

SECOND AMENDMENT TO LEASE NO. 915
BETWEEN THE CITY OF LOS ANGELES AND
SAN PEDRO PUBLIC MARKET, LLC
FOR THE COMMERCIAL REDEVELOPMENT OF THE PORTS O'CALL SITE
AT THE PORT OF LOS ANGELES

THIS SECOND AMENDMENT ("Second Amendment") to Lease No. 915 ("Lease") is made and entered into this _____ day of _____, 2020 by and between the CITY OF LOS ANGELES, a municipal corporation, acting by order of and through its Board of Harbor Commissioners, ("Board") of the Harbor Department ("Harbor Department" or "City") and SAN PEDRO PUBLIC MARKET, LLC, a California Limited Liability Company (referred to as "Lessee").

RECITALS

WHEREAS, City and Lessee entered into the Lease on June 17, 2016 for the commercial redevelopment of the Ports O'Call Site at the Port of Los Angeles ("Port"); and

WHEREAS, effective as of November 21, 2019, the City approved a change in the control of the Lessee; and

WHEREAS, City and Lessee entered into the First Amendment on February 14, 2020 to further refine and develop the design and scope of the project; and

WHEREAS, effective on March 5, 2020, City provided Lessee formal written Delivery Notice ("First Delivery Notice") of completion and satisfaction of City's obligations as set forth in Article 1, Section 2.2.1 of the Lease; and

WHEREAS, Lessee's right to terminate under Article 1, Section 2.6 has terminated; and

WHEREAS, on or about June 5, 2020, pursuant to Article 1, Section 1.2.1 of the Lease, Lessee exercised its Option Extension (as defined below) to extend the Option Period for an additional six (6) months extending the Option Period to December 17, 2020; and

WHEREAS, due to the 2020 global COVID-19 pandemic impacting all aspects of public health, travel, economy, and business, City and Lessee desire to further amend the Lease;

NOW, THEREFORE, in consideration of the terms, covenants, and conditions hereinafter contained to be kept and performed by the respective parties hereto, IT IS MUTUALLY AGREED that the Lease be amended as follows:

Section 1. The above recitals are acknowledged and agreed to by the Lessee and the City.

Section 2. Article 1, Section 1.2.1 is deleted in its entirety and replaced with the following:

“1.2.1 1st, 2nd, and 3rd Option Extension (collectively referred to as “Option Extensions”).

(a) 1st Option Extension: Lessee shall have the right to an additional six (6) months added to the Option Period (“1st Option Extension”), as may be otherwise extended under Section 1.2.2, provided Lessee provides evidence of a total investment in the development project equal to or exceeding Two Million Dollars (\$2,000,000) specifically related to tasks required to develop this Lease and to prepare the Premises for development, including but not limited to preparation of the project concept plans, financial pro formas, project cost estimates, CEQA related costs, project design plans, and other internal and external documented costs related to the Project and incurred by Lessee subsequent to the Term Sheet Date (the “Development Costs”) The 1st Option Extension shall expire December 17, 2020.

(b) 2nd Option Extension: Lessee shall have the right to an additional six (6) months added to the Option Period following Lessee’s exercise of the 1st Option Extension set forth in subsection (a) above (“2nd Option Extension”), as may be otherwise extended under Section 1.2.2 provided Lessee provides evidence of a total investment in Development Costs equal to or exceeding Ten Million (\$10,000,000.00) Dollars.

(c) 3rd Option Extension: Provided Lessee shall have exercised the above 2nd Option Extension, Lessee shall have the right to an additional six (6) months added to the Option Period to be exercised on or before June 16, 2021 (3rd Option Extension).”

Section 3. Article 1, Section 2.2.1, Subpart (f) is deleted in its entirety and replaced with the following:

“(f) Electrical service exists for the Premises. Primary electrical service sufficient to service the electrical requirements reasonably expected to be needed for the complete buildout of the Premises is described in the 2009 EIR/EIS and Addenda. The primary electrical service is in the process of being upgraded with a new point of connection as depicted on Exhibit D-1. The point of connection infrastructure will be upgraded when the Lessee installs electrical infrastructure inside the new point of connection which collectively is subject to design and installation by the City of Los Angeles Department of Water and Power. The aforementioned upgrades were included in the 2009 EIR/EIS and Addenda.”

Section 4. Article 1, Section 2.1.3 is hereby deleted in its entirety and replaced with the following:

“2.1.3 City Construction. City shall have provided Lessee Delivery Notice (as defined in Article 1, Section 3.2) of City’s completion of a designated portion of the Premises to be delivered (“First Delivery Notice”) and shall be continuing construction of the designated area and the balance of the Premises. This First Delivery Notice was given by City to Lessee on March 5, 2020.”

Section 5. Article 1, Section 2.3 is hereby deleted in its entirety and replaced with the following:

“2.3 Phases. City shall deliver the Premises to Lessee in accordance with Exhibit F-2, Article 1, Section 3, and Article 2, Section 6 or as may otherwise be agreed between the Parties.”

Section 6. Article 1, Section 2.5 is hereby deleted in its entirety and replaced with the following:

“2.5 Lessee’s Failure to Exercise. In the event Lessee fails to exercise the Option by the expiration of the Option this Lease shall terminate without further liability for either Party. If the 2nd Option Extension is exercised under Article 1, Section 1.2.1, the Option Period shall expire on June 16, 2021. If the 3rd Option Extension is exercised under Article 1, Section 1.2.1, the Option Period shall expire on December 17, 2021.”

Section 7. Article 1, Section 2.6 is hereby deleted in its entirety and replaced with the following:

“2.6 City’s Failure to Complete. The timely performance of the City’s construction obligations set forth in Exhibits D-1 and D-2 and G(a) is critical to the operation of an integrated development.”

Section 8. The Lease is hereby amended to add the following as Article 1, Section 3:

“Section 3. City Construction.

3.1 Substantial Completion Notice. City shall provide Lessee written notice ninety (90) days prior to City’s Substantial Completion (“Substantial Completion Notice”) solely for Phases described as SPPM-2, SPPM-5, SPPM-6, and SPPM-7 in Exhibit F-2, subject to Article 2, Section 6.2.4. City shall not be required to provide Substantial Completion Notice for the Phases described as SPPM-1, SPPM-3, and SPPM-4 in Exhibit F-2, or as revised pursuant to Article 2, Section 6.2.4. In the event City provides Lessee Substantial Completion Notice for Phase SPPM-2 prior to Lessee’s exercise of its Option as set forth in Article 1, Section 1.3, Substantial Completion Notice for Phase SPPM-2

will be effective upon the date of Lessee's exercise of its Option or upon the date specified in Substantial Completion Notice for Phase SPPM-2, whichever occurs later.

3.2 Delivery Notice. Upon City's determination of delivery of a Phase and subject to Article 1, Section 3.1 above, City shall provide Lessee sixty (60) days written notice describing the Phase designated as SPPM-2, SPPM-3, SPPM-4, SPPM-5, SPPM-6, and SPPM-7 in Exhibit F-2, subject to Article 2, Section 6.2.4, to be delivered, the Delivery Date and other terms set forth in Article 2, Section 6.2.1 ("Delivery Notice"). Upon exercise of the Option with respect to the portion of the Premises designated in the First Delivery Notice described in Article 1, Section 2.1.3 and subject to Lessee's obligations to exercise the Option set forth in Article 1, Section 1.2.1, or upon exercise by Lessee of its rights under Section 2.4, the right to lease shall remain in full force and effect with respect to the balance of the Premises. City will provide additional Delivery Notices with respect to the Premises, which Lessee shall be obligated to accept provided that the conditions set forth in Section 2.2 (other than subpart(h)) above have been met."

Section 8. The definition of "Delivery Notice" as found in Exhibit A – Definitions of the Lease is hereby deleted and replaced with the following:

"Delivery Notice shall have the meaning set forth in Article 1, Section 3.2;"

Section 9. Except as specifically provided herein, this Second Amendment shall not in any manner alter, change, modify, or affect any of the rights, privileges, duties, or obligations of either of the parties hereto under or by any reason of said Lease, and except as expressly exercised herein, all of the terms, covenants, and conditions of said Lease, as exercised, shall remain in full force and effect.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment on the date of the left of their signatures.

Dated: _____, 2020

THE CITY OF LOS ANGELES, by its Board of Harbor Commissioners

By _____
Executive Director

Attest: _____
Board Secretary

Dated: Oct, 23, 2020

SAN PEDRO PUBLIC MARKET LLC
a California limited liability company

By [Signature]
ERIC JOHNSON, VICE PRESIDENT
(Print/type Name and Title)

Attest: [Signature]
JEFF BROWN, SVP
(Print/type Name and Title)

APPROVED AS TO FORM AND LEGALITY

_____, 2020
MICHAEL N. FEUER, City Attorney
Janna B. Sidley, General Counsel

By _____
HELEN J. SOK, Deputy City Attorney

Account # _____	W.O. # _____
Ctr/Div # _____	Job Fac. # _____
Proj/Prog # _____	
Budget	
FY:	Amount:
_____	_____
_____	_____
_____	_____
TOTAL	_____
For Acct/Budget Div. Use Only:	
Verified by: _____	
Verified Funds Available: _____	
Date Approved: _____	

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment on the date of the left of their signatures.

THE CITY OF LOS ANGELES, by its Board of Harbor Commissioners

Dated: _____, 2020

By _____ Executive Director

Attest: _____ Board Secretary

SAN PEDRO PUBLIC MARKET LLC a California limited liability company

Dated: Oct. 23, 2020

By [Signature]
ERIC JOHNSON, VICE PRESIDENT
(Print/type Name and Title)

Attest: [Signature]
JEFFERSON, SVP
(Print/type Name and Title)

APPROVED AS TO FORM AND LEGALITY

_____, 2020
MICHAEL N. FEUER, City Attorney
Janna B. Sidley, General Counsel

By _____
HELEN J. SOK, Deputy City Attorney

The Budget Group has determined that there are no funds associated with this agreement.

For Acct/Budget Div. Use Only:

Verified by:	<u>[Signature]</u>	<small>only those employees listed below are authorized to verify the accuracy of the information provided on this form</small>
Verified Funds Available:	<u>[Signature]</u>	<small>Digitally signed by Frank Liu Date: 2020.10.29 11:20:40 +0700</small>
Date Approved:	<u>10/29/20</u>	