



Leasing Guidelines

4801 Airport Plaza Drive, Long Beach, CA 90815

LEASE RATES FOR OFFICE SPACES AND GENERAL ECONOMICS

It is the desire of Long Beach Transit ("Landlord") to provide for a lease rental rate structure and minimum lease terms to be utilized by the authorized leasing agent for LBT ("Leasing Agent") for the commercial building, located at 4801 Airport Plaza Drive, Long Beach, CA 90815 ("Property"). The Leasing Guidelines are intended to assist the Leasing Agent in negotiating the most beneficial lease terms that maximize the income stream and promote the best use of the Property. Moreover, it is expected that the use of the Leasing Guidelines will assist in streamlining the leasing process by providing advance authorization to enter into leases consistent with the Leasing Guidelines, which will further support the goal of obtaining the most beneficial lease terms.

LEASE RENTAL RATES

Office Rental Rates Base-Line Economics:

- Full Service Gross (FSG) with tenants paying common area expenses over a base year.
- Represent current "fair market rent," with a minimum rate of \$2.25 per square foot (psf) to \$2.75 psf on a Full Service Gross basis (FSG) basis or equivalent. Fair market rent for office space shall be defined as the rental income a property would likely command in the open market; indicated by the current rents paid for comparable space in the Long Beach office market. In negotiating the fair market rent, it is recognized that factors such as the term length, term renewals, rent abatement and tenant improvement allowances can impact the rental rate. Recognizing market conditions might fluctuate, if the fair market rent decreases by twenty percent (20%) or more, then the Leasing Guidelines will be revised and brought back for consideration.
- Contain fixed annual escalators ranging with a minimum of two percent (2%).

LEASE TERM LENGTH

All leases will be for a minimum of five (5) years, with a preferred minimum of ten (10) years. Renewal options will be for a minimum of five (5) years, with no more than two such options allowed.

In the event that a short-term lease of twelve (12) months or less would be advantageous, an exception to minimum lease term set forth above could be made for short-term rentals. An example of an acceptable type of use for a short-term lease would be a production company utilizing a portion of the building for filming. A short-form lease would be used in this instance.

RENT ABATEMENT

The lease may include Rent Abatement, which provides the tenant with free rent for the agreed upon time, in a maximum amount of one (1) month for each year of the initial lease term.

TENANT IMPROVEMENT ALLOWANCES

The Lease, if warranted based on other terms such as the lease rate, may include tenant improvement allowances. Tenant improvement allowances shall range from a minimum of \$10.00 psf to a maximum of \$60.00 psf, depending on the type of use, the financial strength of the tenant, and the length of the lease.

It is not uncommon for a Tenant to receive an allowance of \$.15 psf to conduct space-planning services during the early stages of lease proposal negotiations.

EXCLUSIVES

As a part of a negotiated lease, tenants may be granted the exclusive ability to sell certain goods or provide certain services within the building, provided no restriction would be imposed on any existing tenant.

TAXES

Subject to language set forth in the Lease and Base Year, Tenant shall be responsible for all real property taxes, possessory interest taxes and/or assessments on the Property (collectively, "Taxes") including any fees that are in lieu of Taxes.

As required by Section 107.6 of the Revenue and Taxation Code, in the event possessory interest taxes are assessed, Tenant shall be solely responsible for the payment of all Tenant's possessory interest taxes, if any, during the term of the Lease.

Pursuant to Section 107.6 of the California Revenue and Taxation Code, Tenant is hereby notified that: (i) the Leased Space is subject to possessory interest taxes, and that such taxes shall be paid by Tenant; and (ii) Tenant may be subject to the payment of property taxes levied on the possessory interest obtained by Tenant.

The parties acknowledge that during the term of this Lease, Tenant shall be solely responsible for any and all possessory interest taxes and related charges and expenses (collectively, "Possessory Interest Taxes") imposed with respect to the Premises, and shall indemnify, defend and hold harmless Landlord against all possessory interest taxes.

This statement is intended to comply with Section 107.6 of the Revenue and Taxation Code.

HEALTH PANDEMIC

Health Pandemic Related Responsibilities. Tenant and each of their respective employees, agents and representatives shall respond to all potential Health Pandemic viruses, which includes, but is not limited to, COVID-19, exposure events immediately.

If a possible infection from or potential exposure to a Health Pandemic Virus occurs involving Tenant, its subcontractors of Tenant and each of their respective employees, agents, and representatives while on the Premises pursuant to the terms of this Lease, Tenant shall immediately notify Landlord.

While the confidentiality of all medical conditions must be maintained in accordance with applicable law, Landlord reserves the right to inform any Landlord staff, employees, students, and/or visitors that an unnamed individual has been diagnosed with Health Pandemic Virus if any of Landlord's staff, employees, students, or visitors might have been exposed to the disease so such individual(s) may take measures to protect their own health.