

# LADF

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LOS ANGELES DEVELOPMENT FUND

**Meeting of the  
Governing Board of Directors of  
The Los Angeles Development Fund  
*and*  
LADF Management, Inc.**

**October 12, 2017**

**MEETING of the  
GOVERNING BOARD OF DIRECTORS of  
THE LOS ANGELES DEVELOPMENT FUND and LADF MANAGEMENT, INC.  
OCTOBER 12, 2017**

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  - DRAFT of the Sublease Agreement with the City of Los Angeles

# **Tab 1**

**A G E N D A**

**MEETING of the  
GOVERNING BOARD OF DIRECTORS of  
THE LOS ANGELES DEVELOPMENT FUND and LADF MANAGEMENT, INC.**

**CITY HALL, ROOM 1060  
200 N. SPRING STREET, LOS ANGELES, CA  
Thursday, October 12, 2017 | 3:00pm – 4:30pm**

	<b>AGENDA ITEM</b>	<b>PRESENTER</b>	<b>TAB</b>
	<b>Welcome and Call to Order</b>	Rushmore Cervantes	
	<b>Roll Call</b>	Rushmore Cervantes	
<b>1</b>	<b>Discussion Items</b>	Sandra Rahimi	
	a. LADF Pipeline Update		
<b>2</b>	<b>Action Items</b>	Sandra Rahimi	
	a. Request for Authorization to Enter into Sublease Agreement with the City of Los Angeles (Economic Workforce and Development Department)		Tab 3
	<b>Request for Future Agenda Items</b>	Rushmore Cervantes	
	<b>Next Meeting Date and Time of Governing Board</b>	Rushmore Cervantes	
	• Thursday, November 9, 2017		
	<b>Public Comment</b>	Rushmore Cervantes	
	<b>Adjournment</b>	Rushmore Cervantes	

The LADF's Board Meetings are open to the public. Accommodations such as sign language interpretation and translation services can be provided upon 72 hours notice. Contact LADF @ (213) 922-9694.

**PUBLIC COMMENT AT LADF BOARD MEETINGS** – An opportunity for the public to address the Board will be provided at the conclusion of the agenda. Members of the public who wish to speak on any item are requested to identify themselves and indicate on which agenda item they wish to speak. The Board will provide an opportunity for the public to speak for a maximum of three (3) minutes, unless granted additional time at the discretion of the Board. Testimony shall be limited in content to matters which are listed on this Agenda and within the subject matter jurisdiction of the LADF. The Board may not take any action on matters discussed during the public testimony period that are not listed on the agenda.

# **Tab 2**

## SUBLEASE SUMMARY

For information purposes only –  
not part of sublease

LAND NO.:

CF NO.: 17-0018

Council Approval Date: 4-25-17

EBO STATUS:

CAO Date:

LWO STATUS:

CAO Date:

SDO STATUS:

SDO Affidavit Receipt Date: \_\_\_\_\_

CRO STATUS:

CRO questionnaire Receipt Date: \_\_\_\_\_

EEO STATUS:

EEO/AA Certification Receipt Date: \_\_\_\_\_

PREMISES'

ADDRESS:

1200 West 7<sup>th</sup> Street, 6<sup>th</sup> Floor, Los Angeles; Cubicle Nos. 21, 22, and 24

SUBTENANT:

The Los Angeles Development Fund

SUBLANDLORD:

City of Los Angeles

USE:

General office use

TERM:

Six months; month-to-month thereafter

RENT:

\$813 per month, subject to annual increase based on CPI, capped at 3%

SQ. FEET:

Approximately 192 square feet

PARKING:

No parking spaces will be provided

(v ECY 9-19-17)

**SUBLEASE**  
BETWEEN  
CITY OF LOS ANGELES  
AND  
THE LOS ANGELES DEVELOPMENT FUND

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**SUBLEASE**  
BETWEEN  
CITY OF LOS ANGELES  
AND  
THE LOS ANGELES DEVELOPMENT FUND

**ARTICLE 1. BASIC PROVISIONS**

1.1. **Date And Parties.** This Sublease ("**Sublease**") is dated, for reference purposes only, as of \_\_\_\_\_, 201\_\_, and is made by and between The Los Angeles Development Fund ("**Tenant**") and the City of Los Angeles ("**City**"), upon the provisions and conditions contained in this Sublease. Tenant is a California non-profit corporation, with principal offices at \_\_\_\_\_. City is a municipal corporation, organized under the laws of the State of California, acting by and through its Department of General Services.

1.2. **Premises.** City currently leases from HRRP Garland, LLC ("**Master Landlord**"), certain space within an office building located at 1200 West 7<sup>th</sup> Street, Los Angeles, California, commonly known as the Garland Building ("**Building**"), pursuant to that certain Sublease dated as of November 30, 2004, as amended by that certain (i) First Amendment to CDD Sublease dated as of July 24, 2008, (ii) Second Amendment to CDD Sublease dated as of February 3, 2009, and (iii) Third Amendment to CDD Sublease dated as of January 8, 2010 (collectively, "**Master Lease**"). The Master Lease is now a direct lease (rather than a sublease) between Master Landlord (who is a successor-in-interest to Charter Holdings, Inc.) and City. A copy of the Master Lease is attached hereto as Exhibit A. City hereby subleases to Tenant, and Tenant hereby subleases from City, for the Term and upon the conditions herein provided, three office cubicle spaces comprising a total of approximately 192 square feet, identified as Cubicles 21, 22, and 24, ("**Premises**"), all of which are located within City's leased premises under the Master Lease and on the sixth floor of the Building. The Premises is shown on Exhibit B attached hereto.

1.3. **Capacity Of City As Sublandlord.** Except where clearly and expressly provided otherwise in this Sublease, the capacity of the City of Los Angeles in this Sublease shall be as a sublandlord only, and any obligations or restrictions imposed by this Sublease on City shall be limited to that capacity and shall not relate to or otherwise affect any activity of the City of Los Angeles in its governmental capacity, including, but not limited to, enacting laws, inspecting structures, reviewing and issuing permits, and all other legislative, administrative, or enforcement functions of the City of Los Angeles pursuant to federal, state, or local law.

1.4. **Execution Date.** The defined term "**Execution Date**" shall mean the date the Office of the City Clerk of Los Angeles attests this Sublease, except in the event that Tenant executes this Sublease after such attestation, in which case the date of such execution by Tenant shall be the Execution Date.



**ARTICLE 2. NOTICES**

2.1. **Notices.** All notices and demands which may or are to be required or permitted to be given by either party to the other hereunder shall be in writing. All notices and demands shall be personally delivered (including by means of professional messenger service), sent by United States mail, postage prepaid, return receipt requested, or transmitted by telecopier (e.g., Fax) or electronic mail (upon mutual agreement of participating parties), in which case the receiving party shall immediately confirm receipt of such telecopied or e-mailed notice. All notices are effective upon receipt. The Right of Way (R/W) number \_\_\_\_\_ shall be included in all notices. For the purposes of such notices, the addresses for the parties are set forth in Section 2.2 below. Either party may from time to time designate another person or place in a notice.

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

<p>If to City:</p> <p>City of Los Angeles  c/o Department of General Services  Asset Management Division  Suite 201, City Hall South  111 East First Street  Los Angeles, CA 90012  Fax: (213) 922-8511  E-mail: _____</p>	<p><i>With a copy to:</i></p> <p>Office of the City Attorney  Real Property/Environment Division  700 City Hall East  200 North Main Street  Los Angeles, CA 90012  Fax: (213) 978-8090</p>
<p>If to Tenant:</p> <p>Los Angeles Development Fund  _____  _____  ATTN: _____  Fax: _____  E-mail: _____</p>	<p><i>With a copy to:</i></p>

**ARTICLE 3. IMPROVEMENTS AND ALLOWANCES**

3.1. **Improvements And Allowances.** Tenant shall take possession of the Premises "as is", including without limitation existing cubicles and carpeting. City shall not be obligated to make any structural or other alterations, decorations, additions or improvements in or to the Premises,

or to provide any other allowances or credits with respect thereto. Tenant shall not make any alteration to the Premises without prior written consent from City.

#### ARTICLE 4. TERM

4.1. **Term.** Subject to earlier termination in accordance with the terms and provisions of this Sublease, the term ("**Term**") of this Sublease shall be for a period of six (6) months, commencing on the Execution Date ("**Sublease Commencement Date**"). Thereafter, the Term shall continue and be automatically extended on a month-to-month basis, subject to termination at any time by either party with no less than 30 days' written notice to the other party. Notwithstanding anything to the contrary, upon expiration or earlier termination of the Master Lease, this Sublease shall automatically and concurrently terminate.

4.2. **Surrender of Premises.** Upon expiration or termination of this Sublease, Tenant shall quit and surrender possession of the Premises to City in substantially the same order and condition as when Tenant took possession, except for reasonable wear and tear.

4.3. **No Relocation Assistance.** Tenant acknowledges that it is not entitled to relocation assistance or any other benefits under the California Relocation Assistance Act (Government Code Section 7260, et seq.), the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C.A. § 4601, et seq.), or any other provisions of law upon termination or expiration of the Term. Tenant therefore waives any claim to such assistance or benefits upon termination or expiration of the Term.

#### ARTICLE 5. RENT

5.1. **Base Rent.** Commencing on the Sublease Commencement Date and throughout the Term, Tenant shall pay to City, as "**Base Rent**", Eight Hundred and Thirteen Dollars (\$813) per month, subject to escalation of Base Rent, as set forth below in Section 5.2. Base Rent for the first month of the Term shall be paid prior to five (5) calendar days after the Sublease Commencement Date. Thereafter, monthly Base Rent shall be paid in advance by the first calendar day of each month at the address provided for City in Section 2.2 of this Sublease, or at such other address as Tenant may from time to time designate by written notice to Tenant, without demand and without deduction, set-off or counterclaim. In the event the Term of this Sublease begins on a date that is not the first calendar day of a month or ends on a date that is not the last calendar day of a month, Base Rent shall be prorated as of that date. If City shall at any time accept such Base Rent after it shall have become due and payable, or accept partial payment thereof, such acceptance shall not excuse delay upon subsequent occasion, or constitute, or be construed as, a waiver of any or all of City's rights hereunder. Base Rent shall be made payable to City or such other person, firm or corporation as Tenant may designate in writing. Base Rent shall be Tenant's sole rent obligation under this Sublease and shall include all charges for utilities and any pass-through operating costs, taxes, and insurance costs.

5.2. **Annual Adjustment of Base Rent.** Commencing on the first anniversary of the Sublease Commencement Date ("**Initial Adjustment Date**"), and on every subsequent

anniversary of the Sublease Commencement Date throughout the Term (each, an “**Adjustment Date**”, which defined term includes the Initial Adjustment Date), the Base Rent payable under this Sublease shall be automatically increased, effective on the Adjustment Date, by the lesser of either: (i) an amount equal to 3.00% of the Base Rent amount in effect immediately prior to the Adjustment Date or (ii) an amount resulting from multiplying the Base Rent amount in effect immediately prior to the Adjustment Date by a percentage derived by averaging the monthly percentage changes in the prevailing Consumer Price Index for All Items, All Urban Consumers for Los Angeles-Riverside-Orange, California, as published by the United States Department of Labor, Bureau of Labor Statistics, 1982-84=100, during the preceding twelve (12) months period.

## **ARTICLE 6. MASTER LEASE**

6.1. **Compliance with Master Lease.** Tenant shall faithfully keep, observe, and perform or cause to be kept, observed, or performed all those covenants of Subtenant (as defined in the Master Lease) under the Master Lease, except for covenants relative to the payment of rent (including adjustments thereto) and except as otherwise provided for herein. Tenant shall refrain from any act or omission that would result in the failure or breach of any of the covenants, provisions, or conditions of the Master Lease on the part of Subtenant under the Master Lease. As between the parties to this Sublease only, in the event of a conflict between the provisions of the Master Lease and the provisions of this Sublease, the provisions of this Sublease shall control.

6.2. **City's Performance Conditioned On Master Landlord's Performance.** Tenant recognizes that City is not in a position to render any of the services or to perform any of the obligations required of Master Landlord by the provisions of the Master Lease. Therefore, despite anything to the contrary in this Sublease, Tenant agrees that performance by City of its obligations under this Sublease is conditioned on performance by Master Landlord of Master Landlord's corresponding obligations under the Master Lease, and City will not be liable to Tenant for any default of Master Landlord under the Master Lease. Tenant will not have any claim against City based on Master Landlord's failure or refusal to comply with any of the provisions of the Master Lease unless that failure or refusal is a result of City's act or failure to act. Despite Master Landlord's failure or refusal to comply with any provision of the Master Lease, this Sublease will remain in full force and effect, and Tenant shall pay the Base Rent and all other charges provided for in this Sublease without any abatement, deduction or setoff.

## **ARTICLE 7. USE**

7.1. **Use.** Tenant shall use the Premises only for lawful office purposes consistent with the character of the Building and for no other purpose.

7.2. **No Assignment Or Subletting.** Tenant shall not sublet, assign, or permit the use or occupancy of the Premises, to or by third parties, whether in whole or in part, nor shall any assignment or transfer of this Sublease be effected by operation of law, merger, corporate reorganization, or otherwise, without the prior written consent of City.

## **ARTICLE 8. INDEMNITY AND INSURANCE**

8.1. **Indemnity.** Tenant agrees to protect, defend, indemnify, and hold City harmless from and against any and all liabilities, claims, expenses, losses and damages (including reasonable attorney fees and costs) that may at any time be asserted against City by (i) Master Landlord for failure of Tenant to perform any of the covenants, agreements, provisions, or conditions contained in the Master Lease that Tenant is obligated to perform under the provisions of this Sublease, or (ii) any person as the result of Tenant's use or occupancy of the Premises, except to the extent any of the foregoing is caused by the negligence or will misconduct of City. The provisions of this Section 8.1 shall survive the expiration or earlier termination of the Master Lease and/or this Sublease.

8.2. **Insurance Requirements.**

Tenant, at its own cost and expense, shall, prior to any possession or other use of the Premises, secure from an insurance company or companies licensed in the State of California and maintain during the entire Term and any extension or holdover of this Sublease, the following insurance coverage for the Premises:

- (A) **General Liability Insurance.** Tenant shall provide and maintain general liability insurance in an amount not less than \_\_\_\_\_ Million Dollars (\$\_\_\_\_,000,000) Combined Single Limit per occurrence. Evidence of such insurance shall be on City's General Liability Special Endorsement form and should provide coverage for premises and operations, contractual, personal injury and fire legal liability.
- (B) **Workers' Compensation.** By signing this Sublease, Tenant hereby certifies that it is aware of the provisions of Sections 3700, et seq., of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and that it will comply with such provisions at all such times as they may apply during the Term of this Sublease. A Waiver of Subrogation in favor of City is required.
- (C) **Additional Insureds.** Tenant agrees that City, its boards, officers, agents and employees shall be included as additional insureds in all General Liability insurance required herein.
- (D) **Tenant's Property.** City will not insure Tenant's equipment, stored goods, other personal property, fixtures, or tenant improvements, nor such personal property owned by Tenant's subtenants or assignees, if any, or invitees. City shall not be required to repair any injury or damage to any personal property or trade fixtures installed in the Premises by Tenant caused by fire or other casualty, or to replace any such personal property or trade fixtures. Tenant may, at Tenant's sole option and expense, obtain physical damage insurance covering Tenant's equipment, stored goods, other personal property, fixtures or tenant improvements or obtain

business interruption insurance.

- (E) **Notice of Change in Insurance.** All insurance policies required under this Sublease shall expressly provide that such insurance shall not be canceled or materially reduced in coverage or limits except after thirty (30) days written notice by receipted delivery has been given to City Administrative Officers, Risk Management, City Hall East, Room 1240, 200 North Main Street, Los Angeles, California 90012.
- (F) **Default.** If insurance is canceled, lapsed, or reduced below minimums required in this Sublease, City may consider this Sublease to be in default and may terminate it. Termination shall occur at the expiration of a three (3) day notice given in accordance with the provisions of the Code of Civil Procedure Section 1162. At the termination of three (3) days or sooner, the Tenant shall vacate the Premises and the Tenant shall have no right to possess or control the Premises or the operations conducted therein. If the Tenant does not vacate, City may utilize any and all court proceedings to obtain a right to possession.
- (G) **Adjustment of Insurance Levels.** City reserves the right at any time during the Term or any extension or holdover of this Sublease, applying generally accepted risk management principles, to change the amounts and types of insurance required hereunder upon giving Tenant ninety (90) days prior written notice.
- (H) **Waiver of Subrogation.** With respect to property damage, each party agrees to waive its rights of subrogation for any claim applicable to the California Standard Fire Policy with Extended Coverage and Vandalism and Malicious Mischief endorsements.

## ARTICLE 9. PARKING

- 9.1. **Parking.** Tenant shall have no right under this Sublease to any parking spaces.

## ARTICLE 10. DEFAULT

10.1. **Default.** The occurrence of any one or more of the following events shall constitute an Event of Default of this Sublease by Tenant:

10.1.1. **Failure to Pay Rent.** The failure by Tenant to make any payment of any Base Rent, as and when due, where such failure shall continue for a period of three (3) calendar days after written notice thereof from City to Tenant. In the event that City serves Tenant with a Notice to Pay Rent or Quit pursuant to California Code of Civil Procedure section 1161, such Notice to Pay Rent or Quit shall also constitute the notice required by this section.

10.1.2. **Abandonment.** The abandonment of the Premises by Tenant, as defined in California Civil Code Section 1951.3. (Abandonment of Leased Real Property) shall also

include the failure to occupy the Premises for a continuous period of sixty (60) calendar days or more, whether or not the rent is paid. City has the remedy described in California Civil Code Section 1951.4 (City may continue Sublease in effect after Tenant's breach and abandonment and recover rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations).

10.1.3. **Breach of Provisions.** The failure by Tenant to observe or perform any of the covenants or provisions of this Sublease to be performed by Tenant, other than as specified in Sections 10.1.1 or 10.1.2 above, where such failure shall continue for a period of thirty (30) calendar days after written notice thereof from City to Tenant specifying the nature of such failure or such longer period as is reasonably necessary to remedy such default, provided that Tenant shall continuously and diligently pursue such remedy at all times until such default is cured. To the extent permitted by law, such thirty (30) day notice shall constitute the sole and exclusive notice required in be given to Tenant.

10.1.4. **Insolvency.** (i) The making by Tenant of any general arrangement or general assignment for the benefit of creditors; (ii) Tenant becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Sublease, where possession is not restored to Tenant within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Sublease, where such seizure is not discharged within thirty (30) days. In the event that any provision of this Section 10.1.4 is contrary to any applicable law, such provision shall be of no force or effect.

10.2. **Remedies.** In the event of any Event of Default or breach of this Sublease by Tenant, City may at any time thereafter, with or without notice or demand and without limiting City in the exercise of any right or remedy which City may have by reason of such default:

10.2.1. **Termination of Possession.** Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Sublease and the Term hereof shall terminate and Tenant shall immediately surrender possession of the Premises to City. In such event City shall be entitled to recover from Tenant all damages incurred by City by reason of Tenant's default including, but not limited to: the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and any real estate commission actually paid; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the Term after the time of such award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided; and that portion of any leasing commission paid by City applicable to the unexpired Term of this Sublease;

10.2.2. **Continuation of Lease.** Maintain Tenant's right to possession, in which case this Sublease shall continue in effect whether or not Tenant shall have vacated or abandoned the Premises. In such event, City shall be entitled to enforce all of City's rights and remedies under this Sublease, including the right to recover the rent as it becomes due

hereunder. City's rights shall include, but not be limited to, those rights as provided in California Civil Code Section 1951.4, as amended; or

10.2.3. **Other Remedies.** Pursue any other remedy now or hereafter available to City under the laws or judicial decisions of California, include, but not be limited to, those rights as provided in California Civil Code section 1951.2, as amended. Unpaid installments of rent and other unpaid monetary obligations of Tenant under the provisions of this Sublease shall bear interest from the date due at the rate which is the lower of six percent (6%) per annum or the maximum rate then allowable by law.

10.3. **City's Cumulative Rights; No Waiver of Default.** Except where otherwise provided, all rights, options and remedies of City contained in this Sublease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and City shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Sublease. No waiver of any default by Tenant hereunder shall be implied from any acceptance by City of any rent or other payments due hereunder or any omission by City to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than as specified in said waiver. The consent or approval of City to any act by Tenant requiring City's consent or approval shall not be deemed to waive or render unnecessary City's consent or approval to any subsequent similar acts by Tenant.

## **ARTICLE 11. ORDINANCE MANDATED PROVISIONS**

11.1. **Child Support Assignment Orders.** This Sublease is subject to Section 10.10, Article 1, Chapter 1, Division 10 of the Los Angeles Administrative Code related to Child Support Assignment Orders. Pursuant to this Section, Tenant (and any subcontractor of Tenant providing services to City under this Sublease) shall (.1) fully comply with all State and Federal employment reporting requirements for Tenant's or Tenant's subcontractor's employees applicable to Child Support Assignment Orders; (.2) certify that the principal owner(s) of Tenant and applicable subcontractors are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (.3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code section 5230, et seq.; and (.4) maintain such compliance throughout the Term of this Sublease. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of Tenant or an applicable subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of Tenant or applicable subcontractors to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default of this Sublease subjecting this Sublease to termination where such failure shall continue for more than ninety (90) days after notice of such failure to Tenant by City (in lieu of any time for cure provided elsewhere herein).

11.2 **Service Contract Worker Retention Ordinance.** This Sublease is subject to the Service Contract Worker Retention Ordinance ("SCWRO") (Section 10.36, et seq, of the Los Angeles Administrative Code). The SCWRO requires that, unless specific exemptions apply, all employers (as defined) under contracts that are primarily for the furnishing of services to or for

the City of Los Angeles and that involve an expenditure or receipt in excess of \$25,000 and a contract term of at least three (3) months shall provide retention by a successor contractor for a ninety-day (90-day) transition period of the employees who have been employed for the preceding twelve (12) months or more by the terminated contractor or subcontractor, if any, as provided for in the SCWRO. Under the provisions of Section 10.36.3(c) of the Los Angeles Administrative Code, City has the authority, under appropriate circumstances, to terminate this Sublease and otherwise pursue legal remedies that may be available if City determines that the subject contractor violated the provisions of the SCWRO.

### **11.3 Living Wage Ordinance.**

**11.3.1. General Provisions: Living Wage Policy.** This Sublease is subject to the Living Wage Ordinance ("LWO") (Section 10.37, et seq, of the Los Angeles Administrative Code). The LWO requires that, unless specific exemptions apply, any employees of tenants or licensees of City property who render services on the leased or licensed premises are covered by the LWO if any of the following applies: (1) the services are rendered on premises at least of portion of which are visited by substantial numbers of the public on a frequent basis, (2) any of the services could feasibly be performed by City employees if the awarding authority had the requisite financial and staffing resources, or (3) the designated administrative agency of the City of Los Angeles has determined in writing that coverage would further the proprietary interests of the City of Los Angeles. Employees covered by the LWO are required to be paid not less than a minimum initial wage rate, as adjusted each year (2016 levels: \$11.27 per hour with health benefits of at least \$1.25 per hour or otherwise \$12.52 per hour). The LWO also requires that employees be provided with at least twelve (12) compensated days off per year for sick leave, vacation, or personal necessity at the employee's request, and at least ten (10) additional days per year of uncompensated time pursuant to Section 10.37.2(b). The LWO requires employers to inform employees of their possible right to the federal Earned Income Tax Credit ("EITC") and to make available the forms required to secure advance EITC payments from the employer pursuant to Section 10.37.4. Tenant shall permit access to work sites for authorized City representatives to review the operation, payroll, and related documents, and to provide certified copies of the relevant records upon request by the City. Whether or not subject to the LWO, Tenant shall not retaliate against any employee claiming non-compliance with the provisions of the LWO, and, in addition, pursuant to section 10.37.6(c), Tenant agrees to comply with federal law prohibiting retaliation for union organizing.

**11.3.2. Living Wage Coverage Determination.** This Sublease, as a public lease or a public license, is subject to the LWO. Tenant, although subject to the LWO, may be exempt from most of the requirements of the LWO if Tenant qualifies for such exemption under the provisions of the LWO. Determinations as to whether an employer or employee is exempt from coverage under the LWO are not final, but are subject to review and revision as additional facts are examined and/or other interpretations of the law are considered. Applications for exemption must be renewed every two (2) years. To the extent Tenant claims non-coverage or exemption from the provisions of the LWO, the burden shall be on Tenant to prove such non-coverage or exemption, and, where applicable, renew such exemption.



**11.3.3. Compliance; Termination Provisions and Other Remedies: Living Wage Policy.** If Tenant is not initially exempt from the LWO, Tenant shall comply with all of the provisions of the LWO, including payment to employees at the minimum wage rates, effective on the Execution Date of this Sublease, and shall execute a Declaration of Compliance Form contemporaneously with the execution of this Sublease. If Tenant is initially exempt from the LWO, but later no longer qualifies for any exemption, Tenant shall, at such time as Tenant is no longer exempt, comply with the provisions of the LWO and execute the then-currently used Declaration of Compliance Form, or such form as the LWO requires. Under the provisions of Section 10.37.6(c) of the Los Angeles Administrative Code, violation of the LWO shall constitute a material breach of this Sublease and City shall be entitled to terminate this Sublease and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if City determines that Tenant violated the provisions of the LWO. The procedures and time periods provided in the LWO are in lieu of the procedures and time periods provided elsewhere herein. Nothing in this Sublease shall be construed to extend the time periods or limit the remedies provided in the LWO.

**11.4. Non-Discrimination.**

**11.4.1. Non-Discrimination in Use of Premises.** There shall be no discrimination against or segregation of any person, or group of persons, on account of race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition in the lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Premises or any part of the Premises or any operations or activities conducted on the Premises or any part of the Premises, nor shall Tenant or any person claiming under or through Tenant establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use of occupancy of tenants, subtenants, or vendees of the Premises. Any sublease or assignment which may be permitted under this Sublease shall also be subject to the non-discrimination clauses contained in this Section 11.4.

**11.4.2. Non-Discrimination in Employment.** Tenant agrees and obligates itself in the performance of this Sublease not to discriminate against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition.

**11.4.3. Equal Employment Practices.** This Sublease is a contract with or on behalf of the City of Los Angeles for which the consideration is \$1000.00 or more. Accordingly, during the performance of this Sublease, Tenant further agrees to comply with Section 10.8.3 of the Los Angeles Administrative Code (“Equal Employment Practices”). By way of specification but not limitation, pursuant to Sections 10.8.3.E and 10.8.3.F of the Los Angeles Administrative Code, the failure of Tenant to comply with the Equal Employment Practices provisions of this Sublease may be deemed to be a material breach of this Sublease. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to Tenant. Upon a finding duly made that Tenant has failed to comply with the

Equal Employment Practices provisions of this Sublease, this Sublease may be forthwith terminated.

11.4.4. **Affirmative Action Program.** During the performance of this Sublease, Tenant further agrees to comply with Section 10.8.4 of the Los Angeles Administrative Code (“Affirmative Action Program”). By way of specification but not limitation, pursuant to Sections 10.8.4.E and 10.8.4.F of the Los Angeles Administrative Code, the failure of Tenant to comply with the Affirmative Action Program provisions of this Sublease may be deemed to be a material breach of this Sublease. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to Tenant. Upon a finding duly made that Tenant has breached the Affirmative Action Program provisions of this Sublease, this Sublease may be forthwith terminated.

11.4.5. **Equal Benefits Provisions.** This Sublease is subject to Section 10.8.2.1, Article 1, Chapter 1, Division 10 of the Los Angeles Administrative Code (“Equal Benefits Provisions”) related to equal benefits to employees. Tenant agrees to comply with the provisions of Section 10.8.2.1. By way of specification but not limitation, pursuant to Section 10.8.2.1.c of the Los Angeles Administrative Code, the failure of Tenant to comply with the Equal Employment Practices provisions of this Sublease may be deemed to be a material breach of this Sublease. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to Tenant. Upon a finding duly made that Tenant has failed to comply with the Equal Employment Practices provisions of this Sublease, this Sublease may be forthwith terminated.

#### 11.5. **Contractor Responsibility Ordinance.**

11.5.1. **General Provisions; Contractor Responsibility Policy.** This Sublease is subject to the Contractor Responsibility Ordinance ("CRO") (Section 10.40, et seq, of the Los Angeles Administrative Code “LAAC”) and the rules and regulations promulgated pursuant thereto as they may be updated. The CRO requires that, unless specific exemptions apply as specified in LAAC 10.40.4(a), lessees or licensees of City property who render services on the leased or licensed premises are covered by the CRO if any of the following applies: (1) the services are rendered on premises at least a portion of which are visited by substantial numbers of the public on a frequent basis, (2) any of the services could feasibly be performed by City employees if the awarding authority had the requisite financial and staffing resources, or (3) designated administrative agency of the City has determined in writing that coverage would further the proprietary interests of the City. Lessees or licensees of City property who are not exempt pursuant to LAAC 10.40.4 (a) or (b), unless subject to the CRO solely due to an amendment to an existing lease or license, are required to have completed a questionnaire ("Questionnaire") signed under penalty of perjury designed to assist the City in determination that the lessee or licensee is one that has the necessary quality, fitness and capacity to perform the work set forth in the contract. All lessees or licensees of City property who are covered by the CRO, including those subject to the CRO due to an amendment, are required to complete the following Pledge of Compliance ("POC"):

(1) comply with all applicable federal state, and local laws and regulations in the performance of

the contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees;

- (2) notify the awarding authority within thirty (30) calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the lessee or licensee did not comply with Subsection (1) above in the performance of the lease or license;
- (3) notify the awarding authority within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the lessee or licensee has violated Subsection (1) above in the performance of the lease or license;
- (4) ensure within thirty (30) days (or such shorter time as may be required by the awarding authority) that subcontractors working on the lease or license submit a POC to the awarding authority signed under penalty of perjury; and
- (5) ensure that subcontractors working on the lease or license abide by the requirements of the POC and the requirement to notify the awarding authority within thirty (30) calendar days that any government agency or court of competent jurisdiction has initiated an investigation or has found that the subcontractor has violated Subsection (1) above in the performance of the lease or license.

Tenant shall ensure that their subcontractors meet the criteria for responsibility set forth in the CRO and any rules and regulations promulgated thereto. Tenants may not use any subcontractor that has been determined or found to be a non-responsible contractor by City. The listing of non-responsible contractors may be accessed on the internet at: <http://www.lacity.org/bidresp>. Subject to approval by the awarding authority, Tenant may substitute a non-responsible subcontractor with another subcontractor with no change in the consideration for this Sublease. Tenant shall submit to City a Pledge of Compliance for each subcontractor listed by the Tenant in its Questionnaire, as performing work on this Sublease within thirty (30) calendar days of execution of this Sublease, unless the Department of General Services requires in its discretion the submission of a Pledge of Compliance within a shorter time period. The signature of Tenant on this Sublease shall constitute a declaration under penalty of perjury that Tenant shall comply with the POC.

**11.5.2. Update of Information.** Tenant shall:

- (1) notify the awarding authority within thirty (30) calendar days after receiving notification that any governmental agency has initiated an investigation that may result in a finding that Tenant did not comply with any applicable federal, state, or local law in the performance of this Sublease, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees;
- (2) notify the awarding authority within thirty (30) calendar days of receiving notice of any findings by a government agency or court of competent jurisdiction that Tenant violated any applicable federal, state, or local law in the performance of this Sublease including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees; and
- (3) notify the awarding authority within thirty (30) calendar days of becoming aware of any information regarding its subcontractors and investigations or findings regarding the subcontractor's violations of any applicable federal, state, or local law in the performance of this Sublease, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

Updates of information contained in Tenant's responses to the Questionnaire must be submitted to

the awarding authority within thirty (30) days of any changes to the responses if the change would affect Tenant's fitness and ability to continue performing this Sublease. Notwithstanding the above, Tenant shall not be required to provide updates to the Questionnaire if Tenant became subject to the CRO solely because of an amendment to the original lease or license. Tenant shall cooperate in any investigation pursuant to CRO by providing such information as shall be requested by City. Tenant agrees that City may keep the identity of any complainant confidential. Tenant shall ensure that subcontractors who perform work on this Sublease abide by these same updating requirements including the requirement to:

(1) notify the awarding authority within thirty (30) calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the subcontractor did not comply with any applicable federal, state, or local law in the performance of this Sublease, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees; and

(2) notify the awarding authority within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the subcontractor violated any applicable federal, state, or local law in the performance of this Sublease, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

The requirement that Tenant provide Questionnaires and updates to Questionnaire responses does not apply to subcontractors.

**11.5.3. Compliance; Termination Provisions and Other Remedies.** If Tenant is not exempt from the CRO, Tenant shall comply with all of the provisions of the CRO and this Sublease. Failure to comply with the provisions of the CRO, including without limitation the requirements that all responses to the Questionnaire are complete and accurate, to provide updates as provided therein and to correct any deficiencies within ten (10) days of notice by City, or failure to comply with the provisions of this Sublease shall constitute a material breach of this Sublease and City shall be entitled to terminate this Sublease and otherwise pursue any legal remedies that may be available, including those set forth in the CRO. Nothing in this Sublease shall be construed to extend the time periods or limit the remedies provided in the CRO.

**11.6. Tax Registration Certificates and Tax Payments.** This Section is applicable where Tenant is engaged in business within the City of Los Angeles and Tenant is required to obtain a Tax Registration Certificate (“TRC”) pursuant to one or more of the following articles (collectively “Tax Ordinances”) of Chapter II of the Los Angeles Municipal Code: Article 1 (Business Tax Ordinance) [section 21.00, et seq.], Article 1.3 (Commercial Tenant’s Occupancy Tax) [section 21.3.1, et seq.], Article 1.7 (Transient Occupancy Tax) [section 21.7.1, et seq.], Article 1.11 (Payroll Expense Tax) [section 21.11.1, et seq.], or Article 1.15 (Parking Occupancy Tax) [section 21.15.1, et seq.]. Prior to the execution of this Sublease, or the effective date of any extension of the Term or renewal of this Sublease, Tenant shall provide to City proof satisfactory to the General Manager of the City’s Department of General Services that Tenant has the required TRCs and that Tenant is not then currently delinquent in any tax payment required under the Tax Ordinances. City may terminate this Sublease upon thirty (30) days’ prior written notice to Tenant if City determines that Tenant failed to have the required TRCs or was delinquent in any tax payments required under the Tax Ordinances at the time of entering into, extending the Term of, or renewing

this Sublease. City may also terminate this Sublease upon ninety (90) days prior written notice to Tenant at any time during the Term of this Sublease if Tenant fails to maintain required TRCs or becomes delinquent in tax payments required under the Tax Ordinances and Tenant fails to cure such deficiencies within the ninety (90) day period (in lieu of any time for cure provided elsewhere herein).

11.7. **Slavery Disclosure Ordinance**. This Sublease is subject to the applicable provisions of the Slavery Disclosure Ordinance. ("SDO") (Section 10.41, et seq, of the Los Angeles Administrative Code). Unless otherwise exempt in accordance with the provision of this Ordinance, Tenant certifies that it has complied with the applicable provisions of the Ordinance. Under the provisions of Section 10.41.2(b) of the Los Angeles Administrative Code, City has the authority, under appropriate circumstances, to terminate this Sublease and otherwise pursue legal remedies that may be available to City if City determines that the Tenant failed to fully and accurately complete the SDO affidavit or otherwise violated any provision of the SDO.

## ARTICLE 12. GENERAL PROVISIONS

12.1. **Article And Section Headings And Table Of Contents**. The title headings of the respective Articles and Sections herein, as well as the Table of Contents, are inserted for convenience only and shall not be otherwise deemed to be a part of this Sublease or considered in its construction.

12.2. **Benefit And Burden**. The provisions of this Sublease shall be binding upon, and shall inure to the benefit of, the parties hereto and each of their respective representatives, successors and assigns.

12.3. **Brokers' Commissions**. Tenant and City hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Sublease and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Sublease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent occurring by, through, or under the indemnifying party.

12.4. **Capitalized Defined Terms**. All defined terms spelled with initial capitals letters in this Sublease that are not expressly defined in this Sublease will have the respective meanings given such defined terms in the Master Lease.

12.5. **Entire Agreement**. This Sublease, together with Exhibits A and B hereof, contains and embodies the entire agreement of the parties hereto, and no representations, inducements or agreements, oral or otherwise, between the parties not contained in this Sublease or such exhibits hereof, shall be of any force or effect. This Sublease may not be modified, changed or terminated in whole or in part in any manner other than by an agreement in writing duly signed by Tenant and

City and approved by Master Landlord.

12.6. **Gender And Number.** Feminine or neuter pronouns shall be substituted for those of the masculine form, and the plural shall be substituted for the singular number, in any place or places herein in which the context may require such substitution.

12.7. **Governing Law And Venue.** This Sublease will be governed by the law of the State of California and will be construed and interpreted according to that law. Venue on any action arising out of this Sublease will be proper only in the County of Los Angeles, State of California.

12.8. **Severability.** In the event any provision of this Sublease is found to be unenforceable, the remainder of this Sublease shall not be affected, and any provision found to be invalid shall be enforceable to the extent permitted by law. The parties agree that in the event two different interpretations may be given to any provision hereunder, one of which will render the provision unenforceable, and one of which will render the provision enforceable, the interpretation rendering the provision enforceable shall be adopted.

12.9. **Consent Of Master Landlord.** The Master Landlord's written consent to this Sublease is a condition subsequent to the validity of this Sublease. If Master Landlord's consent has not been obtained and a copy of that consent delivered to Tenant by the thirtieth (30th) calendar day following the Execution Date of this Sublease, Tenant shall thereafter have the ongoing right, subject to the provisions of this section, to terminate this Sublease pursuant to a notice (the "**Termination Notice**") so stating delivered to City. If City fails to deliver to Tenant the consent of Master Landlord to this Sublease within ten (10) days following receipt of the Termination Notice (the "**Termination Date**"), Tenant shall have the right to terminate this Sublease and the parties shall be released from any further obligations under this Sublease. If, however, City delivers to Tenant the consent of Master Landlord on or before the Termination Date, the condition subsequent set forth in this section shall be satisfied and this Sublease shall continue in full force and effect.

12.10 **Possessory Interest Tax.** By executing this Sublease and accepting the benefits thereof, a property interest may be created known as "possessory interest" and such property interest will be subject to property taxation. Tenant, as the party in whom the possessory interest is vested, may be subject to the payment of the property taxes levied upon such interest. Tenant acknowledges that the notice required under California Revenue and Taxation Code section 107.6 has been provided.

12.11 **Accessibility Disclosure.** City hereby advises Tenant that the Premises has not undergone an inspection by a certified access specialist. The following disclosure is hereby made pursuant to applicable California law: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The

parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." [Cal. Civ. Code Section 1938(e)]. City shall have no liability or responsibility to make any repairs or modifications to the Premises in order to comply with accessibility standards. Any CASp inspection shall be conducted in compliance with reasonable rules in effect at the Premises with regard to such inspections and shall be subject to City's prior written consent.

12.12 **Signage.** Tenant shall not use any sign, lettering, numbering, or other indicia of its occupancy of the Premises without the prior written consent of City.

[signature page follows]

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**IN WITNESS WHEREOF**, Tenant and City have caused this Sublease to be executed as of the date of the last signatory hereto.

**“Tenant”:**

Los Angeles Development Fund,  
a California non-profit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**“City”:**

City of Los Angeles,  
a municipal corporation, acting by and  
through  
its Department of General Services

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

APPROVED AS TO FORM:

MICHAEL N. FEUER, City Attorney

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

ATTEST:

HOLLY L. WOLCOTT, City Clerk

By: \_\_\_\_\_  
Deputy  
Date: \_\_\_\_\_

**Master Landlord** hereby consents to this Sublease:

HRRP Garland, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_



**Exhibit A**

Copy of Master Lease

[please see attached]

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**Exhibit B**

Premises

[please see attached]

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