



Finance Committee Agenda

Tuesday, September 29, 2026, 8:30 AM
EXECUTIVE CONFERENCE ROOM - 3RD FLOOR
1 Civic Center Circle
Brea, CA 92821

MEMBERS: Mayor Pro Tem Marty Simonoff, Chair and Council Member Steve Vargas

ALTERNATES: Mayor Cecilia Hupp and Council Member Christine Marick

This agenda contains a brief general description of each item the Committee will consider. The Administrative Services Department has on file copies of written documentation relating to each item of business on this Agenda available for public inspection. Contact the Administrative Services Department Office at (714) 990-7676 or view the Agenda and related materials on the City's website at <https://www.cityofbrea.gov/1857/Meetings-and-Agendas>. Materials related to an item on this agenda submitted to the Committee after distribution of the agenda packet are available for public inspection in the Administrative Services Department's Office at 1 Civic Center Circle, Brea, CA during normal business hours. Such documents may also be available on the City's website subject to staff's ability to post document before the meeting.

Procedures for addressing the Committee

Members of the public may offer comment by phone or email or may observe the meeting by attending in person. All requests to offer comment must be submitted via phone by calling (714) 990-7676 or by emailing breannad@cityofbrea.gov by 12:00 p.m. on the Monday prior to the meeting.

Special Accommodations

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administrative Services Office at (714) 990-7676. Notification 48 hours prior to the meeting will enable City staff to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

PLEASE SILENCE ALL PAGERS, CELL PHONES AND OTHER ELECTRONIC EQUIPMENT WHILE THE COMMITTEE IS IN SESSION.

1. CALL TO ORDER/ROLL CALL

- 1.A. Attendees
- 1.B. Matters from the Audience

2. CONSENT

- 2.A. Approval of Minutes 08-11-2026

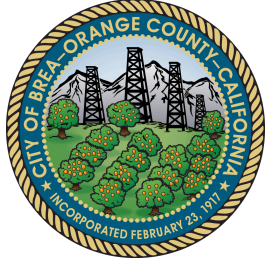
3. DISCUSSION

- 3.A. Commercial Office Lease Agreement between the City of Brea and Richards, Watson & Gershon (RWG)
- 1. Approve a one-year Commercial Office Lease Agreement with the RWG (Attachment A)
 - 2. Authorize the City Manager or designee to approve non-substantive changes, as well as amend and extend the term of the Commercial Office Lease Agreement, not to exceed a total of two years
 - 3. Amend the City's General Fund (110) Operating Budget to appropriate \$53,996 in Fiscal Year 2026-27 in additional revenue from the new Commercial Office Lease Agreement

4. ADJOURNMENT

Next Scheduled Meeting: Tuesday, October 13, 2026

Date Posted: September 24, 2026



CITY *of* BREA

Finance Committee Communication
September 29, 2026
Item No. 2A.

Approval of Minutes 08-11-2026

TO	PREPARED BY
Finance Committee Members	Breanna Davenport, Administrative Assistant
DEPARTMENT HEAD APPROVAL	CITY MANAGER APPROVAL
Monica Lo, Administrative Services Director	Kristin Webster, City Manager

Attachments

[Finance Committee-08-11-2026-minutesDraft.pdf](#)

Minutes for the Finance Committee

1 Civic Center Circle, Brea, CA 92821

August 11, 2026, 8:30 AM - 8:38 AM

1. CALL TO ORDER/ROLL CALL

Mayor Pro Tem Marty Simonoff called the meeting to order at 8:30 am.

1.A. Attendees

Mayor Pro Tem Marty Simonoff, Council Member Steve Vargas, Kristin Webster, Jason Killebrew, Monica Lo, Chief Adam Hawley, Michael Ho, Sean Matlock, Alicia Brenner, Nicole Houston, Rudy Correa, Joel Valencia, Ryan Chapman, Bryan Hong, Wade Whitman, Jenn Colacion, Anthony Godoy, Heather Harless, Tim Takahashi, and Debbie Duff

1.B. Matters from the Audience

None.

2. CONSENT

2.A. Approval of Minutes 06-09-2026

The minutes of the June 9, 2026 Finance Committee meeting were approved as written.

3. DISCUSSION

3.A. Curtis Theatre Lighting Equipment Purchase Agreement

The Finance Committee reviewed and recommended this item for City Council action.

3.B. OCTA Enhanced Mobility for Seniors and Individuals with Disabilities Grant Application

The Finance Committee reviewed and recommended this item for City Council action.

3.C. Acceptance of Integrated Crime Center (ICC) Citywide Camera Network, CIP 7719

Council Member Vargas requested information regarding the number of cameras in the City before and after the completion of this project. In addition, Council Member Vargas requested that staff evaluate the feasibility of installing additional conduits during significant street construction projects.

The Finance Committee discussed and recommended this item for City Council action.

3.D. Amend CIP 7946 Western Extension to the Tracks at Brea FY2026-27 Budget

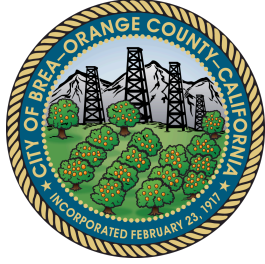
The Finance Committee reviewed and recommended this item for City Council action.

3.E. Approve Amendments for Additional As-Needed Arovista Park Services

The Finance Committee discussed and recommended this item for City Council action.

4. ADJOURNMENT

Mayor Pro Tem Marty Simonoff adjourned the meeting at 8:38 am.



CITY *of* BREA

Finance Committee Communication
September 29, 2026
Item No. 3A.

Commercial Office Lease Agreement between the City of Brea and Richards, Watson & Gershon (RWG)

TO	PREPARED BY
Finance Committee Members	Joselyn Magana, Management Analyst
DEPARTMENT HEAD APPROVAL	CITY MANAGER APPROVAL
Jason Killebrew, Assistant City Manager/Community Development Director	Kristin Webster, City Manager

RECOMMENDATION

Staff recommends that the Finance Committee recommend that the City Council take the following actions:

1. Approve a one-year Commercial Office Lease Agreement with the RWG (Attachment A);
2. Authorize the City Manager or designee to approve non-substantive changes, as well as amend and extend the term of the Commercial Office Lease Agreement, not to exceed a total of two years; and
3. Amend the City's General Fund (110) Operating Budget to appropriate \$53,996 in Fiscal Year 2026-27 in additional revenue from the new Commercial Office Lease Agreement.

BACKGROUND/DISCUSSION

James Markman has served as the primary City Attorney for the City of Brea ("City") and the former Brea Redevelopment Agency/Successor Agency since November 1, 1977, originally through Whelan and Markman, a Professional Law Corporation. Over the years, a Legal Services Agreement has been restated and amended multiple times. After initially contracting with James Markman as a professional corporation, the City continued receiving services through subsequent firms until 1997 when he joined Richards, Watson and Gershon (RWG). The Amended and Restated Agreement for Professional Legal Services effective July 1, 2004, is the most recent comprehensive agreement with RWG. This legal services agreement included provisions for rental space within the Brea Civic and Cultural Center as summarized below:

"Attorneys shall be provided that office space in the Civic/Cultural Center leased by City described in Exhibit "A" hereto (hereinafter "the office space") during the term of the Agreement for Attorneys' use in providing legal services hereunder and in servicing Attorneys' other clients. Attorneys also shall continue to be afforded immediate exclusive use of that room referred to as the Flower Conference Room. Attorneys agree to pay to City the amount of \$5,567.27 per month in arrears and to pay City's reasonable charges for janitorial services provided to the office space and shall not be required to pay any utility charges."

Since that time of the above-mentioned agreements, RWG has occupied approximately 3,947 square feet of professional office tenant space on the 2nd floor of the Brea Civic and Cultural Center ("Civic Center"). RWG has a desire to continue to occupy this existing space as a tenant of the City.

At the direction of the City Council, RWG's professional Legal Services Agreement and the Commercial Office Lease Agreement ("Office Lease") are desired to be separate, independent documents. On August 18, 2026, the City Council approved a new, one-year Legal Services Agreement with RWG that formalized the continued relationship between the City and RWG and includes updated terms governing scope of work, compensation, and the designation of the City Attorney effective October 1, 2026. It is the City's intent to review the contract after one year.

Although separate, staff is proposing lease term language that is in consistent with the Legal Services Agreement. The proposed Office Lease is included as an attachment of this report, with key lease terms outlined below

Proposed Key Terms

1. **Term.** *The Office Lease shall become effective on October 1, 2026 for a one-year term ending on September 30, 2027 ("Base Term").*
2. **Term.** *RWG shall have the right to extend the term of the Office Lease for one term of twelve (12) months ("Tenant Extension Term") by giving written notice of the extension to Landlord at least three (3) months prior to the expiration of the Base Term.*
3. **Rent.** *The initial rent during the Base Term of the Office Lease shall be Ten Thousand Six Hundred Fifty-Seven Dollars (\$10,657) per month, inclusive of utilities and janitorial services ("Rent"). Rent is calculated as Two Dollars and Seventy Cents (\$2.70) per month, per usable square foot.*
4. **Rent.** *The monthly Rent shall be increased effective on July 1, 2027, and each July thereafter, by an amount equal to the annual percentage increase published as the CPI (Consumer Price Index) for the U.S. Department of Labor, Bureau of Labor Statistics, for the Los Angeles-Long Beach-Anaheim area, determined by comparing the CPI for May 2027 to the CPI for May 2026, in order to calculate the annual increase, with a minimum increase of 2% and a maximum increase of 5%.*
5. **Condition of, and Improvements to, Premises.** *RWG has accepted the lease area "AS-IS" and agrees that the City shall have no obligation or responsibility, actual or implied, to repair, alter, install, construct, accommodate, or make any improvements to the Premises prior to the Commencement Date, or as a condition of Tenant accepting initial possession of the Premises.*

Methodology and Comparable Analysis

City staff, with the assistance and support of special counsel, negotiated and prepared the terms of the proposed Office Lease. The majority of the operational terms remain consistent with the current tenant/landlord relationship that has existed for decades. However, the rent amount was a primary focus of discussion between City staff and RWG, followed by analysis by City staff to ensure consistency with market trends.

City staff utilized technological tools and resources, as well as market assessments against the conditions and setting of the tenant space in the Civic Center. In addition, the City considered the most recently approved tenant space agreement with the Brea Olinda Unified School District (BOUSD) as a baseline. It is important to note that the most recent BOUSD rent rate is based on \$2.20 per square foot.

The proposed rent for this agreement is \$2.70 per square foot, or \$10,657 per month. In evaluating the conditions and amenities of the Civic Center, the Community Development Director has classified the RWG tenant space as a "Class B" office space. Southern California commercial real estate has industry standards and characteristics that distinguish the different office classes. Examples of these distinctions are included below:

- **Class A:** High-end office spaces in prime locations like Beverly Hills and Century City, featuring state-of-the-art amenities, cutting-edge infrastructure, and attracting top-tier tenants such as Fortune 500 companies, law firms, and tech startups.
- **Class B:** Located in established business hubs like Pasadena and Costa Mesa, Class B offices offer a balance of quality and price. While not as modern as Class A, these spaces are well-maintained and suited

for mid-sized businesses or regional offices.

- **Class C:** Found in suburban areas, Class C offices provide affordable options for small businesses and startups. Though lacking premium finishes, these spaces offer practical value and are ideal for cost-conscious tenants.

Source: <https://www.klabin.com/news/southern-california-commercial-real-estate-the-basics>

As mentioned previously, City staff conducted a survey of current, available rates within the “Class B” office space tier for surrounding areas, using the BOUSD lease as a baseline. A summary of the survey is attached as Exhibit 1.

Based on this research and support, staff recommends a rate of \$2.70 per square foot, adjusted for CPI within the new fiscal year.

FISCAL IMPACT/SUMMARY

A total of \$73,888 in annual revenue from the Office Lease with RWG was budgeted for Fiscal Year 2026-27. The proposed Office Lease would increase annual revenue to \$10,657 per month, or \$127,884 annually. Approval of the proposed Office Lease with RWG would result in an additional \$53,996 in General Fund (110) revenue for Fiscal Year 2026-27.

Attachments

[Exhibit 1](#)

[Attachment A - Commercial Office Lease Agreement between the City of Brea and RWG](#)

Current Office Lease Rate Comparables

Location	Class	Lease Type	Rent (Per Sq. Ft./Month)	Average Rent (Per Sq. Ft./Month)
City of Brea				
Brea - Class A				Brea Class A Average
Olen	A	Full-Service	\$ 2.65	\$2.95
Fairway Center	A	Full-Service	\$ 3.05	
Fairway Center	A	Full-Service	\$ 3.05	
Fairway Center	A	Full-Service	\$ 3.05	
Brea - Class B				Brea Class B Average
Fairway Center	B	Full-Service	\$ 2.75	\$2.56
Brea Corporate Plaza	B	Full-Service	\$ 2.50	
Brea Corporate Plaza	B	Full-Service	\$ 2.50	
Brea Corporate Plaza	B	Full-Service	\$ 2.50	
City of Irvine				
Irvine - Class A				Irvine Class A Average
Von Karman Lakeshore	A	Full-Service	\$ 3.35	\$3.74
Irvine Center	A	Full-Service	\$ 3.10	
The Launch	A	Full-Service	\$ 3.95	
The Launch	A	Full-Service	\$ 4.55	
Irvine/Newport Border	A	Full-Service	\$ 3.75	
Irvine - Class B				Irvine Class B Average
Near Irvine Spectrum	B	Full-Service	\$ 2.95	\$2.76
Near Irvine Spectrum	B	Full-Service	\$ 2.35	
Near Irvine Spectrum	B	Full-Service	\$ 2.75	
The Parc (Jamboree/Barranca)	B	Full-Service	\$ 2.95	
Venture Park - Irvine Business Park	B	Full-Service	\$ 3.05	
Irvine Concourse - Irvine Business Park	B	Full-Service	\$ 2.85	
Red Hill Corporate - near John Wayne	B	Full-Service	\$ 2.39	
City of Anaheim				
Anaheim - Class A				Anaheim Class A Average
5 Fwy / Ball Road	A	Full-Service	\$ 2.70	\$2.90
Near Angel Stadium	A	Full-Service	\$ 3.10	
Anaheim - Class B				Anaheim Class B Average
Harbor/Broadway	B	Full-Service	\$ 2.45	\$2.12
Anaheim Hills - Festival Center	B	Full-Service	\$ 1.75	
La Palma/Van Buren	B	Full-Service	\$ 2.15	
City of Orange				
Orange - Class A				Orange Class A Average
Union Bank Square - La Veta/Main	A	Full-Service	\$ 3.20	\$3.23
Orange Executive Tower - 22 Fwy/Main	A	Full-Service	\$ 3.25	
Orange -Class B				Orange Class B Average
Honda Center / Katella	B	Full-Service	\$ 1.75	\$2.12
55 Fwy/ 91 Fwy / Tustin Ave	B	Full-Service	\$ 2.49	
Class B (No Class A Offices Available)				
La Habra - Class B				All Cities Class B Average
Lambert/Harbor	B	Full-Service	\$ 1.75	\$2.48
Placentia - Class B				
57 Fwy/Orangethorpe	B	Full-Service	\$ 2.25	
Kraemer/Chapman	B	Full-Service	\$ 1.99	
Fullerton - Class B				
Downtown Fullerton	B	Full-Service	\$ 2.75	
Downtown Fullerton	B	Full-Service	\$ 3.50	
Yorba Linda - Class B				
Yorba Linda	B	Full-Service	\$ 2.49	
Buena Park - Class B				
5 Fwy / Artesia	B	Full-Service	\$ 2.60	

COMMERCIAL OFFICE LEASE AGREEMENT

THIS COMMERCIAL OFFICE LEASE AGREEMENT (the “**Lease**”) is dated October 1, 2026 and entered into by and between the City of Brea, a municipal corporation (“**Landlord**”) and Richards, Watson & Gershon, A Professional Corporation (“**Tenant**”), under the following terms and conditions:

R E C I T A L S

A. Landlord owns the land and improvements thereon (the “**Building**”) that constitute the City of Brea’s Civic and Cultural Center (“**Civic Center**”) located at 1 Civic Center Circle, including certain office space on Level 2 of the Building more particularly described and depicted on Exhibit “A” attached hereto and by this reference incorporated herein (the “**Premises**”).

B. Landlord and Tenant are entering into this Lease to facilitate Tenant’s continued use of the Premises as a law office from which it services its clients, including the City of Brea.

C. Landlord has determined that 1) the Premises are not currently needed for and will not interfere with its municipal operations; 2) leasing the Premises to Tenant at a fair and reasonable market rate generates revenue; and 3) the Lease promotes efficiency and benefits Landlord by having its contract City Attorney within close proximity and accessible to its staff and officials.

NOW THEREFORE, in consideration of the foregoing recitals, the mutual covenants herein, and other consideration, the sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Lease of Premises.

Landlord hereby leases the Premises to Tenant, and Tenant hereby leases the Premises from Landlord, subject to the terms and conditions hereinafter set forth. The Lease shall also entitle Tenant to use two parking spaces on secured parking level P2 within the Civic Center parking garage, free from additional charge, and as designated by the City Manager. In addition, Tenant’s employees may park in the general public parking areas of the Civic Center and the adjacent hotel. Landlord and Tenant agree that the Premises constitute 3,947 useable square feet, which measurement shall be conclusive under this Lease. This Lease shall supersede in its entirety any prior agreement between Landlord and Tenant regarding Tenant’s possession of the Premises.

2. **Term and Occupancy.** The term of this Lease (“**Term**”) shall be as follows and shall include the Base Term, and any Tenant Extension Term, Optional Monthly Term, and Mutual Extension Term:

a. **Base Term.** The initial term (hereafter “**Base Term**”) of this Lease shall be for twelve (12) months commencing on October 1, 2026 (the “**Commencement Date**”) and ending on September 30, 2027.

b. **Tenant Extension Term.** Tenant shall have the right to extend the term of this Lease for one term of twelve (12) months (“**Tenant Extension Term**”) by giving written

notice of the extension to Landlord at least three (3) months prior to the expiration of the Base Term.

c. Optional Monthly Term. With Landlord's express written consent, which may be granted by the City Manager, Tenant may remain in possession of the Premises after expiration of the Base Term or the Tenant Extension Term, and such tenancy shall be a month to month tenancy ("**Optional Monthly Term**") on the terms and conditions of the Lease, except that either party may terminate the Optional Monthly Term by giving written notice at least sixty (60) days in advance.

d. Mutual Extension Term. Landlord and Tenant may extend the Term of this Lease by mutual agreement ("**Mutual Extension Term**") for up to twenty-four (24) months as provided in Section 4.

e. Early Termination Option. Notwithstanding anything to the contrary in the Lease, if the City of Brea appoints as its City Attorney an attorney who is not an employee of Tenant, then Tenant at is sole option may terminate this Lease by providing at least thirty (30) days' notice of the effective date of the Lease termination. No further Rent shall be due from Tenant to Landlord after the effective date of the termination as provided in the notice.

f. Possession. Tenant may, upon execution of this Lease by Landlord and Tenant, continue to occupy the Premises provided Tenant complies with Section 14 (Insurance) and delivers an insurance certificate to Landlord prior to entry.

3. Rent and Deposit.

a. The initial rent during the Base Term of this Lease shall be Ten Thousand Six Hundred Fifty-Seven Dollars (\$10,657) per month, inclusive of utilities and janitorial services ("**Rent**"). Rent is calculated as Two Dollars and Seventy Cents (\$2.70) per month, per useable square foot, which shall be the rental rate (as adjusted by section 3.b) for any additional space leased by Tenant pursuant to Section 4. Tenant shall make the Rent payment on or before the first day of each calendar month during the Lease Term.

b. The monthly Rent shall be increased effective on July 1, 2027, and each July thereafter, by an amount equal to the annual percentage increase published as the CPI (Consumer Price Index) for the U.S. Department of Labor, Bureau of Labor Statistics, for the Los Angeles-Long Beach-Anaheim area, determined by comparing the CPI for May 2027 to the CPI for May 2026, in order to calculate the annual increase, with a minimum increase of 2% and a maximum increase of 5%. Subsequent CPI increases for the following years shall be based on annual May to May increases for the period ending May 31 immediately preceding the date of the increase. If for whatever reason, the CPI is not available for the month of May for the applicable year, the parties shall use a mutually agreeable calculation to determine the rate increase.

c. Tenant acknowledges that Landlord will incur additional administrative and other costs if Rent or any other sum due under this Lease is not paid when due, the exact amount of which would be impracticable to determine. Accordingly, if Landlord does not receive any installment of Rent or any other monetary obligation due under this Lease within five (5) calendar days after its due date, Tenant shall pay to Landlord a late charge equal to the greater of five percent

(5%) of the overdue amount or \$100.00, as liquidated damages and not as a penalty, to compensate Landlord for the additional costs resulting from the late payment.

d. Upon execution of this Lease, Tenant shall deposit with Landlord the sum of Ten Thousand Six Hundred Fifty-Seven Dollars (\$10,657) (the “**Security Deposit**”) as security for the full and faithful performance of Tenant’s obligations under this Lease. The Security Deposit is not an advance payment of Rent, shall not be considered a measure or limitation of Tenant’s liability for damages or defaults, and shall not constitute the last month’s Rent, unless expressly agreed to in writing by Landlord. If Tenant defaults under this Lease, Landlord may, but shall not be obligated to, use all or any portion of the Security Deposit to cure such default or to reimburse Landlord for any unpaid Rent, damages, costs of repair, restoration expenses, cleaning costs, attorneys’ fees (to the extent recoverable under this Lease or applicable law), or any other amounts owed by Tenant under this Lease. Landlord’s application of the Security Deposit shall not limit or waive any other rights or remedies available under this Lease or applicable law.

e. Rent and all other sums which shall become due under this Lease shall be payable (i) by hand delivery or mail at the office of the Landlord located at the Civic Center, Attn: Cashier’s Office, Brea, CA, (ii) by electronic payment with Automated Clearing House (“**ACH**”) directions provided by Landlord, or (iii) at such other place as Landlord may designate from time to time in writing. Mailed payments must be received (not postmarked) by Landlord by the date due.

4. Lease of Additional Space or Extension of Time Beyond Extension Term. If Tenant desires to lease additional space in the Building or seeks a time extension beyond a Tenant Extension Term or an Optional Monthly Term, the City Manager shall be authorized to approve a written amendment to this Lease to reflect those terms, provided (i) the Rent is increased in accordance with Section 3(b) above, (ii) Rent for any additional spaces is at the same rate per month, per useable square foot as the initial Premises, and (iii) any time extension does not exceed 24 months. Any amendments exceeding the authority granted to the City Manager herein shall be subject to approval by a majority vote of the City Council.

5. Condition of, and Improvements to, Premises.

a. Improvements. Under this Lease, Landlord shall have no obligation or responsibility, actual or implied, to repair, alter, install, construct, accommodate, or make any improvements to the Premises prior to the Commencement Date, or as a condition of Tenant accepting initial possession of the Premises

b. As-Is Condition. Tenant warrants and agrees that Tenant has inspected the Premises. Tenant agrees to take possession of the Premises in an AS-IS condition (without representation or warranty, express or implied).

c. Condition Upon Surrender. Upon termination of this Lease, Tenant shall surrender the Premises to Landlord in as good condition as on the Commencement Date ordinary wear and tear and damage by fire, earthquake, or act of God excepted, including any repairs or improvements made by Tenant.

d. CASp Disclosure. Landlord discloses that the Building has not undergone inspection by a Certified Access Specialist as referenced in California Civil Code Section 1938 subsection (e) which provides:

“A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.”

Pursuant to the foregoing Section 1938(e), Tenant acknowledges and agrees that, if Tenant wishes to have the Building inspected by a CASp: (i) Tenant must notify Landlord in writing; (ii) the inspection will be at Tenant’s sole cost and expense; (iii) Tenant shall provide a copy of the CASp report to Landlord on completion. Should any CASp alterations be required, Tenant shall be solely responsible for the CASp alterations.

6. Use. Tenant shall use the Premises for general law office use twenty-four (24) hours per day, seven (7) days per week, in connection with its operations and shall not permit the Premises to be used for any other purpose without the prior written consent of the City Manager, which may be granted or withheld at City’s sole and absolute discretion. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or parties in the Building. Nor shall Tenant cause, maintain or permit any nuisance in or about the Premises. Tenant shall maintain the Premises so as to be free from risk hazards to the public health, safety, or welfare.

Tenant shall not provide access keys or entry cards to the Premises to anyone who is not employed by Tenant. Upon execution of this Lease, Tenant shall provide to the City Manager, a list of all people who have direct access to Premises with keys or entry cards.

7. Compliance with Laws/Hazardous Materials.

a. Tenant shall comply with all applicable laws, ordinances, rules and regulations of governmental authorities applicable to the Building and Premises or the use or occupancy thereof (“**Laws**”), but will not be obligated to make any changes to the Building required by Laws.

b. Tenant shall not cause or permit any Hazardous Materials, as defined below, to be brought upon, kept, used, discharged, deposited or leaked in or about the Building by Tenant or any of Tenant’s agents or by anyone in the Building (other than Landlord or its agents,

employees or contractors), except to the extent such Hazardous Materials are cleaning or office supplies customarily kept or used by typical office tenants and are kept and used in accordance with Laws. If Tenant breaches the obligations stated in the preceding sentence, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, damages, costs, liabilities and expenses (including, without limitation, diminution in value or use of the Building, attorneys' fees, consultant fees and expert fees) which arise during or after the Term as a result of such contamination. "Hazardous Materials" shall mean any toxic or hazardous substance, material or waste or any pollutant or contaminant or infectious or radioactive material, including but not limited to those substances, materials or wastes regulated now or in the future under any of the following statutes or regulations promulgated thereto: (1) any "hazardous substance" within the meaning of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("**CERCLA**") 42 U.S.C. §9601, et seq. or the California Hazardous Substance Account Act, Cal. Health and Safety Code §25300 et seq. or the Porter-Cologne Water Quality Act, Cal. Water Code §13000 et seq. or the Hazardous Materials Transportation Act, 49 U.S.C. §1801, et seq.; (2) any "hazardous waste" within the meaning of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq.; or (3) any other substance, chemical, waste, toxicant, pollutant or contaminate regulated by any federal, state or local law, statute, rule, regulation or ordinance for the protection of health or the environment, including, without limitation, any petroleum products or fractions thereof.

c. Nothing in this Lease shall deem or be interpreted to release Landlord in its role as land owner under CERCLA or other applicable Laws, or a waiver of any claims thereunder nor does Tenant assume Landlord's liability for such obligation

d. Tenant shall not suffer or commit any waste or nuisance on the Building. Tenant shall not use or allow the Building to be used for any illegal purpose, or for a purpose other than general law office use and all activities reasonably related thereto.

8. Repair and Maintenance. Landlord shall, at its sole cost and expense, maintain the Building and "Building Structures and Systems" in first class, working condition and repair. Tenant otherwise shall maintain the Premises in the same condition and repair as on the Commencement Date, normal use and "wear and tear" excepted.

The term "Building Structures and Systems" shall include all of the following to the extent they are necessary to support the Premises in the intended use, regardless of whether such systems lie within or outside the Premises:

- a. all structural parts and support of, and improvements to, the Building or Premises including, without limitation, the foundations, supports, bearing and exterior walls, subflooring, and roof;
- b. all mechanical, electrical, gas, steam, plumbing, life safety, elevator, sprinkler, sanitary, sewage, heating, ventilation, and air-conditioning systems;
- c. all gutters, downspouts, storm water systems, and external doors and windows;
and

d. any similar structures or systems that were not constructed by Tenant.

9. Utilities. Tenant and Landlord agree the Rent provided in Section 3 above includes the cost of water, electrical, gas, janitorial services and other utility services, but excludes cable, internet and telephone costs. Tenant shall not run any new utility or communication service lines without prior written consent from the City Manager, which shall not be unreasonably withheld or delayed.

10. Alterations and Liens. Tenant shall not otherwise make or cause to be made any alterations, additions, or improvements to or of the Premises or Building or any part thereof without the prior written consent of Landlord, except for cosmetic or non-structural alterations up to a total cost of \$10,000. Any alterations, additions, or improvements affixed to the Premises, except furnishings, equipment, and trade fixtures, shall, at Landlord's option, become part of the Building and Premises and belong to Landlord on expiration or termination of the Term. If any personal fixtures are not removed by the expiration or earlier termination of the Term, Landlord may dispose of them in any manner or retain them, all without obligation or liability to Tenant, and Tenant hereby waives all laws and statutes to the contrary.

If Landlord consents to the making of any alteration, additions, or improvements to the Premises, they shall be made at Tenant's sole cost and expense. Tenant shall keep the Premises and Building free and clear of any liens or encumbrances which may arise from such work.

11. No Assignment and/or Subletting. Tenant may not sublet or assign all or part of the Premises.

12. Entry by Landlord. Landlord and its agents shall have the right to enter the Premises with reasonable notice and at reasonable times and in the event of emergency to inspect and examine the same and to make such repairs to the Premises as the Landlord shall deem advisable, and to show the Premises to prospective tenants, buyers or lenders.

13. Indemnification.

a. Waiver of Claims. To the extent permitted by law, Tenant waives all claims against Landlord for damage to person or the Premises arising for any reason during the Lease Term, other than claims caused by Landlord, its officers, employees, contractors, agents, other tenants, or third parties for which or whom Landlord is responsible. Tenant assumes all such risks for Tenant and any employees, licensees, invitees, agents, or contractors during the Lease Term.

b. General Indemnity. Tenant shall indemnify, defend (with counsel selected by Landlord at Tenant's expense), protect and hold harmless Landlord, its employees, agents, officers, legal counsel, assigns, any successor or successors to Landlord's interest in the Premises (hereinafter collectively referred to as the "**Indemnitees**") from and against all claims, damages (including but not limited to special and consequential damages), injuries, costs, response costs, losses, demands, debts, liens, liabilities, causes of action, suits, legal or administrative proceedings, interest, fines, charges, penalties and expenses arising out of any damage to any person or the Premises occurring in, on, or about the Premises, except to the extent caused by Landlord, its officers, employees, contractors, agents, other tenants, or third parties for which or whom Landlord is responsible.

14. Insurance.

a. Liability Insurance. Tenant shall carry, during the term hereof, public liability and building damage insurance with a single combined liability limit of not less than \$1 million per occurrence, \$2 million in aggregate, building damage limits of not less than \$1 million insuring against all liability of Tenant and its authorized representatives arising out of and in connection with Tenant's or its subtenants or others use and occupancy of the Building, and statutory workers' compensation insurance for any employees. Landlord shall be named as an additional insured on each such policy. Tenant shall provide proof of such insurance in the form of a certificate of insurance prior to entering the Premises.

b. Waiver of Subrogation. The parties release each other, and their respective authorized representatives, from any claims related to Tenant's lease of the Premises (for damage to any person or to the Premises and/or the Building in which the Premises are located, and to the fixtures, personal property, Tenant's improvements, and alterations of either Landlord or Tenant in or on the Premises and/or the Building in which the Premises are located) that are caused by or result from risks which are insured against under any insurance policies carried by the parties and in force at the time of any such damage and to the full extent of any proceeds paid under said policies.

15. Destruction of Building or Premises. If during the term of this Lease, the Building or the Premises and other improvements in which the Premises is located are totally or partially destroyed from a risk covered by insurance carried by either Tenant or Landlord, rendering the Building totally or partially inaccessible or unusable, this Lease shall continue. PROVIDED, however, Tenant shall have the following rights:

a. If the Premises are partially destroyed, Rent shall be pro-rated to reflect the proportion of the Premises destroyed, and Landlord shall be obligated to promptly rebuild the Building or Premises in a reasonable time to restore Tenant's full occupancy of the Premises; and

b. If thirty percent (30%) or more of the Premises are destroyed, Tenant may terminate this Lease at its sole option by providing at least thirty (30) days' notice of the effective date of the Lease termination. No further Rent shall be due from Tenant to Landlord after the effective date of the termination as provided in the notice.

16. Default and Landlord's Remedies.

a. Default. It shall be an "Event of Default" if a party shall fail to observe, keep or perform any of the terms, covenants, agreements or conditions contained in this Lease to be performed by such party, and such default continues for a period of thirty (30) days after written notice by the other party specifying the nature of the default with reasonable particularity, unless the nature of the default is such that more than thirty days is required to cure it and Tenant commences to cure it within such thirty-day period and thereafter diligently pursues it to completion. Notices given under this section shall specify the alleged default and the applicable Lease provisions, and shall demand that Landlord or Tenant perform the provisions of this Lease or pay the rent that is in arrears, as the case may be, within the applicable period of time, or quit the Premises.

b. Remedies. If any Event of Default shall occur, the other party shall have the right to terminate this Lease by written notice.

17. Signs. Landlord shall provide white vinyl lettering signage similar to all other Civic and Cultural Center tenants. Tenant shall not place any sign upon the Premises or the Building, without the City Manager's prior written consent.

18. Brokers. Tenant and Landlord each represent and warrant to each other that no broker has represented either of them or is otherwise entitled to a commission or fee in connection with the transactions contemplated in this Lease.

19. Attorneys' Fees. If either party commences an action against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to have and recover from the losing party reasonable attorneys' fees and costs of suit.

20. Notices. Any notice required or permitted to be given hereunder may be given by personal delivery or by United States certified mail, postage prepaid, addressed to:

Landlord, Attn: City Manager, Brea Civic & Cultural Center 1 Civic Center Circle, Brea, CA 92821 and

Tenant, Attn: Terence Boga, 1 Civic Center Circle, P.O. Box 1059, Brea, CA 92822-1059, or at such other address as the Landlord or Tenant shall designate in writing.

21. Waiver; Accord and Satisfaction. No delay or omission in the exercise of any right or remedy of Landlord on any default by Tenant shall impair such right or be construed as a waiver. The receipt and acceptance by Landlord of delinquent rent shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment for the particular rent payment involved. No payment by Tenant or receipt by Landlord of a lesser amount than the rent payment herein stipulated shall be deemed to be other than on account of the rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided in this Lease.

22. Time is of the Essence. Time is of the essence of this Lease as to the performance of all terms, covenants, and conditions stated herein.

23. Successors and Assigns. Except as otherwise provided herein, all of the terms and conditions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. In the event of any transfer, assignment or other conveyance or transfers of any such title or tenant, Landlord herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall be automatically freed and relieved from and after the date of such transfer. Landlord may transfer its interest in the Premises without the consent of Tenant and such transfer or subsequent transfer shall not be deemed a violation on Landlord's part of any of the terms and conditions of this Lease.

24. Titles and Definitions. The titles of Sections herein are for identification only. They shall not be considered to be a part of this Lease and shall have no effect upon the construction or interpretation thereof. The word "Landlord" and "Tenant" as used in this Lease shall include both singular, plural, masculine, feminine, and neuter as the context shall require.

25. Entire Agreement/Amendment. This Lease contains the entire agreement of the parties and supersedes all prior negotiations, drafts, and other understandings which the parties may have concerning the subject matter hereof. This Lease may not be modified except by written instrument duly executed by the parties hereto or their successors in interest.

26. Choice of Laws; Interpretation. This Lease shall be governed by and construed pursuant to the laws of the State of California. The provisions of this Lease shall be construed in accordance with the fair meaning of the language used and shall not be strictly construed against either party.

27. Recorded Memorandum of Lease. Concurrently with the execution and delivery of this Lease, Tenant shall execute, acknowledge and deliver to Landlord for recordation, a Memorandum of Lease in a form prescribed by the Landlord.

28. Authority. Each of the persons executing this Lease on behalf of Tenant warrants and represents that Tenant is a duly organized and validly existing entity, that Tenant has full right and authority to enter into this Lease and that the persons signing on behalf of Tenant are authorized to do upon request with evidence reasonably satisfactory to Landlord confirming the foregoing representations.

[SIGNATURES ON FOLLOWING PAGE]

LANDLORD:

CITY OF BREA

By: _____
Cecilia Hupp, Mayor

ATTEST

By: _____
Victoria Popescu, City Clerk

TENANT:

RICHARDS, WATSON & GERSHON
A Professional Corporation

By: _____
Kayser O. Sume
Chair, Board of Directors

EXHIBIT A
Description of Building and Premises Diagram