

ATTACHMENT 1

LADOT PROPOSED LEASE FOR 411 N. VERMONT AVE.

COMMERCIAL REAL ESTATE SERVICES



Johnny Choi
Vice President
License #01705079

1840 Century Park East
Suite 900
Los Angeles, CA 90067-2108
T 310.550.2500
F 310.203.9624

May 21, 2020

Mr. Paul A. Burke
Senior Real Estate Officer
Real Estate Services Division
General Services Department (GSD)
City Hall South
111 East First Street – Second Floor
Los Angeles, California 90012
Mail Stop: 706

Re: 888 S. Vermont Avenue, Los Angeles, CA 90005

Dear Paul:

Thank you for your response on 3/11/2020. On behalf of 888 Vermont Ave., LLC ("Landlord"), CBRE, Inc. has been authorized to present the following proposal to, Los Angeles Department of Transportation (LADOT) ("Tenant"), for the leasing of space at 888 S. Vermont Avenue, Los Angeles, CA 90005.

LOCATION: 888 S. Vermont Ave., Los Angeles, CA 90005 ("Property").

PREMISES: 2nd floor consisting of approximately 9,466 rentable square feet
5th floor consisting of approximately 14,093 rentable square feet.

LESSOR: 888 S. Vermont Ave., LLC

LESSEE: City of Los Angeles, a municipal corporation and California charter city
Department of General Services/Paul Burke
Client: Council District 10

USE: City shall use the Premises for City Council field office uses, other City government office uses, and uses permitted by Lessor for other office tenants of Building (**City Uses**). City shall not use or occupy Premises in violation of law and shall discontinue any use declared by a governmental authority to be in violation of law. City, at its sole cost and expense, shall comply with all governmental authority directives which impose a duty on City with respect to Premises or use or occupation thereof, which directives arise due to the nature of City's use of occupancy

DELIVERY: After mutual execution and substantial completion of Landlord's Work defined herein as (the "Delivery Date").

RENT COMMENCEMENT: August 1, 2020, or upon substantial completion of Tenant Improvements.

INITIAL TERM: Option A: One Hundred Twenty Two (122) months

Option B: One Hundred Eighty Eight (188) months

MINIMUM BASE RENT: The Base Rent per rentable square foot, on a modified gross basis, shall be as follows:

Option A: Year 1: Monthly Base Rent: \$112,612.02 per month (approximately \$4.78 per rentable square foot).

Additional Provisions: 3% annual increase

Option B: Year 1: Monthly Base Rent: \$109,549.35 per month (approximately \$4.65 per rentable square foot).

Additional Provisions: 3% annual increase

RENTAL ABATEMENT: The monthly rent shall be abated as follows:

Option A: Months 2 & 13

Option B: Months 2, 13, 25, 37, 49, 61, 73 and 85.

**BUILDING OPERATING
AND PROPERTY TAX**

EXPENSES: Lessee shall pay its proportionate share for **any increase** in the Building's Operating Expenses in excess of a 2020 base year. Such Operating Expenses shall be calculated to reflect Building's occupancy of not less than 95% and fully for real estate tax purposes.

TENANT IMPROVEMENT ALLOWANCE:

Option A: Landlord shall provide a build out utilizing Building Standards based upon a mutually agreed upon plan up to eighty dollars (\$80.00) per rentable square foot. Tenant shall have the right to amortize up to an additional fifty dollars (\$50.00) for Tenant's build out at 7% per annum.
In addition to the Tenant Improvement Allowance, Tenant shall be granted \$25,000.00 for FF&E.

Option B: Landlord shall provide a build out utilizing Building Standards based upon a mutually agreed upon plan. In addition to the Tenant Improvement Allowance, Tenant shall be granted \$25,000.00 for FF&E.

RIGHT OF FIRST OFFER: Tenant shall have a onetime right of first offer, subordinate to any preexisting rights, for the ground floor space that comes available, at same terms and conditions under the Tenant's Lease or at the same terms and conditions of any bona fide written offer, whichever is greater. Tenant shall have ten (10) working days to notify Landlord of its intention to lease the space.

UTILITIES: Tenant shall be responsible for the payment of its HVAC and Utilities usages based on a separate meter for the demised Premises. In the Event the unit is not separately metered, Landlord shall install a sub-meter.

PARKING: Subject to City approval, Tenant shall receive five (5) reserved parking spaces per 1,000 rentable square feet (or 118 spaces) leased in the Property's parking structure at no additional cost during the Initial Term and any exercised option period(s). Tenant may purchase 10 to 20 additional spaces, subject to Restriping of Parking Lot, at \$150.00 per month per reserved space, with 3% escalations annually at the same aforementioned terms.

OPTION TO RENEW: Tenant shall have two (2) five (5) year options to renew the Lease at the Fair Market Rental Rate. Tenant shall provide Landlord not more than twelve (12) months and not less than nine (9) month prior written notice of its intent to exercise any such option.

SECURITY DEPOSIT: Equivalent to last month's rent.

SUBJECT TO LEASE EXECUTION: This proposal is an invitation to commence negotiations with Landlord; it should not be considered a legally binding document in any way. Any agreement between Landlord and Tenant shall be subject to approval and execution by Tenant and Landlord. Landlord reserves the right at any time to accept any proposal or to submit any proposal without any further notice to you, and to withdraw from negotiations at any time for any reason. This proposal is subject to Landlord's final approval This proposal shall expire in five (5) days.

BROKER(S): Landlord is being represented by Johnny Choi of CBRE ("Broker"). The Parties agree to recognize Broker named above and no other broker(s) in connection with this transaction. Landlord shall be responsible for and pay all commissions per CBRE agreement.

CONFIDENTIALITY: The material contained herein is confidential. Such material is intended for the sole and exclusive use of both parties and in no instance shall be reproduced or disclosed to any other person at any time except for Landlord's consultants, attorneys, accountants, potential successors, brokers, property manager, or other parties that need to know for the operation of the Shopping Center and Landlord's business. To be further addressed in the Lease.

CONSULT YOUR ADVISORS: This document has been prepared for approval by your attorney. No representation or recommendation is made by CBRE, Inc. to the legal sufficiency or tax consequences of this document or the transaction to which it relates. These are questions for your attorney. In any real estate transaction, it is recommended that you consult with a professional, such as a civil engineer, industrial hygienist or other person, with experience in evaluating the condition of the property, including the possible presence of asbestos, hazardous materials or underground storage tanks, and the impact of the American's with Disabilities Act.

DISCLAIMER:

The information provided in any brochure for the Premises is for general information purposes only and is subject to change by the owner. While the information has been obtained from sources believed to be reliable, neither the broker nor the owner makes any warranty as to the accuracy of the information contained in any brochure or as to the character, occupancy, completion dates or configuration of the property described in it. Nothing set forth in any brochure is intended to be a binding representation, warranty, agreement or easement right except as expressly set forth in your lease.

This letter/proposal is intended solely as a preliminary expression of general intentions and is to be used for discussion purposes only. The parties intend that neither shall have any contractual obligations to the other with respect to the matters referred herein unless and until a definitive agreement has been fully executed and delivered by the parties. The parties agree that this letter/proposal is not intended to create any agreement or obligation by either party to negotiate a definitive lease/purchase and sale agreement and imposes no duty whatsoever on either party to continue negotiations, including without limitation any obligation to negotiate in good faith or in any way other than at arm's length. Prior to delivery of a definitive executed agreement, and without any liability to the other party, either party may (1) propose different terms from those summarized herein, (2) enter into negotiations with other parties and/or (3) unilaterally terminate all negotiations with the other party hereto. Please note that the terms of this proposal are valid for a period of seven (7) days from the date above.

Sincerely,

CBRE, Inc.

Johnny Choi
Vice President

AGREED AND ACCEPTED:

TENANT:

By: _____

Title: _____

Date: _____

LANDLORD:

By: _____

Title: _____

Date: _____

