

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: December 10, 2012

C.F. 10-1658

To: City Council

From: Miguel A. Santana, City Administrative Officer

Gerry F. Miller, Chief Legislative Analyst

Subject: **CHILDREN'S MUSEUM OF LOS ANGELES STATUS UPDATE AND IMPLEMENTATION PLAN****SUMMARY**

This report provides a status update and recommendations for final development of the Children's Museum (CMLA)/Discovery Science Center of Los Angeles (DSCLA) project. Council approval is needed to (1) approve additional funds for capital in the amount of \$8.9 million (2) approve the repurposing of \$5 million in previously-approved General Fund monies to fund start-up costs and operations during the first five years (3) and, authorize the Department of Recreation and Parks (RAP) to execute the facility lease, as approved by the Department of Recreation and Park Commissioners (RAP Board) on November 7, 2012 with potential modifications pending consideration at the RAP Board meeting scheduled for December 10, 2012.

The City is obligated to open CMLA/DSCLA by March 2015 and operate the facility for a minimum of 30 years to avoid repayment of State grants and other public funds that were used to construct the facility under Phase I. On October 26, 2010, the Council approved the execution of a Memorandum of Understanding (MOU) between the Department of Recreation and Parks (RAP) with the Discovery Science Center (DSC) to develop the exhibit program and to serve as operator (C.F. 10-1658).

Approval of Additional Funds for Capital

The budget for Phase II – Exhibit Program of the CMLA/DSCLA project totals \$21.3 million. Funds from City departments and the Proposition K program totaling \$8.9 million have been identified to assist with Phase II of the Project, as follows: Bureau of Sanitation (BOS) - \$3.6 million, Department of Water and Power (DWP) - \$3.9 million, CMLA settlement proceeds - \$0.1 million, and, Proposition K 8th Cycle funds - \$1.25 million.

The DSCLA is also seeking allocations of New Markets Tax Credits (NMTC) totaling \$3.2 million from U.S. Bank and the Los Angeles Development Fund (LADF). NMTC regulations require that all potential funding sources be obligated to a project in order for that project to receive NMTC. Council approval of the DWP, BOS and Proposition K funds prior to the end of the 2012 calendar year will allow the DSCLA to be eligible to receive NMTC and therefore allocate all remaining funds required to complete the project.

The City and DSCLA will continue to seek capital and operational funding from other sources, including significant funds that may potentially be available from First 5 LA, County of Los Angeles. Any supplemental funds received will be reported back to the Mayor and Council along options to reduce the City's funding contribution.

As noted in Attachment 1, the City Council previously committed funds totaling \$9.2 million for this project.

Operations Budget: Years 1-5:

In order to protect the significant investment of public and private funds, the City and DSCLA have worked to develop an operational budget that is sustainable over the first five years of operations. Based on market surveys of the local area and DSC's experience managing its Orange County operations for over ten years, the five-year Pro Forma detailed in Attachment 2 indicates an average operating cost of \$5 million annually.

On April 11, 2012, the Council authorized \$5 million in General Fund receipts to fund Phase II improvements (C.F. 12-0479). These funds are recommended for use as a temporary funding source for Phase II development and as a one-time funding source to offset start-up costs and facility operations during the first five years.

The Phase II capital funding plan includes a \$2 million DSCLA fundraising goal that cannot be met within the time constraints to close the NMTC transaction. To secure the NMTC funds, it is recommended that \$2 million of the General Fund monies be used as a temporary funding source to be repaid once the capital fundraising goal is met.

To address the \$800,000 annual funding gap projected for the first five years of operations, Council authority is requested to repurpose the use of the \$5 million in General Fund monies to support facility start-up costs (\$1 million) and operations (\$4 million) once all temporary funding for capital expenses is repaid. As summarized in the schedule provided in Attachment 2, the City's operational support would be highest in year one and reduced in each subsequent year as DSCLA develops its local support base and raises sufficient financial support to fully eliminate the projected annual operating gap. The table below summarizes the operations budget for years 1 through 5 of facility operation:

- \$2.3 million – Revenues from admissions and concession sales.
- \$0.3 million – Proposition K maintenance funds (estimated eligibility).
- \$1.6 million – Service contracts for public education mandates and fundraising.
- \$0.8 million – Operating gap.

\$5.0 million – Annual Total

Lease Agreement between DSC and Department of Recreation and Parks

Council approval of the facility lease approved by the RAP Board is also needed to close the NMTC transaction. A copy of the lease approved by the RAP Board at its November 7, 2012 meeting is provided as report Attachment 3. However, as indicated in the Findings section of this report, there are lease modifications currently pending to enable the NMTC transaction to proceed. It is expected that these modifications will be presented to the RAP Board for consideration at its December 10, 2012 meeting. Due to time constraints, the final lease(s) and related documents will be transmitted through separate cover.

Fund Transfer Instructions

This report also recommends various enabling authorities that include Controller instructions to effectuate the funding transfers and technical authority to make revisions and corrections as needed to carry out Council and Mayor's intentions in this matter.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Accept a total of \$3.9 million from the Department of Water and Power for award to the Children's Museum (CMLA)/Discovery Science Center of Los Angeles (DSCLA) project, as approved by the Board of Water and Power Commissioners at its meeting held on December 4, 2012, with the understanding that \$1.95 million is available for transfer at this time, with the remaining balance to be transferred on or shortly following July 1, 2013.
2. Authorize award and allocation of funding totaling \$4.97 million for Phase II development of the CMLA/DSCLA project, from the following sources:
 - a. \$3.6 million from the Department of Public Works, Bureau of Sanitation (BOS);
 - b. \$1,251,750 in Proposition K Eighth Cycle funds; and,
 - c. \$119,962 in CMLA settlement proceeds on deposit within the Proposition Fund No. 43N, Department 10.
3. Authorize the Office of the City Administrative Officer (CAO) to approve the dispersal of cash flow to fund necessary project expenses using funds appropriated within the Capital Improvement Expenditure Program, Fund No. 100/54/00T729 – Children's Museum Hansen Dam.
4. Approve repurposing of the \$5 million in General Fund monies previously committed to the project to fund facility operations during the first five years of operations, in substantial conformity with the schedule reflected in Attachment 2, or as amended in accordance with the lease terms (Attachment 3), following repayment of General Fund monies advanced to fund the CMLA/DSCLA exhibit program, subject to approval by the CAO.
5. Authorize the Department of Recreation and Parks (RAP) to execute the lease approved by the RAP Commissioners (RAP Board) on November 7, 2012 (Report No. 12-308; Attachment 3), and potential modifications that may be approved by the RAP Board at its meeting scheduled for December 10, 2012, provided the modified lease and related documents are added to the Council File through separate cover prior to final Council consideration of this matter, subject to review and approval by the City Attorney.
6. Authorize BOS to negotiate and execute a Memorandum of Understanding with DSCLA, to define the specific roles and responsibilities and content of the Sanitation-themed exhibits, subject to approval by City Attorney and Board of Public Works, as necessary.

7. Authorize the Controller to:

- a. Establish new accounts in Fund 43N/10 for receipt of up to \$3.9 million in DWP funds, and appropriate on an as-needed basis upon receipt of funds from DWP Power Fund and DWP Water Fund, subject to CAO approval, as follows:

Fund/Dept/Account

43N/10/XXXX – CMLA Power Exhibits - \$2,730,000

43N/10/XXXX – CMLA Water Exhibits - \$1,170,000

- b. Appropriate \$1.8 million within the Sewer Capital Fund No. 761, Department 50, to a new account entitled "Discovery Science Center Exhibits," and transfer and appropriate said monies to a new account within Proposition K Fund No. 43N, Department 10, entitled "DSC Sewer Exhibits."
- c. Appropriate \$1.8 million within the Citywide Recycling Trust Fund No. 46D, Department 50, to a new account entitled "Discovery Science Center Exhibits," and transfer and appropriate said monies to a new account within Proposition K Fund No. 43N, Department 10, entitled "DSC Recycling Exhibits."
- d. Increase appropriations to a new account within the Proposition K Fund No. 43N, Department 10, entitled "CMLA/DSCLA project" totaling \$119,962 for the receipt of a settlement payment received for the CMLA project.

8. Authorize the CAO to make technical corrections, as necessary, to those transactions included in this report to implement the Mayor and Council's intentions.

FISCAL IMPACT

There is no additional General Fund impact that would result from approval of this report. The fiscal impact of the \$5 million in General Fund monies previously appropriated to this project, was reported to the Mayor and Council in April 2012 (C.F. 12-0479). Approval of this report enables the City to complete the project and avoid repaying \$7.5 million in State grant funds already expended on the project.

DEBT IMPACT

By prior Council action taken in April 2012, \$4.7 million in Municipal Improvement Corporation of Los Angeles (MICLA) financing has been approved for the Children's Museum / Discovery Science Center of Los Angeles project (C.F. 12-0479). The annual debt service for this amount is estimated to be \$354,000 for a period of twenty years.

FINDINGS

Project Background and Phase II Implementation Plan

Construction of the DSCLA facility is substantially complete but additional funding of \$21.3 million is needed to fund the design and installation of the exhibit program and building modifications. The City will need to complete the museum's exhibit program in order to open the facility to the public by March 2015, in advance of State grant liquidation deadlines. Otherwise, the City would be obligated to repay \$7.5 million in State grant monies and potentially up to an estimated \$16.23 million in public funds expended on the project to date.

The construction of a 58,000 square foot, two-story facility was substantially completed under Phase I of the DSCLA project with the investment of \$21.78 million, which includes \$5.55 million in private funds and \$16.23 in public funds. Before the project could be completed, the City lost its former non-profit operator responsible for development and funding the museum's exhibit program, when the agency filed for bankruptcy in April 2009. In an effort to protect the significant levels of public and private investments on this project and to provide valuable services citywide, aggressive efforts have been taken to secure the capital needed to fund the exhibit program and building modifications under Phase II of the DSCLA project.

The City recently entered into a partnership with the DSC to develop the City's exhibit program and operate the CMLA facility. A Memorandum of Understanding was approved by the RAP Board, which defined project milestones as reflected below. Since formalizing the partnership with the City, DSC created a temporary board and a separate legal entity, DSCLA, to manage the CMLA facility. DSCLA has also obtained funding earmarks that would provide the balance of capital funds needed to complete the project.

Project Milestones	Date
Start of exhibit fabrication	September 30, 2013
Completion of exhibit installation	December 31, 2014
Grand opening of the museum to the public	March 1, 2015
(Liquidation deadline for Proposition 40 funds)	June 30, 2015

Funding Plan: Phase II Capital Development, Start-up and Operations

Of the \$21.3 million in additional capital needed for Phase II development, the DSCLA project qualifies to receive up to \$3.2 million in NMTC. In order to leverage these funds, DSCLA needs to demonstrate an up-front commitment of the remaining \$18.1 million needed to fully fund Phase II. As presented in Attachment 1, the financing strategy developed for the project would utilize a total of \$9.2 million in funds previously committed to the project by two Council actions taken in April and October 2012 (C.F. 12-0479 and 12-1409). New allocations totaling \$8.9 million in City special funds which are recommended through this report would also be required to provide the balance of funds needed to proceed with full project implementation.

Of the \$8.9 million in new funding commitments recommended through this report, \$1.25 million would be provided from an award of Proposition K Eighth Cycle competitive funds. At its

meeting held on November 15, 2012, the L.A. for Kids Steering Committee recommended award of the Eighth Cycle funds outside of the regular Proposition K budget approval process.

In April 2012, Council authorized \$5 million in General Fund receipts (available from one-time residual funds for completed Proposition K projects) for commitment to this project (C.F. 12-0479). The proposed use of these monies would provide:

- a) Cash flow to the project for necessary project expenses;
- b) \$2 million as a temporary and last funding source for Phase II capital improvements, with monies to be fully repaid once DSCLA's \$2 million capital fundraising goal is met and prior to the closeout of the project construction phase; and,
- c) Use of the full \$5 million as a permanent and one-time funding source to fully offset the operational funding gap estimated at an average of \$800,000 annually over the first five years of operations and to contribute \$1 million in start-up funds.

Use of the General Fund monies as proposed would be subject to the terms defined in the lease (Attachment 3). Following opening of the facility, the City's annual funding for operations would decrease each year as DSCLA establishes its local base and secures new sources of revenues sufficient to sustain operations without further offsets. The payment schedule will generally conform with the balances reflected in Attachment 2, with the final amounts subject to approval in accordance with the lease terms.

Execution of Facility Lease and Potential Modifications

At its meeting held on November 7, 2012, the RAP Board approved a lease with the DSCLA for the use, development, operation and maintenance of the CMLA/DSCLA facility (Report No. 12-308). Due to the length of the term, both Council and Mayor approval is needed to execute the lease. As a condition of completing the NMTC deal, execution of the lease needs to occur prior to the close of the 2012 calendar year. Major provisions of the lease include:

- Lease Term – 30 years from execution, with an option to extend by one 20-year term.
- Admission fees – DSCLA may charge reasonable fees, subject to RAP approval.
- Center Opening Date – No later than March 31, 2015.
- Hours of Operation – 363 days a year, with general operations from 10:00 a.m. to 5:00 p.m.
- Financing – DSCLA is responsible for long-term operation and maintenance of the facility, with the City, at its option, assisting in fundraising and revenue generating activities.
- Ownership of Center and Improvements – During the term of the lease, DSCLA will own the building and improvements constructed by the City or DSCLA, with ownership reverting to the City upon termination of the lease.
- Facility Improvements– Terms defined in Exhibit E of the lease agreement govern design and construction of the exhibit program and building modification.

- Quarterly reports – DSCLA and City representatives shall confer quarterly on facility operations and reporting requirements.
- Termination – Lease provides for early termination if sufficient funds for the exhibit program and facility operations are not in place by September 30, 2013.

Subsequent to the November 7, 2012 meeting of the RAP Board, it was determined that various modifications are needed to the lease agreement to comply with NMTC funding requirements and maximize the amount of funds the project is eligible to receive. The DSC of Orange County created a new legal entity, the DSC Leverage Lender, LLC (DSC, LLC), to serve as a conduit for leveraging additional equity that would be passed on to the project.

In order to effectuate the necessary NMTC transactions, the lease with the City must be initially executed with the DSC, LLC, instead of the DSCLA as approved by the RAP Board at its November 7th meeting. Once the NMTC transaction closes, a second lease with DSCLA would become operative. The NMTC structure allows for the lender, as a default remedy, to select a replacement operator that would be subject to operate within the terms defined in the City's lease with DSCLA / DSC, LLC. The proposed lease between DSC, LLC and the City will be presented to the RAP Board for consideration at its December 10, 2012 meeting and subsequently transmitted to Council for concurrent review with this report. The City Attorney has reviewed the related transactional documentation.

MAS/GFM:BCH/BMR:05130053

Attachments:

1. Capital Budget – Exhibit Program and Building Modifications
2. Pro Forma: DSCLA Operations for Years 1-5
3. Facility lease (approved by RAP Board on November 7, 2012)

Capital Budget – Exhibit Program and Building Modifications

Funding Source	Amount	Status / Action Needed
I. Committed Project Funds		
Proposition K	\$ 500,000	Residual project funds. Availability to fund remaining capital improvements (confirmed via C.F. 12-0479).
State Proposition 40 Grant	\$ 1,254,700	
Federal SAFETEA-LU Grant	\$ 320,000	
Municipal Improvement Corporation of Los Angeles funds (MICLA)	\$ 4,700,000	Authorized by Council on April 11, 2012 (CF 12-0479).
Capital Improvement Expenditure Program	\$ 440,486	Authorized by Council on October 23, 2012 (CF 12-1409)
City General Fund (DSC-LA capital fundraising goal)	\$ 2,000,000	Authorized by Council on April 11, 2012 (CF 12-0479), as part of an overall commitment of \$5 million in General Fund receipts. The use of General Fund monies for capital improvements is a temporary funding source to be repaid once the capital fundraising goal of \$2 million is secured.
Subtotal	\$ 9,215,186	
II. Recommended Funding Commitments		
Proposition K	\$ 1,251,750	Award of Proposition K, Eighth Cycle competitive funds to the project has been recommended by the L.A. for Kids Steering Committee at its meeting held on November 15, 2012.
Bureau of Sanitation	\$ 3,600,000	Award recommended by the Bureau of Sanitation, with funding equitably distributed between the Citywide Recycling Trust Fund and the Sewer Capital Fund.
Department of Water and Power	\$ 3,900,000	Award recommendation approved by the Board of Water and Power Commissioners at its meeting held on December 4, 2012.
CMLA settlement proceeds	\$ 119,962	Distribution of settlement proceeds resulting from the dissolution of the original facility operator is recommended for use on the project.
Subtotal	\$ 8,871,712	
III. Other Potential Funding		
New Market Tax Credits**	\$ 3,200,000	Must close this deal by end of calendar year or funds will be lost to the project. Requires commitment of the balance of capital funds.
Grand Total	\$ 21,286,898	

Pro Forma: DSC-LA Start-up Costs and Operations for Years 1-5

Funding Source	Start-up	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Admissions & Concessions		\$2,270,600	\$2,133,343	\$2,213,355	\$2,438,366	\$2,530,596	\$11,586,260
Service Contracts & Fundraising	\$1,514,996	\$1,300,000	\$1,600,000	\$1,800,000	\$2,100,000	\$2,400,000	\$10,714,996
Prop K Maintenance Funds		\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 1,500,000
Annual Gap*	\$1,000,000	\$1,400,000	\$1,200,000	\$ 800,000	\$ 400,000	\$ 200,000	\$ 5,000,000
Totals	\$2,514,996	\$5,270,600	\$5,233,343	\$5,113,355	\$5,238,366	\$5,430,596	\$26,286,260

* As proposed, the \$5 million in General Fund receipts previously awarded to the Children's Museum / Discovery Science Center of Los Angeles (DSC-LA) project by Council action taken in April 2012 (C.F. 12-0479), is recommended for repurposing and use to provide \$1 million in start-up funds, with the balance of \$4 million used to fully address the annual operating gap in the approximate values reflected in the chart above.

LEASE AGREEMENT
FOR THE USE, OPERATION, AND MAINTENANCE OF
DISCOVERY SCIENCE CENTER OF LOS ANGELES

Between

THE CITY OF LOS ANGELES
DEPARTMENT OF RECREATION AND PARKS

and

DISCOVERY SCIENCE CENTER

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LEASE AGREEMENT
BETWEEN CITY OF LOS ANGELES AND
DISCOVERY SCIENCE CENTER
FOR THE USE, OPERATION, AND MAINTENANCE OF
DISCOVERY SCIENCE CENTER OF LOS ANGELES

ARTICLE 1. BASIC LEASE PROVISIONS

1.1. Parties. This Lease Agreement ("Lease") is entered into this ____ day of _____ 20____, by and between the CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Recreation and Park Commissioners, as Landlord ("CITY"), and the DISCOVERY SCIENCE CENTER OF LOS ANGELES, a California non-profit 501(c)(3) corporation ("DSC"), with a principal business address and mailing address of 2500 North Main Street, Santa Ana, California, 92705 as Tenant.

1.2. Recitals.

1.2.1. CITY owns and/or controls certain lands known as Hansen Dam Recreation Area under the management and control of the Board of Recreation and Park Commissioners ("BOARD"). A portion of the subject lands are owned by CITY and a portion of the subject lands are owned by the U.S. Army Corps of Engineers ("USACE") and are leased to CITY for recreational purposes pursuant to Department of the Army Lease No. DACW09-1-69-45 between USACE and the CITY for property located within the Hansen Flood Control Basin. The land at the corner of Osborne Street and Foothill Boulevard located at 11800 Foothill Boulevard, Los Angeles, California, is improved with a 57,000 square foot building which was designed and constructed with funding from the following public sources: Proposition 40 Specified Grant Program (Contract No. C0231250), Proposition 40 Roberti-Z'berg-Harris Grant Program (Contract No. C0231244), Proposition 40 Per Capita Grant Program (Contract No. C0231134), Proposition K Specified Grant Program (Contracts No. C-98362 and No. C-109472), Proposition K Competitive Grant Program (Contract No. C-100050), and private donations to the Children's Museum of Los Angeles, the former entity that oversaw partial construction of the subject facility.

1.2.2. CITY and DSC desire to enter into a Lease for the use of the improved land and building within the Hansen Dam Recreation Area described in Section 1.2.1 above (as shown in included in Exhibit A "Map and Legal Description" attached hereto and incorporated herein by reference), which Lease shall set forth the duties, obligations, responsibilities, aims, and goals of the parties, for the specific purpose of providing a Children's Museum and an Environmental Learning Center, together known as a science center (the "Center") within the existing building which emphasizes recreation and environmental awareness through focused learning about the natural environment using interactive exhibits that will provide both recreational and educational opportunities, that will increase the public's understanding and recognition of the need to sustain the environment for future generations.

1.2.3. CITY does not have personnel available in its employ with sufficient and appropriate expertise to develop the exhibits and operate and maintain the Center and CITY, due to current budgetary constraints, has frozen hiring and is unable to obtain the appropriate personnel to perform these specialized tasks.

1.2.4. DSC is a non-profit corporation formed for the purpose of providing recreational activities for youth and their families in the area as well as educating young minds, assisting teachers and increasing public understanding of the environment, science, math and technology, with a particular emphasis on environmental issues, through interactive exhibits and programs.

1.2.5. DSC has special abilities in the areas of presentation, fundraising, recreation, education, community support and operations with respect to the Center.

1.2.6. DSC has the staff and experience to operate and manage the Center, provide unique and highly specialized educational programs, and oversee the design, fabrication and installation, or acquisition of a state-of-the-art interactive exhibits that can be refreshed and rotated over time.

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

1.3.1. BOARD. "BOARD" shall mean the Board of Recreation and Park Commissioners of the City of Los Angeles.

1.3.2. Center. "Center" shall mean the Premises and the improvements thereon as of the Effective Date of this Lease and any improvements, Center Exhibits and facilities constructed on the Premises by DSC or CITY at any time and from time to time during the Term for purposes of this Lease as set forth in Article 5.

1.3.3. Center Exhibits. "Center Exhibits" shall mean the exhibits and displays constructed and installed inside the Center and on the Premises.

1.3.4. CITY. "CITY" shall mean the City of Los Angeles, a municipal corporation acting by and through its Board of Recreation and Park Commissioners. Except where clearly and expressly provided otherwise in this Lease, any action to be taken by the CITY may be taken for the CITY by the General Manager as defined in Paragraph 1.3.8. Except where clearly and expressly provided otherwise in this Lease, the capacity of the CITY in this Lease shall be as Landlord, and any benefits, obligations, or restrictions conferred or imposed by this Lease on the CITY shall be limited to that capacity and shall not relate to or otherwise affect any activity of the City of Los Angeles in its governmental capacity including, but not limited to: enacting laws; inspecting structures; reviewing and issuing permits; and all other legislative, administrative, or enforcement functions of the City of Los Angeles pursuant to federal, state, or local law.

1.3.5. DEPARTMENT. "DEPARTMENT" shall mean the Department of Recreation and Parks of the City of Los Angeles.

1.3.6. DSC. "DSC" shall mean the Discovery Science Center of Los Angeles, a California non-profit 501(c)(3) corporation.

1.3.7. Effective Date. "Effective Date" shall mean the date the Office of the City Clerk of Los Angeles attests this Lease.

1.3.8. General Manager. "General Manager" shall mean the General Manager of the Department of Recreation and Parks of the City of Los Angeles. General Manager shall also include any person designated in writing by BOARD to act on behalf of the General Manager.

1.3.9. Improvements and Exhibits Agreement. "Improvements and Exhibits Agreement" shall mean the agreement entered into by CITY and DSC governing the design and modification of the existing building or facility and the design, construction and installation of the Center Exhibits.

1.3.10. Opening Date. "Opening Date" shall be the date that DSC first opens the Center to members of the general public pursuant to the terms of use in Article 5 of this Lease.

1.3.11. Premises. "Premises" shall collectively refer to the land, building, and improvements located at 11800 Foothill Boulevard, Los Angeles, California, and as depicted in Exhibit A "Map and Legal Description".

1.3.12. USACE. "USACE" shall mean the United States Army Corps of Engineers.

ARTICLE 2. TERM

2.1. Term. The term of this Lease shall be for thirty (30) years, beginning on the Effective Date of this Lease and expiring at midnight of the day immediately prior to the thirtieth (30th) anniversary of the Effective Date ("Term"), with an option to extend by one twenty (20) year term subject to successful negotiation of a new lease between the City and USACE, unless previously terminated in accordance with other provisions of this Lease.

ARTICLE 3. CONSIDERATION AND FINANCING

3.1. Consideration. The consideration for this Lease shall be the operation of a Center as set forth in Article 5 of this Lease at the Premises, together with the attendant benefits to the people of the City of Los Angeles, plus the annual payment during the Term of this Lease of one dollar (\$1.00) by DSC.

3.2. Financing. DSC shall be responsible for any costs associated with the long-term operation and maintenance of the Center and the Center Exhibits for the uses set forth in Article 5 of this Lease at the Premises. CITY may, at its sole and absolute discretion, assist DSC in identifying and securing funding for the operation and maintenance of the Center but has no obligation to do so. If by September 30, 2013, neither CITY nor DSC have obtained and made available the funds necessary to make improvements to the Building on the Premises as defined in Exhibit B and as needed to proceed with design, fabrication and installation of the exhibit program to be used in the Science Center, with those monies deposited in the manner defined under Sections 9.2 and 9.3 of Exhibit E to this agreement, or if sufficient funding commitments have not been secured to open and operate the Science Center by the March 31, 2015 deadline, DSC or City shall have the right to terminate this lease with 30 days' written notice to the other Party with no penalty or recourse to DSC. The City would request that any

unspent project funds under the control of DSC would be transferred to the City for use to complete the project, subject to the approval of the grantor(s).

ARTICLE 4. PREMISES

4.1. Premises. DSC leases from CITY the land and improvements located at 11800 Foothill Boulevard in the City of Los Angeles, County of Los Angeles, State of California, described in Section 1.2.1 above and as depicted in Exhibit A "Map and Legal Description" located within the Hansen Dam Recreation Area, Los Angeles, California. The portion of the Premises that is located on land owned by USACE and leased to CITY is subject to all existing easements, other restrictions of record, and Department of the Army Lease No. DACW09-1-69-45 between USACE and the CITY for property located within the Hansen Flood Control Basin.

4.2. Acceptance of Premises. DSC accepts the Premises on an "as is" basis as of the Effective Date of this Lease, except for the list of improvements that will be completed by the CITY prior to Opening Date, as described in Exhibit B "Premises Improvements to be Completed by City", attached hereto and incorporated herein by reference.

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

4.4. Communications Sites. The BOARD retains the exclusive right without compensation to DSC to place, or to grant a license for others to place, one or more cellular or other communications equipment systems anywhere upon the Premises. The BOARD shall consult with DSC with respect to the location and appearance of such equipment, but the final determination shall be made by the BOARD in its sole and absolute discretion; provided that any equipment shall not unreasonably interfere with the public's and DSC'S ingress and egress to the Premises, or operation of the Center. Nothing in this Section shall be construed to limit or prohibit DSC'S use of the Premises for the Center's communications equipment for DSC'S authorized use. and the BOARD shall require that any subsequently installed cellular or other communications equipment systems be installed and operated in a manner which does not unreasonably interfere with the Center's equipment. All such equipment shall be installed and operated in compliance with all applicable laws and regulations. The BOARD shall have the sole and exclusive right to collect and use any revenue or fees generated from the placement of such equipment by CITY or CITY's licensee. All costs related to the installation, maintenance, or operation of such equipment by CITY or CITY's licensee shall be the responsibility of CITY or CITY's licensee, including without limitation electrical power and other necessary utilities and related service meters. CITY or CITY's licensee shall be financially responsible for and shall immediately commence and diligently pursue to completion any repair of damage to the Premises or the areas adjoining the Premises, or any contents thereof, caused by the installation, maintenance, or operation of such equipment. CITY or CITY's licensee shall have access to the Premises upon twenty-four (24) hours notice to DSC for installation or maintenance purposes.

4.5. Parking Spaces. CITY shall make available to DSC and its visitors, guests, agents, and employees, the non-exclusive use of not less than two hundred fifty (250) off-site surface parking spaces located within 750 feet of Premises. Use of said Parking Spaces is subject to existing easements, other restrictions of record, and Department of the Army Lease No. DACW09-1-69-45 between USACE and CITY for property located within the Hansen Flood Control Basin.

ARTICLE 5. USE OF PREMISES FOR THE CENTER

5.1. Use of Premises. The Premises shall be used for the purpose of a Center, to serve youth and their families, with an emphasis on recreation and environmental science, on a non-profit basis and operations and/or functions related to or incidental to such Center, including offices and storage. Any and all concession operations, including the sale of food and/or beverages, gifts, materials and supplies, shall be subject to prior approval by the General Manager or BOARD, when applicable.

5.2. Operation. As partial consideration for the use of City-owned and leased property, the Center shall be operated as a first-class Center for youth and their families, with an emphasis on recreation and environmental science, conducted on a nonprofit basis. The exhibits of the Science Center at the Premises shall be open to the general public on a year-round basis at least two hundred fifty (250) days per year (January 1 through December 31) and will serve the public with the overall operation schedule to be developed by mutual agreement of the General Manager and DSC (see Section 12.2, regarding obligations after damage or destruction). DSC shall operate the Center, develop recreational and environmental awareness educational programming, volunteer training, seminars, workshops, special programs, literacy gallery, community outreach programs, special exhibition displays, and similar programs and events for the benefit of the general public, all to the extent that DSC's fundraising and staffing commitments shall allow (nothing in this sentence shall be construed to modify DSC'S obligation to operate a first-class Center with a major focus on providing youth and their families with environmental awareness educational programs within a recreational atmosphere for a specified minimum number of hours per month, or the right of CITY to terminate this Lease for DSC'S failure to so operate).

5.2.1. Hours of Operation. Use of the Center is restricted to the hours of 7:00 a.m. to 11:00 p.m., with exception for thirty (30) evenings annually for events at the Center sponsored by DSC and in keeping with the permissible uses of the Center under this lease ("Special Events"). Hours of Operation shall reflect normal park operating hours, except under such circumstances and conditions as may be approved in writing in advance by the General Manager. At a minimum, the Center shall be open to the general public from 10:00 a.m to 5:00 p.m, seven (7) days a week, and for no less than two hundred seventeen (217) hours per month. DSC shall post its operating schedule in a conspicuous place near the entrance to the Center and shall adhere to the posted hours of operation. Any changes in said operating schedule shall be posted for a reasonable period in advance of the date on which such changes are to take effect.

5.2.2. Special Events. DSC may conduct Special Events at the Center with the prior written approval of the General Manager, which shall not be unreasonably withheld or delayed,

and in compliance with all policies and procedures heretofore and hereafter adopted by the CITY. DSC shall provide for and assume all costs and expenses for additional personnel and/or facilities that the General Manager deems necessary to accommodate said special event. The approval of Special Events located on land owned by USACE and leased to the CITY may be subject to approval of USACE pursuant to the terms of Department of the Army Lease No. DACW09-1-69-45 between USACE and CITY

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

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

5.5. On Premises Signs and Advertising. Signage on the Premises and advertising shall be governed as follows:

5.5.1. Signs. All signage shall comply with all Los Angeles Municipal Code sign regulations and relevant DEPARTMENT policies. In addition, all signage must be approved in advance, in writing, by the General Manager and such consent may not be unreasonably withheld or delayed.

5.5.2. City Acknowledgements. The cooperation between DSC and CITY shall be recognized in a mutually agreed to manner consistent with the sign regulations of the Los Angeles Municipal Code and DEPARTMENT policies.

5.5.3. Donor Acknowledgements. The CITY acknowledges that DSC will undertake a fundraising effort to support the maintenance and operation of the Center and that it may be necessary, in appropriate instances, to recognize donors by installing plaques or other appropriate signage or naming facilities, or parts of facilities, as provided in the conditions accompanying the gifts. Accordingly, DSC shall have the right to recognize gifts in that manner during the term of the Lease; provided however that all signage shall be consistent with the sign regulations of the Los Angeles Municipal Code and relevant DEPARTMENT policies, and that any agreement to install such signs, plaques or similar acknowledgements on the Premises for any period of time shall not extend beyond the term of the Lease and shall be subject to the prior written approval of the BOARD.

5.6. Admission Fees. DSC may charge a reasonable admission fee subject to the written approval of the General Manager. The standard used to approve admission fees shall be that they are comparable to that fees charged by unsubsidized science centers in the United States of America. For the initial schedule of fees and any subsequent adjustments that may be desired periodically, DSC shall submit to the General Manager a list of all proposed admission fees. DSC will be notified in writing within thirty (30) days of the General Manager's approval or

disapproval of any or all of the proposed admission fees. In the event of disapproval of any such admission fees, the General Manager shall specify the reasons therefore, along with the amount or range of admission fees which would be approved. CITY through the General Manager reserves the right to disapprove proposed admission fees when it appears that proposed admission fees are above the prevailing standard set forth above. The approval of Admission Fees for improvements located on land owned by USACE and leased to the CITY may be subject to approval of USACE pursuant to the terms of the Department of the Army Lease No. DACW09-1-69-45 between USACE and CITY.

5.6.1. Free Annual Memberships. DSC shall provide a program for some free individual admissions slots provided on an annual basis, which shall be subject to approval by the General Manager or BOARD, as applicable.

5.7. Ancillary Income. During the Term, in the event DSC obtains income from uses of the Premises which are ancillary to and consistent with or related to the uses permitted under this Lease (e.g., use of Premises in the filming of a motion picture), DSC shall use such income only for such purposes as are consistent with the permitted uses of the Lease. Any receipt and use of such income shall be reported to CITY in the reports required pursuant to Section 8. Nothing in this Section shall be construed to permit uses of the Premises not otherwise allowed under the provisions of this Lease, nor shall anything in this Section be construed to negate or modify any requirement for prior approval of activities.

ARTICLE 6. SECURITY, MAINTENANCE, CUSTODIAL SERVICES AND REPAIR OF THE CENTER

6.1 DSC'S Responsibilities. DSC shall keep and maintain, at DSC'S sole cost and expense, the Premises and all improvements on the Premises, including Center Exhibits, in good condition and repair during the entire Term of this Lease. DSC shall be responsible for providing all security, maintenance, and custodial services as are required for the Premises. DSC shall pay the cost of all such services. The condition and state of repair covering the entire Premises including all improvements thereto, the buildings or other structures on the Premises, interior, exterior, and all access areas thereto, shall at all times, include but not be limited to the following: Safe and free from hazard; free of rodents, insects and other pests; free from unsightly signs, displays, markings, and graffiti; free from litter and debris; all plumbing, electrical, heating cooling and other systems in good operating condition and free from hazard of obstruction of any kind; sidewalks, fencing, landscaping, and play and parking areas in neat and safe condition; all areas adequately illuminated; and all areas in such condition as not to detract from the surrounding neighborhood and be in compliance with all building and fire codes and public health regulations. CITY shall have the right to inspect the Premises for compliance under this Section pursuant to Section 9.3.

6.2 CITY is Not Obligated to Repair. Except as provided expressly in this Lease, in no event shall CITY be required or obligated to perform any maintenance or to make any repairs, changes, alterations, additions, modifications or replacements of any nature whatsoever, on the Premises, or any part thereof, at any time during the Term of this Lease.

6.3. Refuse and Trash. DSC shall keep the Premises clean and sanitary at all times. No refuse matter, nor any substance constituting an unnecessary, unreasonable or unlawful fire hazard, or material detrimental to the public health, shall be permitted or allowed to remain

thereon, and DSC shall take all reasonable precautions to prevent any such matter or material from being or accumulating upon the Premises. DSC shall, solely at its expense, provide for the collection and removal of all garbage and/or refuse from the Premises as often as is necessary. DSC shall furnish all equipment and materials therefore, including trash receptacles of a size, type and number approved by CITY for use by the public. Such approval shall not be unreasonably withheld. DSC shall provide an enclosed area concealing trash storage from public view. DSC shall, during the Term of this Lease and at DSC's sole expense, conduct a recycling program on the Premises in conjunction with the Facilities Recycling Program of the City of Los Angeles, or any similar program subsequently implemented. Such program will include all materials which may be reasonably recycled (e.g., white paper, mixed paper, newspaper, aluminum cans, and plastic and glass containers).

6.4. Safety Deficiencies. DSC shall promptly correct all safety deficiencies and violations of safety practices of which it has knowledge and shall cooperate fully with CITY in the investigation of accidents occurring on the Premises. In the event of injury to a patron or customer, DSC shall use its best efforts to provide prompt and qualified medical attention to the injured person; provided, however, that nothing in this Section is intended to confer any third-party beneficiary status on any person not a party to this Lease. As soon as possible after an event of injury, DSC shall submit to CITY a City Form General No. 87 ("Non-Employee Accident or Illness Report") or make such other report as CITY may reasonably require.

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

6.5.1. Perform or have performed the necessary remedial work at DSC'S expense and DSC shall immediately reimburse CITY for any expenses incurred in performing or having the remedial work performed;

6.5.2. Terminate this Lease in accordance with Paragraph 15.2.1.; or

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

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

ARTICLE 7. UTILITIES, SEWERS AND STORM DRAINS

7.1. Utilities. DSC shall install and pay all charges associated with the installation of electricity, natural gas, sewer, water and telephone services, as well as all periodic fees and permits for said services. DSC shall, at its sole cost and expense, provide any additional above-ground and underground utility lines, and related improvements, required for the successful operation of the Center and Center exhibits. CITY shall assist DSC in obtaining such utility easements and connections as may be necessary to provide any utility service, provided that the obtaining of said easements and connections shall be at no cost to the CITY.

7.2. Sewers and Storm Drains. Sewage lines and storm drainage lines which were constructed in connection with the improvements on the Premises are the responsibility of DSC, which shall maintain and repair such sewage lines and storm drainage lines at DSC'S sole cost and expense. CITY is not responsible for payment of any fees nor for delays in permit processing or approvals. To the extent that there are sewage lines and storm drainage lines within the boundaries of the Premises which predate this Lease or which were installed by CITY (other than for exclusive use of the Center): (i) CITY retains an easement across the Premises for such sewage lines and storm drainage lines, including the right to access such lines for the purpose of inspection, repair, and relocation, and DSC shall not construct any improvements over such sewage lines or storm drainage lines without the prior written consent of the General Manager, which shall be at the General Manager's sole discretion, and (ii) CITY shall maintain and repair such sewage lines and storm drainage lines. In the event that sewer and/or drainage lines (if any) within the boundaries of the Premises are replaced, repaired or relocated as an element of a CITY project not related to the Center, CITY agrees to restore, at its sole expense, any landscaping and ground conditions existing prior to such activity.

ARTICLE 8. REPORTS AND AUDITS

8.1. Reports to CITY. DSC shall provide information to the General Manager relative to its management, operation, and maintenance of the Premises, including, but not limited to the following:

8.1.1. Quarterly Reports. On a quarterly basis, or as deemed necessary by either DSC or CITY, representatives of the parties shall confer to evaluate the following:

8.1.1.1 Functions and Operations. Representatives of the parties will confer to evaluate the adequacy of the functional and operational responsibilities of each party, as stipulated in this Lease. This shall include, but not be limited to: (i) the number of visitors, and youth, serviced by the Center, (ii) the number of hours the Center was open to the public, and (iii) status of any major or minor changes to Center Exhibits and/or programs. The Parties may make such adjustments as they deem necessary provided that any substantive or material adjustments shall require the written approval of the BOARD and amendment of this lease if applicable.

8.1.1.2 Review of Maintenance Levels. Representatives of the parties will confer to evaluate adequacy of the maintenance levels of DSC for the Center, as stipulated in this Lease. This shall include, but not be limited to: (i) the status of any safety or security issues, (ii) the status of any fire, building and safety, or health code violation, and (iii) the status of any minor or major repairs. The Parties may make such adjustments as they deem necessary

provided that any substantive or material adjustments shall require the written approval of the BOARD and amendment of this lease if applicable.

8.1.1.3. Grant Agreement Obligations. Representatives of the parties will confer to evaluate compliance with any reporting obligations imposed under the terms of any grant agreement entered into by CITY or DSC for the development or operation of the Premises, the Center, or the Center Exhibits. CITY agrees to assist DSC in obtaining any information or records necessary for the preparation of these reports.

8.1.2. Annual Report. Not later than twelve months following the Effective Date, and thereafter annually, DSC shall provide a copy of its annual report, which includes the financial, organizational, and programmatic activities of the Center to the General Manager.

8.1.3. Five Year Strategic Plan. Not later than four years following the Center's Opening Date, and on every fifth anniversary thereafter, DSC shall provide to the General Manager a report on proposed financial, organizational, and programmatic activities of the Center for the next five (5) years. This report shall include a comprehensive outlook of anticipated Center attendance, pricing, revenues, and expenses, as well as plans for future exhibits, attractions, and programs.

8.2. Business Records. CITY maintains an interest in assuring that the facilities it provides at no or minimal rents are operated in a manner consistent with the CITY's intent. Accordingly, DSC shall maintain a method of accounting of all the receipts and disbursements received or made in connection with the Premises which shall correctly and accurately reflect the gross receipts and disbursements received or made by DSC from the operation of the Center and other activities on the Premises). These records shall be prepared by DSC's auditors or certified accountants and be consistent with recognized accounting principles.

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

ARTICLE 9. COMPLIANCE WITH ALL LAWS AND REGULATIONS

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

9.2. Compliance with Americans with Disabilities Act. DSC agrees that as between DSC and CITY, DSC shall be responsible for compliance, including all costs of compliance, with the

Americans With Disabilities Act of 1990 (42 U.S.C. § 12101, et seq.) and any and all other federal, state, and local laws related to the accessibility of the Premises to persons with disabilities.

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

9.4. Operating Permits and Licenses. DSC shall obtain, at its sole expense, any and all permits or licenses that may be required in connection with its operations including, but not limited to, tax permits, business licenses, and health permits. CITY is not responsible for payment of any fees nor for delays in permit processing or approvals.

ARTICLE 10. INSURANCE

10.1. Insurance. Prior to the occupancy of the Premises, under the provisions and conditions of this Lease, DSC shall furnish CITY with evidence of insurance from insurers (i) reasonably acceptable to CITY, and (ii) authorized to do business in the State of California, on a form reasonably acceptable to the CITY, Office of the City Administrative Officer (CAO), Risk Management for the following coverages and minimum limits of insurance specified on the Form Gen. 146R Forms attached hereto and incorporated herein by reference as Exhibit C "Form Gen. 146R Insurance Form". The following coverages shall be maintained by DSC at its sole cost and expense throughout the Term of this Lease. Evidence of such coverage shall be provided to CITY by DSC in accordance with the Instructions and Information on Complying with City Insurance Requirements attached hereto and incorporated herein by reference as Exhibit D "Instructions and Information on Complying with City Insurance Requirements", which includes the following:

10.1.1. General Liability Insurance. DSC shall obtain Commercial General Liability insurance with coverage for Premises and Operations, Products and Completed Operations, Blanket Contractual Liability, Broad Form Property Damage, and Personal Injury coverages included and shall provide for total limits of not less than \$5,000,000 Combined Single Limit, per occurrence, for bodily injury and property damage (during any construction phase at the Center, Umbrella or Excess Liability coverages may be used to supplement primary coverages to meet required limits). Evidence of such coverage shall provide for the following:

10.1.1.1. Include CITY, its boards, officers, agencies, and employees as additional insureds with DSC for the development and operation of the Center at the Premises and all DSC'S activities and insured risks related thereto.

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

10.1.1.3. With respect to the interests of CITY, if an insurance company elects to cancel insurance before the stated expiration date, or declines to renew in the case of a continuous policy, or materially reduces the coverage period by changing the retroactive date (if any), or the extended discovery period (if any), or reduces the stated limits other than by impairment of an aggregate limit, or materially reduces the scope of coverage which affects CITY's interest, the company will provide CITY at least thirty days' prior written notice of such election (ten days for non-payment of premium). Notice will be addressed as follows: City of Los Angeles, CAO, Risk Management, 200 North Main Street, 12th Floor, Los Angeles, California 90012, or at such address as CITY may, from time to time, specify by written notice.

10.1.2. Property Coverage. At all times during the Term of the Lease with respect to any improvements on the Premises including, without limitation, the building containing the Center and Center Exhibits, DSC shall, at its sole cost and expense, cause to be provided and kept in force and effect insurance policies, protecting CITY and DSC as their interests may appear, against loss or damage to the improvements on the Premises, in an amount consistent with what a prudent operator of a comparable building would carry providing replacement cost coverage for perils typically insured against in a California standard all risk property insurance policy. The replacement cost of the improvements shall be determined in accordance with the standard practices of the insurance industry and evidenced by the certificate of the insurance company or companies issuing such insurance at the time the policy or policies are obtained. DSC further covenants and agrees, at its sole cost and expense, to provide and keep in full force and effect Boiler and Machinery insurance on all air conditioning equipment, boilers, and other pressure vessels and systems, whether fired or unfired, serving the improvements on the Premises.

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

10.1.4. Insurance on DSC Personal Property. DSC may obtain other insurance covering its equipment, exhibits, artifacts, memorabilia, and other personal property at its sole discretion. CITY, as Landlord, shall have no right to require such insurance nor shall CITY be deemed a beneficiary thereof. No claims will be made to CITY by DSC for losses sustained by DSC. Nothing in this Paragraph, however, shall be construed to restrict the right of the City of Los Angeles, or any of its Departments, Boards, Commissions, or officers, or any other person or organization, to require DSC to obtain insurance on any equipment, artifacts or other property loaned or otherwise provided to the Center or DSC by the City of Los Angeles for exhibits, display, or other purposes.

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

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

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

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

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

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

ARTICLE 11. OWNERSHIP OF IMPROVEMENTS

11.1. Improvements. All improvements located on the Premises, including the building and tenant improvements constructed by the City or by DSC as of the Effective Date of this Lease, and all tenant improvements constructed on the Premises by DSC at any time and from time to time during the Term, shall be owned by DSC during the Term. Except as hereinafter provided, all improvements on the Premises at the end of the Term shall, without any obligation on the part of CITY to compensate DSC therefore, become and remain CITY's property free and clear of all claims to or against such tenant improvements by DSC or any third party. CITY shall have the right to require DSC to demolish and remove all or any portion of the tenant improvements

on the Premises. DSC shall take reasonable steps to remove all such claims of third parties existing at that time. Notwithstanding the foregoing, all bronze and other decorative metal, stain glass windows, historic buildings and similar items or structures which DSC deems to be part of its collection shall be removable at the end of the Term, whether or not such items are tenant improvements or fixtures.

ARTICLE 12. DAMAGE AND RESTORATION

12.1. **Damage.** Except as otherwise provided in this Lease, if any improvements located on the Premises are damaged and such damage was caused by fire or other peril covered by DSC'S insurance, DSC agrees to repair such damage to the extent set forth in this Section, and this Lease shall continue in full force and effect. If such improvements are damaged as the result of any cause other than perils covered by DSC'S insurance then DSC may, at DSC'S option, either (i) repair such damage as soon as reasonably practicable at DSC'S sole cost and expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to CITY within ninety (90) days after the date of occurrence of such damage of DSC'S intention to cancel and terminate this Lease of the date of the occurrence of such damage. Upon such termination, DSC shall, if requested by CITY, complete demolition of the damaged Center or other damaged improvement and restoration of the Premises to the condition it was in prior to construction of the improvements at DSC'S sole cost and expense and shall transfer any proceeds received from DSC'S insurance that are attributable to damage to the real property underlying the Premises, if any, to CITY.

12.2. **Obligation to Restore.** If this Lease is not terminated pursuant to any of the provisions of this Article 12, DSC shall, to the extent of available insurance proceeds plus any deductible DSC elects to carry, promptly and diligently restore and repair the improvements to substantially the same condition, to the extent possible, they were in immediately prior to the occurrence of the damage, except for modifications required by building codes and other laws and except for any other modifications to the improvements considered desirable by DSC and approved by the General Manager. DSC'S obligation to restore is subject to reasonable delays for insurance adjustment and other matters beyond DSC'S reasonable control. During any period of restoration pursuant to this Section, the Center shall not be required to be open for operation (except where such restoration is minimal or reasonably would not affect partial operation of the Center).

ARTICLE 13. DESIGN AND CONSTRUCTION OF IMPROVEMENTS AND EXHIBITS

13.1 **Design and Construction of Tenant Improvements and Exhibits by Tenant.** DSC shall design the layout of the Center, design and construct improvements, and design and construct or have constructed the Center Exhibits pursuant to and in with conformance with the terms and conditions of the Improvements and Exhibit Agreement attached hereto by this reference and incorporated herein as Exhibit E "Improvements and Exhibit Agreement". DSC shall also design the Center and construct the improvements and Center Exhibits in conformance with all the applicable federal, state, county, and city laws in force at the time of design.

13.2 **Design and Construction of Improvements by CITY.** CITY shall prior to the Center's Opening Date design and construct the improvements specified in Exhibit B "Premises Improvements to be Completed by City".

ARTICLE 14. HAZARDOUS MATERIALS

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

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

14.1.2. Compliance Costs. CITY and DSC acknowledge that CITY may become legally liable for the costs of complying with laws relating to Hazardous Material which are not the responsibility of DSC pursuant to Paragraph 14.1.1., including the following: (1) Hazardous Material present in the soil or ground water; (2) a change in Laws which relate to Hazardous

Material which make such Hazardous Material which is present on the Premises as of the Effective Date, whether known or unknown to CITY, a violation of such new laws; (3) Hazardous Material that migrates, flows, percolates, diffuses or in any way moves on to or under the land; (4) Hazardous Material present on or under the land as a result of any discharge, dumping or spilling (whether accidental or otherwise) on the land by other owners of the Premises or their agents, employees, contractors or invitees, or by others. Accordingly, CITY and DSC agree that the cost of complying with laws relating to Hazardous Material on the Premises for which CITY may be legally liable shall be borne by CITY unless the cost of such compliance, as between CITY and DSC, is made the responsibility of DSC pursuant to this Lease.

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

14.1.4. Disposal of Hazardous Material. If DSC disposes of any soil, material or

groundwater contaminated with hazardous material, DSC shall provide CITY copies of all records including a copy of each uniform hazardous waste manifest indicating the quantity and type of material being disposed of, the method of transportation of the material to the disposal site and the location of the disposal site. Except where presence of Hazardous Material predated this Lease, CITY shall not appear on any manifest document as a generator of such material disposed of by DSC.

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

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

ARTICLE 15. DEFAULT AND TERMINATION

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

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

15.1.2. Failure to Conform to Laws. DSC fails to conform to applicable federal, state, county or local laws, rules, regulations or policies; or

15.1.3. Failure to Follow Instructions. DSC fails to substantially follow or substantially conform to any of the directions or instructions that may be properly made by CITY, the BOARD, or the General Manager; or

15.1.4. Incapacity to Perform. DSC ceases to operate, exist or maintain its nonprofit corporate status (temporary suspension of status for a period not exceeding six (6) months shall not be considered a failure to maintain status) or becomes unable through corporate or personal incapacity to fulfill its obligations under this Lease; or

15.1.5. Lack of Funds. If DSC is no longer able to carry out the purposes of the Lease because of a lack of funds or funding; or

15.1.6. Non-conforming Use. DSC ceases to use the Premises for the purpose of

a recreation and environmental awareness center as set forth in Article 5; or

15.1.7. Failure to Commence Construction Of The Center Exhibits. DSC fails to commence construction of the Center Exhibits on or before September 30, 2013, either CITY or DSC may terminate this Lease. Construction of the Center Exhibits shall be deemed to have commenced on the date DSC or its subcontractors starts physical fabrication on the Center Exhibits through the execution of a contractual agreement(s); or

15.1.8. Breach of the Improvements and Exhibits Agreement. DSC materially breaches or fails in the performance of any of the provisions or conditions of the Exhibit E "Improvements and Exhibits Agreement"; or

15.1.9. Failure to Commence Center Operations. If DSC fails to open the Center on or before March 31, 2015, CITY may terminate this Lease at any time on or after March 31, 2015.

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

15.2.1. Termination of Lease. CITY may give DSC written notice of such "Event of Default." If DSC does not cure said default within thirty (30) days after notice (and forthwith for a default involving health, sanitary or safety conditions or pertaining to the maintenance of insurance required under this Lease) or such longer period as is reasonably necessary to remedy such default, as determined by either CITY, provided that DSC shall continuously and diligently pursue such remedy at all times until such default is cured, CITY may, by delivering written notice to DSC, terminate this Lease and DSC shall vacate the Premises and comply with Section 16.1.; and/or

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

15.2.3. Self-help. In the event that neither the City nor DSC terminates the term of this lease agreement under the conditions herein defined, the CITY may, but is not obligated to, perform such work as it deems necessary to cure any "Event of Default" and charge DSC for the cost of labor and materials expended. The General Manager may exercise this option immediately in an "Event of Default" involving health, sanitary or safety considerations. Otherwise, the General Manager may exercise this option within sixty (60) days after giving DSC written notice of a default involving Premises' maintenance if DSC does not commence to cure. CITY shall provide DSC with reasonably detailed invoice for the labor and materials expended and DSC shall pay the full sum of the invoice within sixty (60) days of DSC'S receipt of the invoice, using as a first priority any monies remaining from the project escrow account as defined in section 9.2 of Exhibit E to this agreement. In the event DSC disputes any of the charges on the invoice or DSC'S obligation to pay for any or all of the items, DSC shall pay the full sum of the invoice within the sixty (60) day period, subject to prompt reimbursement from CITY to the extent DSC prevails on any items in dispute.

The specified remedies to which CITY may resort under the provisions of this Lease are

cumulative and not intended to be exclusive of any other remedies afforded by law or equity.

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

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

ARTICLE 16. SURRENDER OF PREMISES

16.1. Surrender of Premises. Upon termination of this Lease, DSC shall quit and surrender possession of the Premises to CITY in good and usable condition, subject to normal wear and tear, provided, however, that the BOARD, at the BOARD's sole discretion, may require DSC to demolish and remove all or any portion of the improvements on the Premises and restore the demolished portion of the Premises to its original condition as of the effective date of the lease or to a reasonably acceptable condition as approved by the BOARD. Except as provided in Section 11.1, any improvements and Center Exhibits which have been constructed or erected on the Premises shall, upon termination of this Lease, become the property of CITY. DSC'S collections and all personal property and fixtures related thereto, and all property described in Section 11.1, shall remain the property of DSC or its assigns and may be removed by DSC from the Premises upon termination of this Lease. Should DSC fail to remove such property, improvements, or fixtures after the termination of this Lease, CITY may, at CITY's option: (1) retain all or any of such property, and title thereto shall thereupon vest in CITY; or (2) remove the same, in which event DSC shall pay to CITY upon demand the reasonable costs of such removal plus the cost to restore the Premises to an acceptable condition as approved by the BOARD.

16.2. No Implied Surrender. DSC agrees on the last day of the Term, or on the earlier termination of this Lease, to surrender the Premises, including all then existing improvements other than the items identified in Section 11.1, which are to be removed. No act or thing done by CITY during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by CITY.

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

earlier termination of this Lease.

ARTICLE 17. ASSIGNMENT AND BANKRUPTCY

17.1. Assignment and Subletting. DSC shall not under-let or sublet the Premises or any part thereof or allow the same to be used or occupied by any other person, group or organization for any other use than that herein specified, nor assign this Lease, nor transfer, assign or in any manner convey any of the rights or privileges herein granted without the consent of the BOARD and the City Council, which may give or deny consent at their sole discretion provided that DSC shall have the right to sublease or contract for the operation of a food service enterprise, gift shop, or other related undertaking with the prior written consent of the General Manager, which consent shall not be unreasonably withheld or delayed). In addition, the General Manager, or the BOARD, may give written consent for subleases of not more than five days in duration involving uses of portions of the Premises consistent with the provisions of this Lease. Short term and occasional use of the Premises for other activities such as location filming, special events, and projects with artists or other non-profit or governmental agencies shall not be considered as assignments or subletting and DSC may allow such use with the prior consent of CITY (however, net income, if any, from such activities is subject to the provisions of Section 5.7.). DSC shall not rent, lease, or offer any space for storing any article or articles unrelated to the permissible uses of the Center within or on the Premises. Any attempt to sublease, assign, or transfer without the consent required by this Section shall be void.

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

ARTICLE 18. CONDEMNATION

18.1. Condemnation. Should any or all of the Premises be acquired for public use under the power of eminent domain or by purchase in lieu thereof, CITY shall be entitled to all compensation and severance damages attributable to the land and buildings. DSC shall receive any compensation and severance damages which may be paid for damage or loss of the leasehold interest only.

ARTICLE 19. NOTICES

19.1. Notices. All notices and demands which may or are to be required or permitted to be given by either party to the other hereunder shall be in writing. All notices and demands shall be personally delivered (including by means of professional messenger service), sent by United States mail, postage prepaid, return receipt requested, or transmitted by telecopier (e.g., Fax) or electronic mail (upon mutual agreement of participating parties), in which case the receiving

party shall immediately confirm receipt of such telecopied or e-mailed notice. All notices are effective upon receipt. For the purposes of such notices, the addresses for the parties are set forth in Section 19.2 below. In the event CITY is unable to give notice to DSC at the address(es) provided to CITY by DSC, notice shall be deemed effective when addressed to DSC at the Premises. Either party may from time to time designate another person or place in a notice.

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

To CITY or General Manager:

City of Los Angeles
Board of Recreation and Park Commissioners
221 North Figueroa Street, Suite 1510
Los Angeles, California 90012
Telecopier: (213) 202-2610
with a copy of any notice to
General Manager, Department of Recreation and Parks
221 North Figueroa Street, Suite 1550
Los Angeles, California 90012
Telecopier: (213) 202-2614

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

with a copy of any notice to
Program Manager
Bureau of Engineering, Recreational and Cultural Facilities Program
200 North Main Street, 8th Floor
Los Angeles, California 90015
Telecopier: (213) 473-7170

To DSC:

Chairman of the Board
Discovery Science Center of Los Angeles
2500 North Main Street, Santa Ana, CA 92705.
Telephone: [TBD]

ARTICLE 20. STANDARD PROVISIONS FOR CITY CONTRACTS

20.1 Standard Provisions for City Contracts. This Lease is subject to CITY's Standard Provisions for City Contracts (Rev. 3/09), attached hereto and incorporated herein by reference as Exhibit F "Standard Provisions for City Contracts".

ARTICLE 21. ORDINANCE MANDATED PROVISIONS

21.1 Child Support Assignment Orders. This Lease 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, DSC (and any subcontractor of DSC providing services to City under this Lease) shall (1) fully comply with all State and Federal employment reporting requirements for DSC'S or DSC'S subcontractor's employees applicable to Child Support Assignment Orders; (2) certify that the principal owner(s) of DSC 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 Lease. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of DSC 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 DSC 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 Lease subjecting this Lease to termination where such failure shall continue for more than ninety days after notice of such failure to DSC by CITY (in lieu of any time for cure provided in Article 15).

21.2. Service Contract Worker Retention Ordinance. This Lease 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 months shall provide retention by a successor contractor for a ninety-day transition period of the employees who have been employed for the preceding twelve 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 Lease and otherwise pursue legal remedies that may be available if CITY determines that the subject contractor violated the provisions of the SCWRO.

21.3. Living Wage Ordinance.

21.3.1. General Provisions: Living Wage Policy. This Lease 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 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) 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 (July 1, 2006, levels: \$9.39 per hour with health benefits of at least \$1.25 per hour or otherwise \$10.64 per hour). The LWO also requires

that employees be provided with at least twelve compensated days off per year for sick leave, vacation, or personal necessity at the employee's request, and at least ten additional days per year of uncompensated time pursuant to Section 10.37.2(b). The LWO requires employers to inform employees making less than twelve dollars (\$12.00) per hour 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. DSC 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 CITY. Whether or not subject to the LWO, DSC 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), DSC agrees to comply with federal law prohibiting retaliation for union organizing.

21.3.2. Living Wage Coverage Determination. DEPARTMENT has made the initial determination that this Lease, as a public lease or a public license, is subject to the LWO. DSC, although subject to the LWO, may be exempt from most of the requirements of the LWO if DSC 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 years. To the extent DSC claims non-coverage or exemption from the provisions of the LWO, the burden shall be on DSC to prove such non-coverage or exemption and, where applicable, renew such exemption.

21.3.3. Compliance; Termination Provisions and Other Remedies: Living Wage Policy. If DSC is not initially exempt from the LWO, DSC 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 Lease, and shall execute a Declaration of Compliance Form contemporaneously with the execution of this Lease. If DSC is initially exempt from the LWO, but later no longer qualifies for any exemption, DSC shall, at such time as DSC 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 Lease and CITY shall be entitled to terminate this Lease and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if CITY determines that DSC 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 in Article 15 of this Lease. Nothing in this Lease shall be construed to extend the time periods or limit the remedies provided in the LWO.

21.4. Non-Discrimination.

21.4.1. 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 DSC or any person working under or through DSC 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 Lease shall also be subject to the non-discrimination clauses contained in this Section 21.4.

21.4.2. Non-Discrimination in Employment. DSC agrees and obligates itself in the performance of this Lease 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.

21.4.3. Equal Employment Practices. This Lease is a contract with or on behalf of the City of Los Angeles for which the consideration is one thousand dollars (\$1,000) or more. Accordingly, during the performance of this Lease, DSC 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 DSC to comply with the Equal Employment Practices provisions of this Lease may be deemed to be a material breach of this Lease. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to DSC. Upon a finding duly made that DSC has failed to comply with the Equal Employment Practices provisions of this Lease, this Lease may be forthwith terminated.

21.4.4. Equal Benefits Provisions. This Lease 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. DSC 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 DSC to comply with the Equal Employment Practices provisions of this Lease may be deemed to be a material breach of this Lease. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to DSC. Upon a finding duly made that DSC has failed to comply with the Equal Employment Practices provisions of this Lease, this Lease may be forthwith terminated.

21.5. Contractor Responsibility Ordinance.

21.5.1. General Provisions; Contractor Responsibility Policy. This Lease is subject to the Contractor Responsibility Ordinance ("CRO") (Section 10.40, et seq, of the Los Angeles Administrative Code) and the rules and regulations promulgated pursuant thereto as they may be updated. The CRO requires that, unless specific exemptions apply as specified in Section 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 Section 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 determining 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 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 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 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 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.

DSC shall ensure that their subcontractors meet the criteria for responsibility set forth in the CRO and any rules and regulations promulgated thereto. DSC 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, DSC may substitute a non-responsible subcontractor with another subcontractor with no change in the consideration for this Lease. MUSEUM shall submit to CITY a POC for each subcontractor listed by the DSC in its Questionnaire, as performing work on this Lease within thirty calendar days of execution of this Lease, unless the Department of General Services requires in its discretion the submission of a POC within a shorter time period. The signature of DSC on this Lease shall constitute a declaration under penalty of perjury that DSC shall comply with the POC.

21.5.2. Update of Information. DSC shall:

- (1) notify the awarding authority within thirty calendar days after receiving notification that any governmental agency has initiated an investigation that may result in a finding that DSC did not comply with any applicable federal, state, or local law in the performance of this Lease 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 calendar days of receiving notice of any findings by a government agency or court of competent jurisdiction that DSC violated any applicable federal, state, or local law in the performance of this Lease 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 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 Lease 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 DSC'S responses to the Questionnaire must be submitted to the awarding authority within thirty days of any changes to the responses if the change would affect DSC'S fitness and ability to continue performing this Lease. Notwithstanding the above, DSC shall not be required to provide updates to the Questionnaire if DSC became subject to the CRO solely because of an amendment to the original lease or license. DSC shall cooperate in any investigation pursuant to CRO by providing such information as shall be requested by City. DSC agrees that City may keep the identity of any complainant confidential. DSC shall ensure that subcontractors who perform work on this Lease abide by these same updating requirements including the requirement to:

- (1) Notify the awarding authority within thirty 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 Lease 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 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 Lease 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 DSC provide Questionnaires and updates to Questionnaire responses does not apply to subcontractors.

21.5.3. Compliance; Termination Provisions and Other Remedies. If DSC is not exempt from the CRO, DSC shall comply with all of the provisions of the CRO and this Lease. 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 Lease shall constitute a material breach of this Lease and CITY shall be entitled to terminate this Lease and otherwise pursue any legal remedies that may be available, including those set forth in the CRO. Nothing in this Lease shall be construed to extend the time periods or limit the remedies provided in the CRO.

21.6. Business Tax Registration Certificates and Tax Payments. This Section is applicable where DSC is engaged in business within the City of Los Angeles and DSCAL is required to obtain a Business Tax Registration Certificate ("BTRC") 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 DSC'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 Lease, or the effective date of any extension of the Term or renewal of this Lease, DSC shall provide to DEPARTMENT proof satisfactory to the General Manager that DSC has the required BTRCs and that DSC is not then currently delinquent in any tax payment required under the Tax Ordinances. CITY may terminate this Lease upon thirty days' prior written notice to DSC if CITY determines that DSC failed to have the required BTRCs 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 Lease. CITY may also terminate this Lease upon ninety days' prior written notice to DSC at any time during the Term of this Lease if DSC fails to maintain required BTRCs or becomes delinquent in tax payments required under the Tax Ordinances and DSC fails to cure such deficiencies within the ninety day period (in lieu of any time for cure provided in Article 15).

21.7. Slavery Disclosure Ordinance. This Lease 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, DSC 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 Lease and otherwise pursue legal remedies that may be available to CITY if CITY determines that the DSC failed to fully and accurately complete the SDO affidavit or otherwise violated any provision of the SDO.

ARTICLE 22. MISCELLANEOUS PROVISIONS

22.1. Amendment of Lease. No amendment, modification, supplement or mutual termination of any provision of this Lease shall in any event be effective unless the same shall be approved by the BOARD and City Council and in writing and signed by CITY and DSC and attested by City Clerk.

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

22.3. Captions, Table of Contents, and Index. The captions and table of contents of this Lease are inserted only as a matter of convenience and reference, and they in no way define, limit, or describe the scope of any provisions of this Lease, or the intent of any provision of this

Lease, and shall not be used with respect to the interpretation of any provision of this Lease.

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

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

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

22.7. Exhibits - Incorporation in Lease. All exhibits referred to are attached to this Lease and incorporated by reference.

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

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

22.10. Memorandum of Lease. A Memorandum of Lease, substantially in the form as that attached to this Lease as Exhibit G "Memorandum of Lease", shall be completed and executed by both parties concurrently with the execution of this Lease. CITY may record such Memorandum of Lease.

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

22.12. No Relocation Assistance. DSC acknowledges that it is not entitled to relocation assistance or any other benefits under the California Relocation Assistance Act (Government Code section 7260, et seq.), the Uniform Relocation Assistance and Real Property Acquisition

Policies Act of 1970, as amended (42 U.S.C.A. § 4601, et seq.), or any other provisions of law upon termination of this Lease.

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

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

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

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

IN WITNESS WHEREOF, the CITY OF LOS ANGELES, a municipal corporation, acting by and through its BOARD OF RECREATION AND PARK COMMISSIONERS, Landlord herein, and DISCOVERY SCIENCE CENTER, a California non-profit 501(c)(3) corporation, Tenant herein, have caused this Lease to be executed as of the date of the attestation by the City Clerk.

Executed this _____ day
of _____, 20__

CITY:

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

By _____
PRESIDENT

By _____
SECRETARY

Executed this _____ day
of _____, 20__

TENANT:

DISCOVERY SCIENCE CENTER OF LOS ANGELES, a California non-profit 501(c)(3) corporation

By _____
CHAIRPERSON

By _____
SECRETARY

Approved as to Form:

Date: _____

CARMEN A. TRUTANICH,
City Attorney

By _____
DEPUTY CITY ATTORNEY

ATTEST:

Date: _____
JUNE LAGMAY, City Clerk

By _____
DEPUTY CITY CLERK

Council File Number: _____ Date of Approval: _____

Said Agreement is Number _____ of City Contracts

EXHIBIT A
MAP AND LEGAL DESCRIPTION

To be included in final lease agreement

EXHIBIT B

PREMISE

S IMPROVEMENTS TO BE COMPLETED BY CITY

Building Improvement	Estimated Cost
Parking lot exterior lighting	\$ 80,000
Rollup doors	100,000
Freight elevator	400,000
Building security system modifications	20,000
Exhibit maintenance shop buildout	300,000
Ticket booth buildout	150,000
Theater buildout	200,000
Loading dock & area fencing	<u>300,000</u>
Total:	<u>\$1,550,000</u>

EXHIBIT C
146R INSURANCE FORM

To be included in final lease agreement

EXHIBIT D
INSTRUCTIONS ON COMPLYING WITH CITY INSURANCE REQUIREMENTS

To be included in final lease agreement

EXHIBIT E
IMPROVEMENTS AND EXHIBITS AGREEMENT

IMPROVEMENTS AND EXHIBITS AGREEMENT

BETWEEN CITY OF LOS ANGELES AND THE
DISCOVERY SCIENCE CENTER
FOR THE DESIGN AND MODIFICATION OF AN EXISTING FACILITY
AND THE DESIGN, CONSTRUCTION, AND INSTALLATION OF EXHIBITS FOR THE
CENTER

ARTICLE 1. BASIC AGREEMENT PROVISIONS

1.1. Parties. This Improvements and Exhibits Agreement ("Agreement") is entered into this ___ day of _____ 20___, by and between the CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Recreation and Park Commissioners, as Landlord ("CITY"), and DISCOVERY SCIENCE CENTER OF LOS ANGELES, a California non-profit 501(c)(3) corporation ("DSC"), with a principal mailing address of 2500 North Main Street, Santa Ana, California, 92705, as Tenant.

1.2. Recitals.

1.2.1. CITY owns and/or controls certain lands known as Hansen Dam Recreation Area under the management and control of the Board of Recreation and Park Commissioners ("BOARD"). A portion of the subject lands are owned by CITY and a portion of the subject lands are owned by the U.S. Army Corps of Engineers ("USACE") and are leased to CITY for recreational purposes pursuant to Department of the Army Lease No. DACW09-1-69-45 between USACE and the CITY for property located within the Hansen Flood Control Basin. The land at the corner of Osborne Street and Foothill Boulevard located at 11800 Foothill Boulevard, Los Angeles, California, is improved with a 57,000 square foot building which was designed and constructed with funding from the following public sources: Proposition 40 Specified Grant Program (Contract No. C0231250), Proposition 40 Roberti-Z'Berg-Harris Grant Program (Contract No. C0231244), Proposition 40 Per Capita Grant Program (Contract No. C0231134), Proposition K Specified Grant Program (Contracts No. C-98362 and No. C-109472), Proposition K Competitive Grant Program (Contract No. C-100050), and private donations to the Children's Museum of Los Angeles, the former entity that oversaw partial construction of the subject facility,

1.2.2. CITY and DSC desire have entered into a Lease for the use of the improved land and building within the Hansen Dam Recreation Area described in Section 1.2.1 above (as shown in included in Exhibit A "Map and Legal Description" of Lease), which Lease shall set forth the duties, obligations, responsibilities, aims, and goals of the parties, for the specific purpose of providing a Children's Museum and an Environmental

Learning Center, together known as a science center (the "Center") within the existing building which emphasizes recreation and environmental awareness through focused learning about the natural environment using interactive exhibits that will provide both recreational and educational opportunities, that will increase the public's understanding and recognition of the need to sustain the environment for future generations.

1.2.3. CITY does not have personnel available in its employ with sufficient and appropriate expertise to develop the exhibits and operate and maintain the Center and CITY, due to current budgetary constraints, has frozen hiring and is unable to obtain the appropriate personnel to perform these specialized tasks.

1.2.4. DSC is a non-profit corporation formed for the purpose of providing recreational activities for youth and their families in the area as well as educating young minds, assisting teachers and increasing public understanding of the environment, science, math and technology, with a particular emphasis on environmental issues, through interactive exhibits and programs.

1.2.5. DSC has special abilities in the areas of presentation, fundraising, recreation, education, community support and operations with respect to the Center.

1.2.6. DSC has the staff and experience to operate and manage the Center, provide unique and highly specialized educational programs, and oversee the design, fabrication and installation, or acquisition of a state-of-the-art interactive exhibits that can be refreshed and rotated over time.

1.2.7. CITY and DSC desire to enter into an Agreement governing the design and layout and modification of the Center and the design and construction of the Center exhibits and displays to be installed inside the Center on the Premises.

1.2.8 CITY and DSC desire to establish an accounting structure and disbursement procedure in order to assure the efficient and orderly payment of all costs associated with the design and construction of the Center improvements and Center Exhibits. In accordance with the terms of this Agreement, DSC shall deposit construction funds in a construction escrow or other designated account ("CENTER Funds Account") and CITY shall maintain construction funds in separate construction escrow or other accounts ("City Funds Accounts") as further provided in this Agreement.

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

1.3.1. BOARD. "BOARD" shall mean the Board of Recreation and Park Commissioners of the City of Los Angeles.

1.3.2. Center. "Center" shall mean the Premises and the improvements thereon as of the Effective Date of this Agreement and any improvements, Center Exhibits and

facilities constructed on the Premises by DSC or CITY at any time and from time to time during the Term for purposes of this Lease as set forth in Article 5.

1.3.3. Center Exhibits. "Center Exhibits" shall mean the exhibits and displays constructed and installed inside the Center and on the Premises.

1.3.4. CITY. "CITY" shall mean the City of Los Angeles, a municipal corporation acting by and through its Board of Recreation and Park Commissioners. Except where clearly and expressly provided otherwise in this Agreement, any action to be taken by the CITY may be taken for the CITY by the General Manager as defined in Paragraph 1.3.8. Except where clearly and expressly provided otherwise in this Lease, the capacity of the CITY in this Agreement shall be as Landlord, and any benefits, obligations, or restrictions conferred or imposed by this Agreement on the CITY shall be limited to that capacity and shall not relate to or otherwise affect any activity of the City of Los Angeles in its governmental capacity including, but not limited to: enacting laws; inspecting structures; reviewing and issuing permits; and all other legislative, administrative, or enforcement functions of the City of Los Angeles pursuant to federal, state, or local law.

1.3.5. DEPARTMENT. "DEPARTMENT" shall mean the Department of Recreation and Parks of the City of Los Angeles.

1.3.6. DSC. "DSC" shall mean the Discovery Science Center of Los Angeles, a California non-profit 501(c)(3) corporation.

1.3.7. Effective Date. "Effective Date" shall mean the date the Office of the City Clerk of Los Angeles attests this Agreement.

1.3.8. General Manager. "General Manager" shall mean the General Manager of the Department of Recreation and Parks of the City of Los Angeles. General Manager shall also include any person designated in writing by the BOARD to act on behalf of the General Manager.

1.3.9. Improvements and Exhibits Agreement. "Improvements and Exhibits Agreement" shall mean this Agreement entered into by CITY and DSC governing the design and modification of the existing building or facility and the design, construction and installation of the Center Exhibits.

1.3.10. Lease. "Lease" shall mean the agreement entered into by CITY and DSC for the use of the Premises (defined below) for the specific purpose of operating and maintaining a Center that emphasizes recreation and focused learning about the natural environment.

1.3.11. Opening Date. "Opening Date" shall be the date that DSC first opens the Center to members of the general public pursuant to the terms of use in Article 5 of Lease.

1.3.12. Premises. "Premises" shall collectively refer to the land, building, and improvements located at 11800 Foothill Boulevard, Los Angeles, California, and as depicted in Exhibit A "Map and Legal Description" of Lease.

1.3.13. USACE. "USACE" shall mean the United States Army Corps of Engineers.

ARTICLE 2. TERM

2.1 Term. The term of this Construction Agreement shall be concurrent with the Lease, unless previously terminated in accordance with other provisions of this agreement.

ARTICLE 3. PREMISES

3.1 Premises. The land and improvements located at 11800 Foothill Boulevard in the City of Los Angeles, County of Los Angeles, State of California, described in Section 1.2.1 above and as depicted in Exhibit A "Map and Legal Description" of Lease, and located within the Hansen Dam Recreation Area, Los Angeles, California. The portion of the Premises that is located on land owned by USACE and leased to CITY is subject to all existing easements, other restrictions of record, and Department of the Army Lease No. DACW09-1-69-45 between USACE and the CITY for property located within the Hansen Flood Control Basin.

3.2 Article 4 of Lease Not Superseded. Any and all references to Premises in this Agreement shall not supersede Article 4 of the Lease which shall remain in full force and effect.

ARTICLE 4. DESIGN AND MODIFICATION OF THE EXISTING BUILDING AND DESIGN, CONSTRUCTION AND INSTALLATION OF CENTER EXHIBITS

4.1 Initial Exhibit Plan. DSC shall at its own expense and at no cost to CITY, develop an Initial Exhibit Plan for the Center and shall deliver a completed Initial Exhibit Plan to the CITY on or before September 30, 2013.

4.2 Initial Exhibit Plan Requirements. The Initial Exhibit Plan shall include the concept design plan, layout within the Center, and cost for each exhibit to be developed and installed in the Center by the Opening Date. The Initial Exhibit Plan shall be consistent with the terms of any grant or funding agreements or other limitations on the use of Premises.

4.3 Design of Center and Center Exhibits. DSC shall design the Center and Center Exhibits in conformance with all applicable federal, state, county, and city laws in force at the time of design. All plans shall be prepared by DSC and must be submitted to DEPARTMENT for approval. DEPARTMENT shall direct DSC to submit the plans to the BOARD and/or other City of Los Angeles agencies for approval, including, without limitation, the Cultural Affairs Commission of the City of Los Angeles, the Department of Public Works of the City of Los Angeles, and the Department of Building and Safety of the City of Los Angeles. DEPARTMENT may direct DSC to submit the plans for any improvements located on the portion of the Premises that is owned by USACE, and leased to CITY, to USACE for their approval. Approvals shall be at the sole discretion of the DEPARTMENT and agencies involved.

CITY is not responsible for payment of any fees nor for delays in permit processing or approvals.

4.4 Design Submission Requirements. During the design phase for the Center and the Center Exhibits, DSC shall provide DEPARTMENT with various submittals for approval. These include but are not limited to the following:

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

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

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

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

4.5 DEPARTMENT Participation. DSC shall design the Center and the Center Exhibits with the input of the DEPARTMENT. DEPARTMENT, and/or other City of Los Angeles agencies as determined by DEPARTMENT, shall be full participants in all design meetings.

4.6 USACE Participation. DSC shall consider the active input and participation of USACE in the design of any improvements located on the portion of the Premises that is located on land owned by USACE and leased to CITY, whether such facilities or uses will be temporary or permanent.

ARTICLE 5. MODIFICATION OF THE CENTER AND CENTER EXHIBITS

5.1 Modification of Center. DSC shall construct any modification to the Center and Center Exhibits in conformance with all applicable federal, state, county, and city laws in force at the time of the modifications and in conformance with designs approved pursuant to the design submittal and approval process described in Article 4 above in this Agreement.

5.1.1 Progress Report. DSC shall submit a construction progress report to DEPARTMENT on a monthly basis. This report shall only be used for informational purposes.

5.1.2 As Built Drawings. DSC shall submit to the DEPARTMENT reproducible "as built" drawings of all improvements constructed on the Premises with the exception of the security system. Such plans shall also include plans for landscaping and other outdoor improvements related to the Center.

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

5.2 Department Participation. DSC shall modify the Center and construct Center Exhibits with the input of the DEPARTMENT. DEPARTMENT, and/or other City of Los Angeles agencies as determined by DEPARTMENT, shall be full participants in all construction meetings.

5.3 USACE Participation. DSC shall consider the active input and participation of USACE in the construction of any improvements located on the portion of the Premises that is located on land owned by USACE and leased to CITY, whether such facilities or uses will be temporary or permanent.

ARTICLE 6. OPERATIONS OF THE CENTER

6.1 Operations of the Center. The Center shall be used by DSC in accordance with Article 5 of the Lease.

ARTICLE 7. MAINTENANCE, CUSTODIAL SERVICES, SECURITY AND REPAIR OF THE CENTER DURING CONSTRUCTION

7.1 DSC'S Responsibilities. During any DSC initiated construction activities on Premises, DSC shall keep and maintain, at DSC'S sole cost and expense, the Premises and all improvements on the Premises, including Center Exhibits, in good condition and repair and in conformance with the standard of care identified in Article 6 of the Lease.

ARTICLE 8. UTILITIES

8.1 DSC'S Responsibilities. DSC shall pay all charges associated with the installation of electrical, natural gas, sewer, water and telephone services, as well as all periodic fees for said services, needed for any DSC initiated construction activities on Premises in conformance with Article 7 of the Lease.

ARTICLE 9. FINANCING AND DISBURSEMENT OF FUNDS

9.1. Financing. DSC shall be responsible to secure funding for any costs associated with the design and modification of the Center and the design, construction and installation of Center Exhibits for the uses set forth in Article 5 of the Lease. CITY may, but is not obligated to, assist DSC to identify and secure funding for the design and modification of the Center and the design, construction and installation of Center Exhibits. For purposes of the Agreement, DSC shall be deemed to have "secured" funding only under the following circumstances:

9.1.1 DSC establishes an account, as hereinafter provided, and deposits cash into the account which can be withdrawn only as hereinafter provided for payment of costs associated with the design and construction of Center improvements and Center Exhibits; and/or

9.1.2 DSC secures an irrevocable letter of credit from a responsible Los Angeles area bank that may be drawn on solely for the design and construction of the Center and Center exhibits; and/or

9.1.3 DSC has fully executed grant or funding agreement(s) with federal, state, or local governmental agencies which provide guaranteed funds for the design and construction the Center and Center Exhibits.

9.2 Establishment of Center Funds Account. DSC shall establish a construction escrow or other designated account ("Center Funds Account") for the disbursement of construction funds for the Center modifications and improvements and the Center Exhibits. Disbursement of funds from such account shall solely be for the design and construction of the Center modifications and improvements and Center Exhibits.

9.3 Establishment of City Funds Accounts. CITY may establish, or identify, construction escrow or other designated accounts ("City Funds Accounts") for the disbursement of construction funds for the Center modifications and improvements and the Center Exhibits. Disbursement of funds from such account shall solely be for the design and construction of the Center modifications and improvements and Science Center Exhibits.

9.4 Financing for Initial Exhibit Plan. DSC shall demonstrate to satisfaction of CITY that the amount of funding available in the Center Funds Account and the City Funds Account, either individually or in combination, is sufficient to complete the Center modifications and improvements and Science Center Exhibit improvements identified on the Initial Exhibit Plan.

9.4.1 Review of Financing. From the Effective Date of this Agreement and prior to the Opening Date, representatives of the parties will confer, on a quarterly basis or as deemed necessary by either DSC or CITY, to evaluate adequacy of the financing for the Initial Exhibit Plan and operational responsibilities of each party, as stipulated in the Lease and in this Agreement and make any adjustments as they mutually deem necessary. DSC shall submit a Financing progress report to DEPARTMENT on a monthly basis.

9.5 Disbursement Requests From City Funds Account. DSC shall submit requests for disbursements of construction funds ("Disbursement Request") for the Center and the Center Exhibits from the City Funds Account to the CITY. Disbursement Requests shall be submitted in conformance with any forms and/or procedures required by the CITY and shall be made to the staff member(s) designed by the CITY to review all Disbursement Requests and the information contained in each. Disbursement Requests shall be only for costs incurred for the construction of the Center and the Center Exhibits and only for items for which the funds in the City Funds Account may be expended pursuant to applicable law.

9.5.1 Payment to DSC. DSC shall be reimbursed on a progress payment basis, no later than forty-five (45) days after receipt by the City of an acceptable Disbursement Request and approved invoice(s) for expenses authorized for material furnished, service rendered or work completed under the term and conditions of this Agreement, subject to the availability of funds for the work and subject to all other provisions of the Agreement. Construction progress payment requests shall be certified by the project Architect and/or Manager and the Grantee. All charges and expenses shall be properly documented with adequate vouchers and receipts and approved by the City. Only those expenses that are eligible and relate directly to the scope and intent of the work shall be authorized and approved for reimbursement. Progress payment requests shall not be submitted more frequently than once a month.

9.5.2 Documentation of Construction Expenditures. Construction expenditures shall be supported and verified by properly executed General Contractor and subcontractors payrolls, time recorded, invoices, vouchers, or other official documentation evidencing in proper detail the nature and propriety of the charges. Checks, payrolls, invoices, vouchers, orders or other accounting documents shall be clearly identified and readily accessible. The City may require additional substantiation of costs before making payment. All evidence of costs incurred or to be incurred shall identify or bear identification of the budget account to be charged.

9.5.3 Schedule of Payments. DSC, upon submittal of an acceptable Disbursement Request, and adequate proof of progress in the form of appropriate documentation shall be paid or reimbursed no more than once a month.

9.5.4 Withheld Payments. The City will withhold up to 10% of the total construction funds as Retention against the payment to DSC, with the option of reducing the retention to 5% when the City Project Manager has certified that the Center and Center Exhibit work is fifty percent (50%) complete and that there are no outstanding stop notices or liens, and that all vendor and/or subcontractor payments are current. The Retention is withheld to ensure that DSC completes the Center and Center Exhibits and that the Center is open to the public. DSC may request release of retention corresponding to individual phases of the project following completion of the following phases: a) exhibit design, b) exhibit fabrication, c) exhibit installation and d) completion of any building modifications design carried out by DSC or their architects and/or engineers, and e) completion of any building modifications carried out by DSC. In each case the Retention will be released after all of the following conditions are met: (i) (ii) Submittal of acceptable invoices for all project related costs; and (iii) Written confirmation submitted by DSC that they have received all assurances, and warranties for the project from any construction contractor(s); and, (iv) Compliance with any other project construction closeout requirement that may be specified by CITY. CITY has the authority to withhold funds under this Agreement pending a final determination by CITY of questionable expenditures or indebtedness of CITY arising from past or present Agreements between CITY and DSC. Upon final determination by CITY of disallowed expenditures or indebtedness, CITY may deduct and retain the amount of the disallowance or indebtedness from the amount of the withheld funds. Payments to DSC may be withheld by CITY if DSC fails to comply with provisions of this Agreement.

9.5.5 Return of Unexpended Funds and Close-outs. Funds paid by CITY, and determined by CITY to be in excess of the amount actually required, shall be immediately returned to CITY. DSC shall submit to CITY a complete and accurate final close-out invoice of costs and reimbursements for services performed under this Agreement, within forty-five (45) days following the termination or completion of any design or construction work under this Agreement. Failure by DSC to comply with the forty-five (45) day requirement may result in a unilateral close-out of this Agreement by the CITY.

9.5.1 Approvals of Disbursement Requests. Approval of a Disbursement Request shall be at the sole discretion of the CITY. No Disbursement Requests shall be approved for the construction of any improvements or modification that are not designed and approved pursuant to the design submittal and approval process described in Article 4.

9.6 Records. CITY shall have the right to review documentation with respect to the design and construction costs of the Center and the Center Exhibits for, but not limited to, conformation with the budget for the improvements adopted pursuant to the design submittal and approval process described in Article 4.

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

ARTICLE 10 DEFAULT AND TERMINATION

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

10.1.1. Breach of Lease. DSC or CITY materially breaches or fails in the performance of any of the provisions or conditions of the Lease; or

10.1.2. Failure to Conform to Laws. DSC fails to conform to applicable federal, state, county or local laws, rules, regulations or policies; or

10.1.3. Failure to Follow Instructions. DSC fails to substantially follow or substantially conform to any of the directions or instructions that may be properly made by CITY, the BOARD, or the General Manager; or

10.1.4. Incapacity to Perform. DSC ceases to operate, exist or maintain its nonprofit corporate status (temporary suspension of status for a period not exceeding six (6) months shall not be considered a failure to maintain status) or becomes unable through corporate or personal incapacity to fulfill its obligations under the Lease or this Agreement; or

10.1.5. Lack of Funds. If DSC is no longer able to carry out the purposes of the Lease or this Agreement because of a lack of funds or funding; or

10.1.6. Non-conforming Use. DSC ceases to use the Premises for the purpose of a recreation and environmental awareness center as set forth in Article 5 of Lease; or

10.1.7. Termination of Lease. In the event the Lease is terminated; or

10.1.8. Failure to Deliver a Completed Initial Exhibit Plan. DSC fails to deliver a completed Initial Exhibit Plan on or before September 30, 2013; or

10.1.9. Failure To Commence Construction of Center Exhibits. DSC fails to commence construction of the Center Exhibits on or before September 30, 2013. Construction of Center Exhibits shall be deemed to have commenced on the date DSC or its subcontractors starts physical fabrication work on the Center Exhibits; or

10.2. Default - CITY's Remedies. If any one or more of the "Events of Default" set forth in Section 10.1. above occurs, then CITY may, at its election, without any further notice to or authorization from DSC, and without waiving any of City's rights at any time to select any other remedy provided in this Section, or elsewhere in this Agreement, if applicable, or under law, do any one or more of the following:

10.2.1. Termination of Agreement. CITY may give DSC written notice of such "Event of Default." If DSC does not cure said default within thirty (30) days after notice (and forthwith for a default involving health, sanitary or safety conditions or pertaining to the maintenance of insurance required under this Agreement) or such longer period as is reasonably necessary to remedy such default, as determined by either CITY, provided that DSC shall continuously and diligently pursue such remedy at all times until such default is cured, CITY may, by delivering written notice to DSC, terminate this Agreement; and/or

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

10.2.3. Self-help. In the event that neither the City nor DSC terminate the term of this lease agreement under the conditions herein defined, the CITY may, but is not obligated to, perform such work as it deems necessary to cure any "Event of Default" and charge DSC for the cost of labor and materials expended. The General Manager may exercise this option immediately in an "Event of Default" involving health, sanitary or safety considerations. Otherwise, the General Manager may exercise this option within sixty (60) days after giving DSC written notice of a default involving Premises' maintenance if DSC does not commence to cure. CITY shall provide DSC with reasonably detailed invoice for the labor and materials expended, and DSC shall pay the full sum of the invoice within sixty (60) days of DSC'S receipt of the invoice, using as a first priority any monies remaining from the project escrow account as defined in section 9.2 of Exhibit E to this agreement. In the event DSC disputes any of the charges on the invoice or DSC'S obligation to pay for any or all of the items, DSC shall pay the full sum of the invoice within the sixty (60) day period, subject to prompt reimbursement from CITY to the extent DSC prevails on any items in dispute.

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

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

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

ARTICLE 11. NOTICES

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

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

To CITY or General Manager:

City of Los Angeles
Board of Recreation and Park Commissioners
221 North Figueroa Street, Suite 1510
Los Angeles, California 90012
Telecopier: (213) 202-2610

with a copy of any notice to

General Manager, Department of Recreation and Parks
221 North Figueroa Street, Suite 1550
Los Angeles, California 90012
Telecopier: (213) 202-2614

with a copy of any notice to

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

with a copy of any notice to

Program Manager
Bureau of Engineering, Recreational and Cultural Facilities Program
200 North Main Street, 8th Floor
Los Angeles, California 90015
Telecopier: (213) 473-7170

To DSC:

Chairman of the Board
Discovery Science Center of Los Angeles
2500 North Main Street, Santa Ana, CA. 92705
Telephone: [TBD]

ARTICLE 12. MISCELLANEOUS PROVISIONS

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

12.2. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, transferees, successors and assigns of the respective parties hereto.

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

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

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

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

12.7. Exhibits - Incorporation in Improvements and Exhibits Agreement. All exhibits referred to are attached to this Agreement and incorporated by reference.

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

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

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

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

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

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

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

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

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

12.17. Insurance. During the term of this Agreement and without limiting MUSEUM'S indemnification of the CITY, MUSEUM shall provide and maintain at its own expense a program of insurance having the coverages and limits customarily carried and actually arranged by MUSEUM, but not less than the amounts and types listed on Exhibit C "146R Insurance Form" of the Lease, covering its operations hereunder. Such insurance shall conform to CITY requirements established by Charter, ordinance or policy, in accordance with Exhibit D "Instructions and Information on Complying with City Insurance Requirements" of Lease and shall otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management.

IN WITNESS WHEREOF, the CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Recreation and Park Commissioners, Landlord herein, and DISCOVERY SCIENCE CENTER, a California non-profit 501(c)(3) corporation, Tenant herein, have caused this Tenant Improvement Agreement to be executed as of the date of the attestation by the City Clerk.

**APPROVED AS TO FORM AND
LEGALITY:**

CARMEN A. TRUTANICH, City Attorney

By: Deputy City Attorney

DATE: _____

CITY:

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

By: President

By: Secretary

DATE: _____

ATTEST:

JUNE LAGMAY, City Clerk

By: Deputy

DATE: _____

TENANT:

DISCOVERY SCIENCE CENTER, a California non-profit 501(c)(3) corporation

By: Chairperson

By: Secretary

DATE: _____

EXHIBIT F
STANDARD PROVISIONS FOR CITY CONTRACTS (Rev. 3/09)

To be included in final lease agreement

EXHIBIT G
MEMORANDUM OF LEASE

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

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

Free recording in accordance with
California Government Code section 6103

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE ("Memorandum") is made as of the date of attestation by the City Clerk of the City of Los Angeles of page 2 of this Memorandum, by and between the CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Recreation and Park Commissioners, as Landlord ("CITY") and the Discovery Science Center of Los Angeles, California non-profit 501(c)(3) corporation ("DSC"), with a principal mailing address at 2500 North Main Street, Santa Ana, California, 92705, as Tenant, who agree as follows:

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

Lot ____, Tract No. ____, as per map recorded in Book ____, pages ____, of Maps, in the office of the County Recorder of Los Angeles County, excepting therefrom those portions within public streets and subject to all easements of record, commonly known as the Hansen Dam Recreation Area, for a term of Thirty (30) Years, commencing on or about the date of this Memorandum on the provisions of the lease between the parties, which lease ("Lease") is dated on the same date as this Memorandum. These provisions are incorporated into this Memorandum by reference.

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

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

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

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

**APPROVED AS TO FORM AND
LEGALITY:**

CARMEN A. TRUTANICH, City Attorney

By: Deputy City Attorney

DATE: _____

CITY:

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

By: President

By: Secretary

DATE: _____

ATTEST:

JUNE LAGMAY, City Clerk

By: Deputy

DATE: _____

TENANT:

DISCOVERY SCIENCE CENTER, a
California non-profit 501(c)(3) corporation

By: Chairperson

By: Secretary

DATE: _____