtor and third party examination; (iv) discovery, including without limitation expert witnesses' fees and costs; and (v) bankruptcy litigation.

24.13. Rights Cumulative.

Except as provided otherwise in this Lease, the rights and remedies of Landlord specified in this Lease shall be cumulative and in addition to any other rights and remedies provided by law.

24.14. Authority.

If Tenant is a corporation, limited liability company or partnership, each individual executing this Lease on behalf of such entity represents or warrants that he or she is duly authorized to execute and deliver this Lease on behalf of such entity and that such entity shall be bound by all the terms and provisions hereof.

24.15. Time of the Essence.

Time is of the essence of each and every provision of this Lease except for delivery of possession of the Premises as set forth herein.

24.16. Lease Addenda and Exhibits.

This Lease contains the following Addenda and Exhibits which are attached hereto and incorporated herein by this reference:

- (a) Exhibits: Exhibit A -1 - Depiction of the Floor Plan of the Premises
- Exhibit "A-2" - Legal Description of the Property
- Exhibit "B" - Site Plan of the Shopping Center
- Exhibit "C-1" - Legal Description of the Developer Tract
- Exhibit "C-2" - Legal Description of the Target Tract
- Exhibit "C-3" - Legal Description of the Home Depot Tract
- Exhibit "D" - Construction Provisions
- Exhibit "E" - Non-Discrimination Requirements
- Exhibit "F" - Rules and Regulations
- Exhibit "G-1" - Sign Criteria

24.17. Tenant Defined, Use of Pronoun.

The word **“Tenant”** means the Community Redevelopment Agency of the City of Compton and any notice required or permitted by the terms of this Lease shall be given to the Community Redevelopment Agency of the City of Compton. The City of Compton, as assignee of the Community Redevelopment Agency of the City of Compton, shall be liable to the Landlord for the obligations of the Tenant under this Lease, as provided by applicable law.

IN WITNESS WHEREOF, Landlord and Tenant have executed this lease as of the day and year first above written.

LANDLORD: **PRISM-IQ PARTNERS, LLC,**
a California limited liability company

By: Prism Realty Corporation,
a California corporation
Its Managing Member

By: _____
Brook Morris, its President

TENANT: **COMMUNITY REDEVELOPMENT AGENCY OF THE**
CITY OF COMPTON, a public body, corporate and politic

By: _____
Charles Evans,
Executive Secretary

ATTEST:

CLERK OF THE AGENCY

APPROVED AS TO FORM:

Richards, Watson & Gershon,
Special Counsel to Tenant

By: _____
Bruce Galloway

EXHIBIT "A-1"
TO SHOPPING CENTER LEASE

DEPICTION OF THE FLOOR PLAN OF THE PREMISES

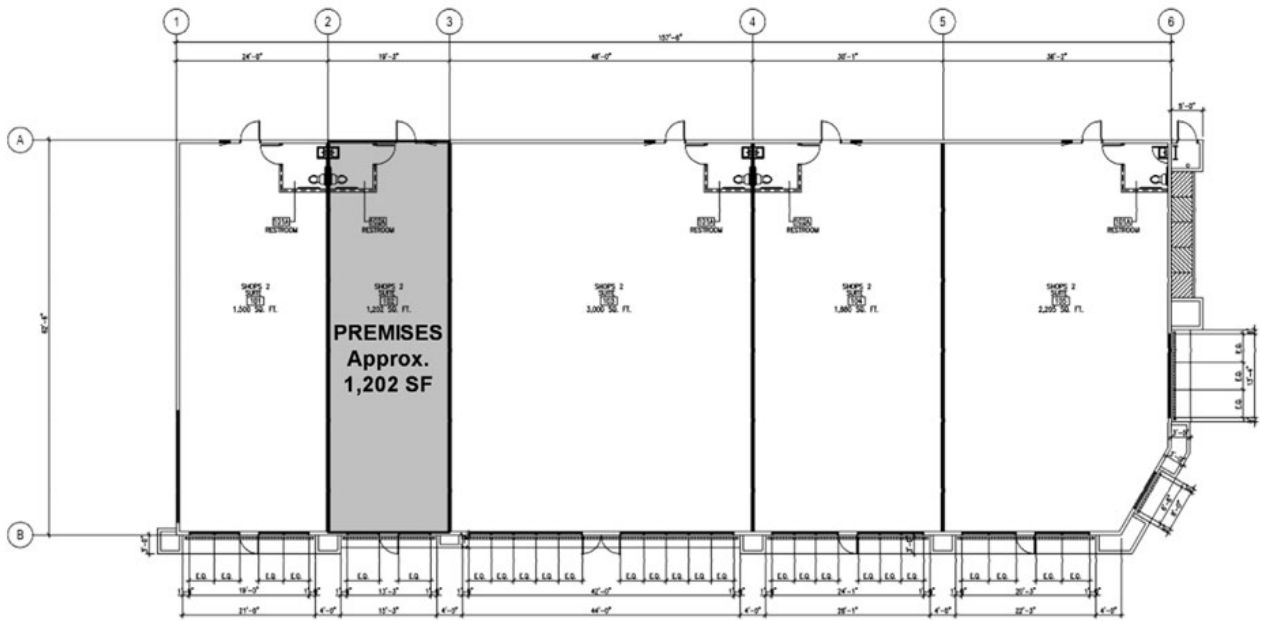


EXHIBIT "A-2"
TO SHOPPING CENTER LEASE

LEGAL DESCRIPTION OF THE PROPERTY

LOT 12 OF TRACT MAP NO. 061885, IN THE CITY OF COMPTON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 1325, PAGES 50 TO 53, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT "B"
TO SHOPPING CENTER LEASE

SITE PLAN

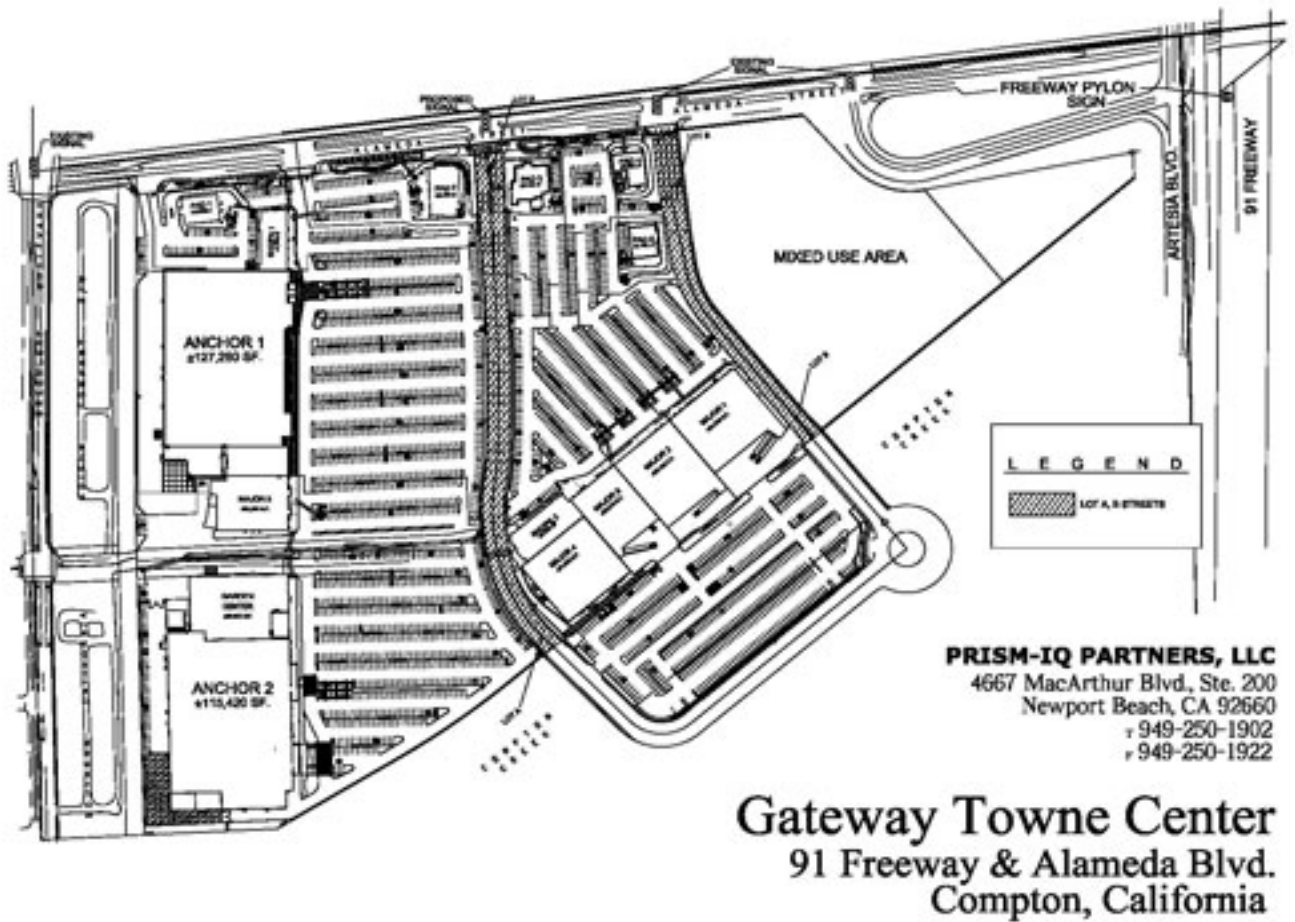


**EXHIBIT “C-1”
TO SHOPPING CENTER LEASE**

LEGAL DESCRIPTION OF THE DEVELOPER TRACT

LOTS 1 THROUGH 3, LOT 5, AND LOTS 7 THROUGH 13, AND LOT B OF TRACT MAP NO. 061885, IN THE CITY OF COMPTON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 1325, PAGES 50 TO 53, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT “C-2”

TO SHOPPING CENTER LEASE

LEGAL DESCRIPTION OF THE TARGET TRACT

LOT 4 OF TRACT MAP NO. 061885, IN THE CITY OF COMPTON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 1325, PAGES 50 TO 53, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT “C-3”

TO SHOPPING CENTER LEASE

LEGAL DESCRIPTION OF THE HOME DEPOT TRACT

LOT 6 OF TRACT MAP NO. 061885, IN THE CITY OF COMPTON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 1325, PAGES 50 TO 53, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT "D"
TO SHOPPING CENTER LEASE
CONSTRUCTION PROVISIONS

[\(Attached.\)](#)

EXHIBIT "E"
TO SHOPPING CENTER LEASE

NON-DISCRIMINATION AND HIRING REQUIREMENTS

NON-DISCRIMINATION

In the construction of any improvements on the Premises provided for in the Lease:

- (a) No party will discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, marital status, ancestry or national origin. Each party will take reasonable action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, marital status, ancestry or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
- (b) Each party will, in all solicitations or advertisements for employees placed by or on behalf of that party, state that all qualified applicants will receive consideration for employment without regard to race, color, creed, religion, sex, marital status, ancestry or national origin.
- (c) Each party will cause the foregoing provisions to be inserted in all contracts for any work covered by the document to which this Exhibit is attached, so that such provisions will be binding upon each contractor and subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

Tenant, as the "lessee" in this Lease, agrees as follows: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, that this lease is made and accepted upon and subject to the following conditions: That there be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the land herein leased."

EMPLOYMENT

At least seven (7) days prior to hiring employees for the initial opening of business operations on any portion of the Premises, Tenant or Tenant's permitted successors-in-interest on the Premises, as applicable, will provide to the Community Redevelopment Agency of the City of Compton at 205 South Willowbrook Avenue, Compton, CA 90220, a list of positions and hiring criteria and job requirements for potential employees. Agency and/or the City may then choose to post such information on its CareerLink service or provide to Tenant and permitted successors-in-interest, as applicable, a list of potential qualified applicants (i.e., those applicants meeting the stated hiring criteria). Tenant agrees to review and fairly consider for employment those qualified applicants. Nothing contained herein shall be deemed to require Tenant or any permitted successors-in-interest (including the Los Angeles County Sheriff's Department) to alter its standard hiring criteria and/or practices nor violate any Federal, state or local laws regarding discrimination with respect to any person.

EXHIBIT "F"
TO SHOPPING CENTER LEASE

RULES AND REGULATIONS

- | | |
|------------------|--|
| Trash | 1. All garbage and refuse shall be kept in the kind of containers specified by Landlord, and shall be placed outside of the Leased Premises prepared for collection in the manner and at the times and places specified by Landlord. If Landlord shall provide or designate a service for picking up refuse and garbage, Tenant shall use same at Tenant's cost. Tenant shall pay the costs of removal of any of Tenant's refuse or rubbish. Tenant shall not permit any dumping, disposing, incineration or reduction of garbage, except as set forth in these Rules and Regulations. |
| Deliveries | 2. All loading and unloading of goods and any other deliveries shall be done only at such times, in the areas, and through the entrances, designated, for such purposes by Landlord. |
| Noise | 3. No loud speakers, televisions, phonographs, radios, flashing lights, machinery or other devices shall be used in a manner so as be heard or seen outside of the Leased Premises without the prior written consent of Landlord, |
| Employee Parking | 4. Tenant and Tenant's employees shall park their cars only in those portions of the parking area designated for the purpose by Landlord. Landlord reserves the right to designate any area(s) of the Shopping Center regardless of proximity to the Leased Premises, for Tenant and employee parking. Tenant and employees shall not service or store any vehicles in the Common Areas. Within five (5) days after written notice from Landlord, Tenant shall furnish Landlord with automobile license numbers assigned to Tenant's car or cars, and cars of Tenant's employees, and shall thereafter notify Landlord of any changes within five (5) days after such changes occur. In the event that Tenant or its employees, fail to park their cars in designated parking areas as aforesaid, then Landlord at its option shall charge Tenant Ten Dollars (\$10.00) per day per car parked in any area other than those designated, as and for liquidated damages. |
| Extermination | 5. Tenant shall use, at Tenant's sole cost and expense, such pest extermination contractor as Landlord may direct and at such intervals as Landlord may require. |
| Sidewalks | 6. The outside sidewalk area immediately adjoining the Leased Premises shall be kept clean and free from dirt and rubbish by Tenant to the satisfaction of Landlord, and Tenant shall not place or permit any obstructions or merchandise in such areas. Tenant may not display, sell merchandise, allow grocery carts, portable sign, devices or any other object to be stored or to remain outside the defined exterior walls and permanent doorways of the Leased Premises. |
| Outside Displays | 7. Tenant shall not use any of the Shopping Center Common Areas for display and/or sale of merchandise without the express written approval of Landlord, which approval may be given or withheld in Landlord's sole discretion. Tenant shall keep its entrance doors and window glass clean and its display windows, if any, properly and invitingly trimmed. |
| Roof | 8. Tenant shall not affix anything to the roof of the Leased Premises and Shopping Center and shall not bore any holes through the roof for any purpose whatsoever. Tenant must receive Landlord's prior approval to access the roof for any purpose. |
| Lighting | 9. Tenant shall light its signs and its display windows, if any, each and every day of the Lease Term, during those hours designated by Landlord. Tenant shall maintain show windows in a neat and clean condition and no signs shall be posted on windows <u>except as agreed by Landlord.</u> |
| Awnings | 10. No awning or other projection shall be attached to the outside walls of the Leased Premises or the building of which they form a part. |

Aerials Antennas	or	11.	No radio or television aerial or any other aerial shall be erected on the roof or exterior walls of the Leased Premises or the building of which they form a part, or on the Shopping Center grounds without, in each instance, the prior written consent of Landlord, which approval may be given or withheld in Landlord's sole discretion.
Going-Out-of-Business Sales		12.	No auction, fire, bankruptcy, going-out-of-business or distress sales shall be conducted on or about the Leased Premises without the prior written consent of Landlord, which may be withheld in Landlord's sole and absolute discretion.
Noxious Odors		13.	Tenant shall not carry on any trade or occupation or operate any instrument or apparatus or equipment, which emits an odor, which may be deemed offensive in nature.
Lodging		14.	No person shall use the Leased Premises as sleeping quarters, sleeping apartments or lodging rooms.
Common Area		15.	In connection with the use of the Common Area, no person shall, without the prior written consent of Landlord: a. vend, peddle or solicit orders for sale or distribution of any merchandise, device, service, periodical, book, pamphlet or other matter whatsoever; b. exhibit any sign, placard, banner, notice or other written material; c. distribute any circular, booklet, handbill, placard or other material; d. solicit membership in any organization, group or association or contribution for any purpose; e. parade, patrol, picket, demonstrate or engage in any conduct that might tend to interfere with or impede the use of any Common Area by any customer, business invitee or employee, create a disturbance, attract attention or [harass, annoy, disparage or be detrimental to the interest of] any of the retail establishments within the Shopping Center; f. use any Common Area for any purpose when none of the retail establishments within the Shopping Center is open for business or employment; and g. panhandle, beg or solicit funds.
Hours Operation	of	16.	<u>The City (as assignee of this Lease) shall cause its subtenant (the Los Angeles County Sheriff's Department) to staff and operate the substation in the Premises in accordance with the provisions of the Substation Reimbursement Agreement between the City and Landlord</u>

**EXHIBIT “G-1”
TO SHOPPING CENTER LEASE
SHOPPING CENTER SIGN CRITERIA**

