



**FILED**

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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA**

**A1109017**

In the Matter of the Application of SOUTHERN )  
CALIFORNIA EDISON COMPANY (U 338-E) )  
for Authority to Lease Available Land on the )  
Laguna Bell-Lighthipe Transmission Right-of- )  
Way to the City of Paramount. )  
\_\_\_\_\_ )

Application No. \_\_\_\_\_

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR  
AUTHORITY TO LEASE AVAILABLE LAND ON THE LAGUNA BELL-LIGHTHIPE  
TRANSMISSION RIGHT-OF-WAY TO THE CITY OF PARAMOUNT**

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Dated: September 26, 2011

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR  
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**I.**

**INTRODUCTION**

Southern California Edison Company (SCE) respectfully requests an Order from the California Public Utilities Commission (Commission or CPUC), pursuant to California Public Utilities Code Section 851, authorizing SCE to lease to the City of Paramount a 9.20 acre site located on a portion of SCE’s Laguna Bell-Lighthiipe transmission right-of-way (Laguna Bell-Lighthiipe ROW) in the City of Paramount (Site). The Laguna Bell-Lighthiipe ROW is part of the 220 kilovolt (kV) system and includes, among others, CPUC-jurisdictional facilities. The City of Paramount will utilize the Site for public municipal park space (hereafter, a public park) if the Commission authorizes the lease.

In accordance with the categories listed in Attachment B to Advice 1286-E-A, SCE is offering the City of Paramount a lease for the secondary use of utility assets (Lease); a copy of the proposed Lease is attached hereto as Appendix A. Operation of a public park in accordance with the terms of the proposed Lease is compatible with SCE’s planned operation of the transmission and subtransmission lines located on the Site. Utility service is, therefore, not expected to be affected as a result of Commission approval of this Lease. The Lease will generate Other Operating Revenue (OOR) for SCE. The Lease will also provide community

benefits and otherwise support and promote the purposes and intent of Assembly Bill No. 521 (AB521).<sup>1</sup>

On January 30, 1998, SCE filed Advice 1286-E, which set forth proposed categories of non-tariffed products, and services offered for sale by SCE and provided descriptions for each category. This Advice filing was made pursuant to Rule VII.F of the Affiliate Transaction Rules contained in Appendix A of Decision No. 97-12-088 as subsequently modified by various decisions, including D. 06-12-029. Attachment B to Advice 1286-E-A identified the Secondary Use of Transmission Right-of-Ways and Land and the Secondary Use of Distribution Right-of-Ways, Land, Facilities and Substations as categories of existing non-tariffed products and services. On April 5, 2000, pursuant to Commission Resolution E-3639, SCE filed Advice 1286-E-A, which provides the current list of its non-tariffed product and service categories. Advice 1286-E-A was effective pursuant to Resolution E-3639 on May 15, 2000. Leasing utility right-of-way to the City of Paramount fits within one of these approved categories. This filing complies with the requirements of Rule VII for existing non-tariffed products and services.

The revenue from the proposed Lease will be treated as OOR. In Decision No. 99-09-070, the Commission adopted SCE's Gross Revenue Sharing Mechanism ("GRSM") for certain of SCE's other operating revenues. The Gross Revenue Sharing Mechanism is set forth in Part G of the Preliminary Statement to SCE's Tariffs. The adopted Gross Revenue Sharing Mechanism applies to OOR, except revenues that: 1) derive from tariffs, fees, or charges established by the Commission or the FERC; 2) are subject to other established ratemaking procedures or mechanisms; or 3) are subject to the Demand-Side Management Balancing Account. Under the Gross Revenue Sharing Mechanism, all applicable gross revenues recorded from non-tariffed products and services subject to the GRSM will be split between shareholders and ratepayers after the Commission-adopted annual threshold level of OOR has been met. For those non-tariffed products and services deemed "active" by the Commission, the revenues in

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<sup>1</sup> Assembly Bill No. 521 was signed by the Governor on October 11, 2009 and is codified in Section 857 of the  
Continued on the next page

excess of the annual threshold will be split between shareholders and ratepayers on a ninety percent (90%) to ten percent (10%) basis. For those non-tariffed products and services deemed “passive” by the Commission, the revenues in excess of the annual threshold will be split between shareholders and ratepayers on a seventy percent (70%) to thirty percent (30%) basis. Products or services offered under the Secondary Use of Transmission Right-of-Ways and Land and the Secondary Use of Distribution Right-of-Ways, Land, Facilities and Substations categories have been deemed “passive” for revenue sharing purposes. Accordingly, the revenue from the proposed Lease will be treated as “passive” and will be split between SCE’s shareholders and ratepayers on a seventy percent (70%) to thirty percent (30%) basis. In addition, all incremental costs associated with this activity will be paid for by shareholders.

## II.

### **BACKGROUND**

The Site is approximately 9.20 acres in size and located on a portion of SCE’s Laguna Bell-Lighthipe ROW in the City of Paramount.<sup>2</sup> The Site will be utilized by the City of Paramount for the development and operation of a public park. The use of the Site for a public park is compatible with its primary use as a right-of-way for aboveground transmission and subtransmission lines. SCE acquired the Site from Edison Securities on July 30, 1929.<sup>3</sup> The Site is currently vacant other than SCE’s transmission facilities (consisting primarily of towers and ancillary improvements). The City of Paramount proposes to lease and develop the Site for use as a public park. Under the proposed Lease with the City of Paramount, the Site will generate base rent of \$4,600.00 per year in year 1, and such base rent will be increased by ten percent

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California Public Utilities Code.

<sup>2</sup> Site description: The Site is bounded on the north by Rosecrans Avenue and running south until Somerset Boulevard along the west of Texaco Avenue. The site is predominantly bordered by residential and educational areas, with some light industrial/commercial and recreational uses at the north and south of the Site.

<sup>3</sup> The book value of Site is \$68,568.00

(10%) every five (5) years thereafter through the end of the Lease term. Thus, revenue from the proposed Lease will provide an OOR benefit to SCE ratepayers.

**A. Lease Agreement**

The Lease allows the City of Paramount to develop, operate and use the Site as a public park (Lease, Section 4.1). If the Commission grants this Application, a lease will be created upon SCE and the City of Paramount's acceptance of the CPUC decision and execution of the Lease (Lease, Section 1.2). The term of the Lease is twenty five (25) years from the date of CPUC approval (Lease, Section 1.1). Under the Lease, the City of Paramount will pay base rent of \$4,600.00 in Year 1, and such base rent will be increased by ten percent (10%) every five (5) years thereafter through the end of the Lease term (Lease, Schedule 1).

The Lease provides that the City of Paramount's activities must not interfere with the operation of the electric facilities that cross the Site (Lease, Sections 4.1 and 4.6). The City of Paramount is not allowed to use or store hazardous substances, explosives or flammable materials on the Site (Lease, Sections 4.6-4.9). Any equipment used by the City of Paramount on or adjacent to the Site must be used and operated to maintain a minimum clearance of (27) twenty-seven feet from all overhead electrical conductors (Lease, Section 4.10). The City of Paramount is required to maintain a minimum one hundred (100) foot radius around all tower legs, and a ten (10) foot radius around all steel poles, wood poles, and anchors (Lease, Section 4.11). Additionally, the City of Paramount must provide and maintain access roads on the Site that are at least sixteen (16) feet wide and capable of supporting a gross load of forty (40) tons on a three-axle vehicle (Lease, Section 4.11).

SCE retains the right and authority to enter the Site at any and all reasonable times to inspect the Site (Lease, Section 4.11). SCE also has the right to impose temporary restrictions on the City of Paramount's right to enter, occupy, and use the Site to allow SCE to perform any necessary work on the electrical facilities located on the Site (Lease, Sections 11.1-11.3) Finally, and significantly, SCE also retains the right to terminate, without compensation or payment to the City of Paramount (other than rental abatement where applicable), all or a part of the leasehold in the event SCE requires the Site for utility purposes (Termination Right); SCE's exercise of the Termination Right will not require SCE to exercise any of its condemnation powers (Lease, Sections 11.3-11.6).

Except for taxes and assessments on SCE's facilities and improvements, the City of Paramount is responsible for all real and personal property taxes, as well as other general or special assessments or fees levied against the Site or the improvements thereon (Lease, Sections 3.2-3.3). The City of Paramount is also responsible for obtaining all permits and approvals for construction and any land entitlements or use permits required for the improvements to and operation of a public park (Lease, Sections 4.6, and 5.2). The City of Paramount must also maintain specified comprehensive general liability insurance, comprehensive auto liability insurance and workers' compensation insurance (Lease, Article X). The City of Paramount further agrees to indemnify SCE against all liability for damages or injury/death to persons incurred in connection with or arising out of the Lease or the use or occupancy of the Site by the City of Paramount or anyone claiming through or under the City of Paramount (Lease, Section 10.3).

**B. Determination of Best Secondary Use**

SCE's objective in selecting secondary uses of its utility property is to provide revenue to its ratepayers and shareholders while safeguarding the utility's obligations to maintain the safety and reliability of its facilities. The facilities located on the Site are used in the transmission of electricity. Because aboveground transmission and subtransmission lines cross the Site, secondary land uses thereon are limited by restrictions and height clearances.

Of the land uses allowed by the City of Paramount that are compatible with planned utility operations, SCE determined that the best use for the Site is to have the City of Paramount lease and use the Site for a public park. This use offers significant benefit to the surrounding communities and generates ORR for the benefit of SCE's shareholders and ratepayers, both without diminishing SCE's ability to conduct its operations on the Site. Moreover, pursuant to Article 5 of the Lease, all plans for development of the Site must be reviewed and approved by SCE prior to construction to further ensure there is no interference with SCE's operations.

**C. Valuation of Site**

Traditional market value appraisal methods that attempt to determine the highest price that land would bring if sold on the open market for any use or purpose, are not adequate for valuing secondary uses. Instead, SCE establishes rental value of property based on the value the

property has for a specific secondary use. To evaluate the rental value for the Site on this basis, SCE retained an independent appraiser to perform an appraisal and prepare a report. The appraisal report identified the fair market rental range at \$1,800 to \$3,500 per acre per year, with a minimum annual increase of two percent (2%). While the fair market rental range identified in the appraisal report is higher than the rental rate the City of Paramount would pay under the proposed Lease, SCE believes that a lower rental rate is appropriate for the following reasons:

1. The City of Paramount's proposed use of the Site as a public park is a not-for-profit use, and will be established solely for the enjoyment and benefit of the public.
2. The proposed use of the Site as a public park is expressly authorized under AB521 (hereafter, Section 857 of the Public Utilities Code or Section 857). The use of the Site as a public park will provide significant community benefits by, among other things, providing public recreational facilities in a residential area that is generally lacking such facilities, improving public health and protecting the environment. Section 857 mandates that the CPUC include such community benefits as benefits to the ratepayers in the CPUC's determination of fair value.
3. The proposed use of the Site as a public park is not anticipated to restrict or interfere with SCE's continued use of the Site for public utility purposes due to the limitations and restrictions on use of the Site by the City of Paramount. Further, SCE's re-entry and use rights set forth in the Lease (including, without limitation, the Termination Right) establish and confirm that the primary use of the Site will continue to be public utility purposes.

To enable the City of Paramount to secure State bond funds for construction of the public park improvements, and to provide a public park for the benefit of both Paramount residents and the greater public, subject to Commission approval, SCE and the City of Paramount have agreed upon a base rental rate of \$500.00 per acre per year (for the 9.20 acres, a total of approximately \$4,600.00 annually) for years 1 through 5 of the Lease term, with base rent increases of ten percent (10%) occurring every five (5) years thereafter through the end of the Lease term. It is SCE's understanding that the City of Paramount would not be able to construct and operate the proposed park if the rental rate were set at a higher level.

SCE respectfully submits that, although the proposed rental rates are below the market rate identified in the appraisal report, the Lease is nonetheless of fair value to SCE's shareholders

and ratepayers on account of the significant community benefits provided from the development and use of the Site as a public park (which benefits, in turn, help to improve the utilities public image and increase goodwill). Accordingly, SCE believes that the agreed upon rental rate set forth in the proposed Lease is justified under the circumstances.

**D. Selection of Developer**

The City of Paramount, a duly formed city and political subdivision of the State of California, requested a lease for development and use of the Site for a public park. Accordingly, there are no other parties capable of developing and operating the Site as a public park.

**E. Environmental Matters**

In accordance with Article 4.2 of the Lease, titled “Land Use Restrictions,” the City of Paramount will procure and deliver to SCE evidence of compliance with all applicable codes, ordinances, regulations, and requirements for permits and approvals, including but not restricted to grading permits, building permits, and zoning and planning approvals from various governmental agencies and bodies having jurisdiction.

Under the California Environmental Quality Act (CEQA), the Commission is obligated to consider the environmental consequences of a project that is subject to the Commission’s discretionary approval (Public Resources Code 21080). The City of Paramount is the lead agency for CEQA review of the proposed public park project. On January 5, 2010, the City of Paramount filed a Notice of Exemption, Categorical Exemption Number 15304 with the Registrar/Recorder County Clerk; according to the City Manager of the City of Paramount, no comments were received during or after the filing period. Pursuant to ordering paragraph 5 of Decision No. 01-08-022, SCE has attached the City's final CEQA findings regarding the proposed park project as Appendix D.

**F. Fire Safety**

Although some local fire departments have raised issues concerning improvements being placed underneath overhead transmission lines, their focus has largely been on commercial improvements and structures. In this case, the project plan is for a public park (as reviewed and approved by SCE) that will have the following improvements: landscaping improvements, a rubberized jogging track, an artificial turf field, exercise stations and parking lot. No physical

structures are contemplated. The City of Paramount has determined that since the proposed park has no structures as part of its design, the project is only subject to ministerial review and approval (including, if applicable, review by the Los Angeles County Fire Department). No special or unique conditions of approval have been imposed for the development of the Site as a public park by the City of Paramount.

**G. Commission Imposition of Environmental Conditions on this Transaction**

The Site is, and will continue to be, utility operating property. Thus, ratepayers should continue to have certain financial responsibilities for the operation and maintenance of utility facilities on the Site. Environmental claims arising out of utility operations are precisely the type of claims for which SCE should be allowed to seek cost recovery from ratepayers. The Commission addressed this precise issue in Decision No. 01-05-004 and Decision No. 01-05-005. SCE does not object to Commission imposition of those same provisions, which permit cost recovery from ratepayers for claims relating to utility operations, and preclude ratepayer liability for environmental claims related to the tenancy or activity of the lessee.

**H. The Proposed Transaction Will Benefit the Public**

Section 851 provides, in relevant part, that no public utility shall lease property that is “necessary or useful in the performance of its duties to the public” without first having obtained an order or approval from the Commission authorizing it to do so. The relevant inquiry for the Commission in Section 851 proceedings is whether the proposed transaction is “adverse to the public interest.”<sup>4</sup> The proposed Lease satisfies this test. The public interest is not harmed since the Lease is not expected to affect the utility’s planned operation of the transmission and subtransmission lines which cross the Site.<sup>5</sup> The Commission has determined that the public interest is served when utility property is used for other productive purposes without interfering

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<sup>4</sup> See, e.g., *Universal Marine Corporation*, D.84-04-102, 1984 Cal. PUC LEXIS 962, \*3, 14 CPUC 2d 644 (“[W]e have long held that the relevant inquiry in an application for transfer is whether the transfer will be adverse to the public interest”); see also D.89-07-016, 1989 Cal. PUC LEXIS 582, \*25, 32 CPUC 2d 233.

<sup>5</sup> As noted earlier, if the leased property becomes necessary for utility operations, SCE has reserved the right to terminate all or a portion of the Site without compensation to the City of Paramount.

with the utility's operation or affecting service to utility customers.<sup>6</sup> Because the proposed Lease will provide revenues for the benefit of SCE's shareholders and ratepayers and significant community benefits without any significant risk to SCE's utility operations at the Site, SCE requests that the Commission authorize the Lease.

### III.

#### **COMPLIANCE WITH RULE 2.1(C)**

In compliance with Rule 2.1(c) of the Commission's Rules of Practice and Procedure, SCE is required to state "the proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule." SCE proposes to categorize this Application of Southern California Edison Company (U 338-E) for Authority to Lease Available Land on the Laguna Bell-Lighthipe Transmission Right-of-Way to the City of Paramount as a rate setting proceeding. SCE anticipates that hearings will not be necessary. The issue to be considered is as follows: Is the proposed lease of available land on an SCE right-of-way to the City of Paramount for use as a public park adverse to the public interest? SCE respectfully submits that as set forth in Section 857 of the Public Utilities Code, such a use is not adverse to the public interest. Moreover, SCE respectfully proposes the following schedule for this Application:

851 Application Filed	September 26, 2011
Application Accepted as Complete	October 26, 2011
Protests Due (if any) 30 days after notice in Daily Calendar	October 26, 2011
Reply to Protests (if any) 10 days after last day for protests	November 5, 2011
ALJ Proposed Decision	November 16, 2011
Commission Decision	December 17, 2011

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<sup>6</sup> D.93-04-019, p. 3 ("Joint use of utility facilities has obvious economic and environmental benefits. The public interest is served when utility property is used for other productive purposes without interfering with the utility's operation or affecting service to utility customers.")

#### IV.

#### **STATUTORY OR PROCEDURAL REQUIREMENTS**

##### **A. Applicant**

The Applicant is Southern California Edison Company, an electric public utility organized and existing under the laws of the State of California. The location of SCE's principal place of business is 2244 Walnut Grove Avenue, Rosemead, California 91770. The name, title, and address of the persons to whom correspondence or communication in regard to this Application is to be addressed are as follows:

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Law Department  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, California 91770  
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Facsimile: (626) 302-3119  
E-mail: [Case.Administration@sce.com](mailto:Case.Administration@sce.com)

##### **B. Articles of Incorporation**

A copy of SCE's Restated Articles of Incorporation, as amended through June 1, 1993, and as presently in effect, certified by the California Secretary of State, was filed with the Commission on June 15, 1993, in connection with Application No. 93-06-022<sup>7</sup> and is incorporated herein by reference pursuant to Rule 16 of the Commission's Rules of Practice and Procedure. A copy of SCE's corrected Restated Articles of Incorporation, certified by the California Secretary of State, and as presently in effect, was filed with the Commission on September 19, 1997, in connection with Application No. 97-09-038<sup>8</sup> and is also incorporated herein by reference pursuant to Rule 16.

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<sup>7</sup> A.93-06-022, filed June 15, 1993, regarding approval of a Self-Generation Deferral Agreement between Mobil Oil Corporation Torrance Refinery and Southern California Edison.

<sup>8</sup> A.97-09-038, filed September 19, 1997, regarding expedited and *ex parte* approval of negotiated termination of certain Interim Standard Offer No. 4 Power Purchase Contracts.

**C. Balance Sheet and Statement of Income**

Appendix B to this Application contains copies of SCE's balance sheet as of March 31, 2011, and statement of income for the period ending March 31, 2011. The balance sheet shows SCE's utility plant at original cost, less accumulated depreciation. Since 1954, pursuant to Commission Decision No. 49665 dated February 16, 1954, in Application No. 33952, as modified by Decision No. 91799 in 1980, SCE has utilized straight-line remaining life depreciation for computing depreciation expense for accounting and ratemaking purposes in connection with its operations. Pursuant to Commission Decision No. 59926, dated April 12, 1960, SCE uses accelerated depreciation for income tax purposes and "flows through" benefits or detriments in income tax to customers within the Commission's jurisdiction for property not subject to the Accelerated Cost Recovery System (ACRS) or Modified Accelerated Cost Recovery System (MACRS) for federal income tax purposes. Pursuant to Decision No. 93848 in OII-24, SCE "normalizes" benefits or detriments in income tax to customers as required by Internal Revenue Code Section 168(f)(2) for ACRS/MACRS property placed in service after 1980 for federal income tax purposes. Pursuant to Decision No. 88-01-061, dated January 28, 1988, SCE uses a gross of tax interest rate in calculating the AFUDC rate, and income tax normalization to account for the increased income tax expense caused by the tax provisions requiring capitalization of interest during construction for income tax purposes.

**D. Description of Southern California Edison Company**

SCE is an investor-owned public utility engaged in the business of generating, transmitting, and distributing electric energy in portions of Central and Southern California. In addition to its properties in California, it owns, in some cases jointly with others, facilities in Nevada, Arizona, and New Mexico, its share of which produces power and energy for the use of its customers in California. In conducting such business, SCE operates an interconnected and integrated electric utility system.

**E. Service Territory**

SCE's service territory is located in 15 counties in Central and Southern California, consisting of Fresno, Imperial, Inyo, Kern, Kings, Los Angeles, Madera, Mono, Orange,

Riverside, San Bernardino, Santa Barbara, Tuolumne,<sup>2</sup> Tulare, and Ventura Counties, and includes approximately 180 incorporated communities as well as outlying rural territories. A list of the counties and municipalities served by SCE is attached hereto as Appendix C. SCE also supplies electricity to certain customers for resale under tariffs filed with the Federal Energy Regulatory Commission.

**F. Statutory Authority**

This Application is made pursuant to the provisions of Sections 851 and 857 of the California Public Utilities Code, the Commission's Rules of Practice and Procedure, and prior decisions, orders, and resolutions of this Commission.

**G. Supporting Appendices**

Appendices A through D, below are made a part of this Application.

<b><u>Appendix</u></b>	<b><u>Title</u></b>
A	Lease Agreement Between Southern California Edison Company and the City of Paramount, dated January 5, 2011
B	SCE's Balance Sheet and Statement of Income as of March 31, 2011
C	List of Counties and Municipalities Served by SCE
D	City of Paramount Notice of Categorical Exemption: Section 15304 and Resolution No. 10:003
E	Public Utilities Code, Section 857

**H. Request For Expedited and Ex Parte Treatment**

SCE believes that this Application contains all of the information that is required to support the requested Order. However, SCE is prepared to provide such other information as the Commission may require to act on this Application. SCE further believes that this Application does not raise any material issues of fact.

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<sup>2</sup> SCE provides electric service to a small number of customer accounts in Tuolumne County and is not subject to franchise requirements.

The Order requested by this Application is similar to that previously granted by the Commission to SCE to lease available land for secondary uses in several applications including Decision Nos. 09-03-037 (modifying 06-10-011), 06-01-037, 05-11-022, 03-09-006, 03-08-060, 03-05-016, 03-03-035 and 03-03-027. SCE requests expedited treatment of this Application at the earliest possible date in order to proceed with the proposed lease and the resulting generation of revenue for SCE's ratepayers. Additionally, prompt approval will permit the City of Paramount to proceed with its request for bond funds to construct the park. SCE also requests that this Application be granted *ex parte*. The transaction is consistent with the public interest, is not expected to have an impact on SCE's ability to serve its customers, will benefit SCE's shareholders and ratepayers and will provide significant benefits to the surrounding community. No parties other than SCE and The City of Paramount are affected by the proposed Lease.

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V.

**CONCLUSIONS**

SCE respectfully requests that the Commission issue an expedited *ex parte* Order authorizing SCE to lease the Site to the City of Paramount in accordance with the attached Lease.

Respectfully submitted,

SOUTHERN CALIFORNIA EDISON COMPANY

/s/ Cecil R. House

By: Cecil R. House  
Senior Vice President  
Operations Support and Chief Procurement  
Officer

By: /s/ Mark A. Rothenberg Date: 8/24/2011  
Mark A. Rothenberg  
Attorney for  
SOUTHERN CALIFORNIA EDISON COMPANY

The City of Paramount

By: /s/ Linda Benedetti-Leal Date: 9/14/2011  
City Manager  
16400 Colorado Boulevard  
Paramount, CA 907023

**APPENDIX A**

**Lease Agreement Between Southern California Edison Company and the City of  
Paramount, dated March 22, 2010**

# LEASE AGREEMENT

by and between

Southern California Edison Company,

and

The City of Paramount

**LEASE AGREEMENT**

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## LEASE AGREEMENT

This Lease Agreement (as the same may be amended, this "Agreement") is entered into this 22nd day of March, 2010 by and between Southern California Edison, a California corporation, ("Lessor"), and City of Paramount ("Lessee") (individually referred to herein as "Party" and collectively referred to as "Parties") and is made with reference to the following facts:

### RECITALS

- A. Lessor is a public utility company regulated by the California Public Utilities Commission ("CPUC") and is in the business of generating, transmitting and distributing electrical power to its customers throughout the Southern California area.
- B. Lessee is a duly formed City and political subdivision of the State of California.
- C. Lessee is authorized under Proposition 84 the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 to enter into agreements that further the purposes of Prop 40, 50 and 84.
- D. Lessor is the owner of that certain +/- 9.20 acre parcel of real Site located in the County of Los Angeles, State of California, (the "Site") that Lessor has determined is potentially suitable for the use by Lessee for public park and recreation purposes. The identified Site is more particularly identified in Exhibit "A" attached hereto and incorporated herein. Lessor has determined that the park and recreation use, as proposed by Lessee, is compatible with Lessor's primary use of the Site for electric utility purposes as reserved by Lessor under this Agreement.
- E. Lessee desires to obtain from Lessor, and Lessor desires to grant to Lessee, a lease for the Site upon the terms and conditions set forth in this Agreement expressly to assist Lessee in furthering the purposes of Proposition 40, 50, 84 and other such applicable funding sources.

### ARTICLE I

#### LEASE

- 1.1 Lease Term. The Lease for the Site shall be for a term of twenty five (25) years (the "Lease Term") commencing on the date of the CPUC's order approving this Lease as set forth in Article 1.2 below (the "Lease Commencement Date"), and terminates on the twenty fifth (25<sup>th</sup>) anniversary of the Lease Commencement Date (the "Termination Date"), unless sooner terminated in accordance with the terms of this Agreement.
- 1.2 Approval. Lessee understands that Lessor must obtain authorization from the CPUC pursuant to Section 851 of the California Public Utilities Code as a condition to lease the Site. Lessor agrees to file an application with the CPUC and will use its commercially reasonable efforts to secure approval to lease the Site to Lessee. In the event the CPUC issues an order authorizing Lessor to lease the Site with no conditions, the Lease will be created upon Lessee and Lessor executing this Agreement and the "Lease Commencement Date" shall be date on which such order is issued. In the event the CPUC issues an order authorizing Lessor to lease the Site subject to certain conditions,

Lessor shall deliver to Lessee a copy of any such order by the CPUC, and Lessee and Lessor shall have thirty (30) days to elect either to (a) abide by any conditions imposed by the order; or (b) decline to abide by such conditions. In the event Lessee and Lessor elect to abide by such conditions imposed by the order, the Lease shall be created upon Lessee's and Lessor's execution of an amendment to this Agreement incorporating such conditions and the "Lease Commencement Date" shall be date on which such amendment is issued; the execution of any such amendment by Lessee and Lessor shall evidence the Parties' approval of such conditions imposed by the order. If Lessee and Lessor do not mutually agree to abide by such conditions, then the Parties shall have no obligation whatsoever under this Agreement. Lessor makes no representation or warranty whatsoever to Lessee regarding the outcome or the length of the Section 851 application process. In the event the CPUC prohibits Lessor from leasing the Site in accordance with this Agreement, then Lessor shall have no obligation whatsoever under this Agreement.

## ARTICLE II

### RENT

- 2.1 Rent. Lessee agrees to pay in lawful money of the United States as rent ("Base Rent") for the use of the Site during the term of this Agreement, without deduction, abatement, prior demand or offset, at the times and in the manner as hereinafter provided. Base Rent for the Site in the annual amounts specified on Schedule "1" attached hereto below shall be payable in advance in equal yearly installments on the Lease Commencement Date and on the anniversary of the Lease Commencement Date each year of the Lease Term thereafter at Lessor's address set forth in Section 2.3 below or at such other place as Lessor may designate in writing. Unless the context requires otherwise, references to "Rent" in this Agreement shall mean Base Rent together with all other amounts or payments required to be made by Lessee to or for the benefit of Lessor under this Agreement.
- 2.2 Late Payment Charges. Lessee acknowledges that late payment by Lessee to Lessor of the Rent will cause Lessor to incur costs not contemplated by this Agreement, the exact amount of such costs being extremely difficult and impractical to fix. Such costs include, without limitation, processing, accounting and interest charges. Therefore, if any installment of the Rent is not received on the due date, and if such default is not cured in the time frames set forth with Section 13.2 (a) of the Lease, Lessee will be charged a ten percent (10%) late fee on all amounts outstanding. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Lessor will incur by reason of late payment by Lessee.
- 2.3 Checks for Rent Rent payments shall be made payable to "Southern California Edison Company" and mailed to Post Office Box 800, Rosemead, California 91770, Attention: Corporate Accounting Dept. - Accounts Receivable, or such other address as Lessor may designate in writing.

## ARTICLE III

### TAXES; ASSESSMENTS

- 3.1 On Real and Personal Site. Lessor shall be responsible for all personal property taxes, if any, assessed against Lessor's improvements located on the Site. Lessee shall pay without abatement, offset or deduction all other real and personal property taxes, general and special assessments, and other charges of every description levied or

assessed against the Site, improvements located on the Site constructed by Lessee, personal property of Lessee located on or in the land or improvements, the leasehold estate, or any subleasehold estate, to the full extent of installments falling due during the Lease Term. Nothing herein shall require Lessee to pay any taxes assessed against any equipment or improvements belonging to Lessor. Lessee shall make all payments direct to the charging authority at least five (5) days before delinquency and before any fine, interest, or penalty shall become due or be imposed by operation of law for their nonpayment. If, however, the law expressly permits the payment of any or all of the above items in installments (whether or not interest accrues on the unpaid balance), Lessee may, at Lessee's election, utilize the permitted installment method, but shall pay each installment with any interest before delinquency.

- 3.2 Prorations. All payments of taxes or assessments or both, except permitted installment payments, shall be prorated for the initial Lease Term year and for the year in which the Lease terminates. For permitted installment payments of which at least the first installment fell due before the commencement of the Lease Term, Lessee shall pay all installments falling due after commencement of the Lease Term. For permitted installment payments of which the first installment falls due during final years of the Lease Term, Lessee shall pay only the installment(s) falling due before expiration of the Lease Term.
- 3.3 For Other Property of Lessor. If the Site is assessed with other property of Lessor for purposes of property taxes, assessments, or other ad valorem or improvement levies (collectively referred to in this paragraph as taxes), all taxes imposed on the entire parcel of which the Site is a part shall, until the Site is separately assessed, be prorated and Lessee shall pay that fraction of the entire tax equal to the fraction that the value of the Site (excluding Lessor's improvements and equipment) bears to the value of the total property included in the assessment.
- 3.4 Lessee's Right to Contest. Lessee may contest the legal validity or amount of any taxes, assessments, or charges imposed by a taxing agency for which Lessee is responsible under this Agreement, and may institute such proceedings as Lessee considers necessary. If Lessee contests any tax, assessment, or charge Lessee may withhold or defer payment under protest but shall protect Lessor and the Site from any lien by adequate surety bond or other appropriate security.

Lessor appoints Lessee as Lessor's attorney-in-fact for the purpose of making all payments to any taxing authorities and for the purpose of contesting any taxes, assessments, or charges, conditioned on Lessee's preventing any liens from being levied on the Site or on Lessor (other than the statutory lien of Revenue and Taxation Code Section 2187).

- 3.5 Proof of Compliance. Lessee shall furnish to Lessor, at least three (3) days before the date when any tax, assessment, or charge would become delinquent, receipts or other appropriate evidence establishing their payment. Lessee may comply with this requirement by retaining a tax service to notify Lessor whether the taxes have been paid.

## ARTICLE IV

### USES; PURPOSES

- 4.1 Uses. Lessee shall use and permit the use of the Site for park space and recreational purposes, which shall consist of the following: Greenbelts (grass, shrubs, and trees with a fifteen (15) foot maximum height nature growth species limitation), pedestrian hiking and non-motorized biking trails, which is consistent with the purposes of Prop 40 and Prop 50, or other consistent laws and regulations or future bond measures that may follow Prop 40 and Prop 50, upon the terms and conditions set forth in this Agreement and for which Lessee has obtained Lessor's prior written consent, consistent with Lessor's use of the Site for its power lines and equipment (the "Approved Use"). In no event shall the Approved Use be inconsistent with the Secondary Land Use Requirements, attached hereto as Exhibit "B" and as may be reasonably amended from time to time or otherwise not further the purposes of Prop 40 and Prop 50 as set forth upon the effective date of this Agreement. No uses other than the Approved Use will be allowed on the Site.
- 4.2 Land Use Restrictions. Lessee may obtain land entitlements (e.g. conditional use permit), required for the Approved Use, provided that Lessee first obtains Lessor's prior written consent to do so, and further provided that in no event shall the potential land entitlements interfere or otherwise constrain SCE's current or future primary use of the Site for utility purposes.
- 4.3 Condition of Site. Lessee hereby accepts the Site in its condition existing as of the date of the execution hereof, subject to all applicable zoning, municipal, county, state and federal laws, ordinances and regulations governing and regulating the use of the Site. Lessee acknowledges that neither Lessor nor any agent of Lessor has made any representation or warranty with respect to the condition of the Site or the suitability thereof for Lessee's intended use, nor has Lessor agreed to undertake any modification, alteration or improvement to the Site except as provided in this Agreement.
- 4.4 Acceptance of the Site. Except as may be otherwise expressly provided in this Agreement, the taking of possession of the Site by Lessee shall in and of itself constitute acknowledgment that the Site is in good and leaseable condition, and Lessee agrees to accept the Site in its presently existing "as is" condition. Lessor shall not be obligated to make any improvements or modification thereto except to the extent otherwise expressly provided for in this Agreement.
- 4.5 Site Investigation. Lessee represents to Lessor that it has made a sufficient investigation of the condition of the Site existing immediately prior to executing this Agreement (including investigation of the surface, subsurface and groundwater for contamination and hazardous substances) and is satisfied (a) that the Site will safely support the Approved Use, (b) that the Site is otherwise fully fit physically and lawfully for the uses required and permitted by this Agreement, and (c) that the Lessee accepts all risks associated therewith. Lessee acknowledges that, prior to the execution of this Agreement, Lessor provided Lessee access to the Site for a reasonable time and upon reasonable terms and conditions for purposes of providing to Lessee the opportunity to investigate, sample and analyze the soil and groundwater on the Site for the presence of hazardous substances. The phrase "hazardous substance", as used herein, has the same meaning as that phrase has under Section 25359.7 of the California Health and Safety Code.

- 4.6 Compliance with Laws. Lessee shall, except as otherwise expressly provided in this Agreement, be solely responsible, without any cost or expense to Lessor, to take all actions necessary to improve and continuously use the Site as required by this Agreement and in compliance with all applicable laws, statutes, zoning requirements, ordinances, governmental rules or regulations or requirements of any duly constituted public authority now or later in force, or with the requirements of the State Fire Marshall or other similar body now or hereafter constituted, relating to or affecting the condition, use or occupancy of the Site. The judgment of any court of competent jurisdiction or the admission of Lessee in any action against Lessee, whether Lessor is a party thereto or not, that Lessee has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Lessor and Lessee. Lessee shall not allow the Site to be used for any unlawful purpose, nor shall Lessee cause, maintain or permit any nuisance in, on or about the Site. Lessee shall not commit or suffer to be committed any waste in or upon the Site. Lessee shall not interfere with Lessor's access to and use, repair, maintenance, replacement, alteration and operation of Lessor's improvements, equipment and facilities located on the Site, which rights of access, use, repair, maintenance, replacement, alteration and operation are hereby expressly reserved by Lessor.
- 4.7 Petroleum Products. Except as otherwise expressly permitted by Lessor, Lessee shall not install facilities for, or operate on the Site, a gasoline or petroleum supply station, nor shall the transportation or storage of gasoline or petroleum products be permitted.
- 4.8 Explosives And Flammable Materials. The Site shall not be used for the manufacture of flammable materials or explosives, or for any storage of flammable materials or explosives. Further, the Site shall not be used by Lessee for any other purposes deemed by Lessor to be a potential fire or other hazard. The operation and maintenance of the Site shall be subject to regulations issued by Lessor so as to protect against fire or other hazard impairing the use, safety and appearance of the Site. The occupancy and use of the Site shall not be such as will permit hazardous or objectionable smoke, fumes, vapors or odors to rise above the surface of the Site.
- 4.9 Hazardous Substances. Lessee shall not use, create, store or allow any hazardous substances on the Site. Fuel stored in a motor vehicle for the exclusive use in such vehicle is excepted. In no case shall Lessee cause or allow the deposit or disposal of any hazardous substances on the Site. Lessor, or its agents or contractors, shall at all times have the right to go upon and inspect the Site and the operations thereon to assure compliance with the requirements herein stated. This inspection may include taking samples of substances and materials present for testing, and/or the testing of soils. Lessee shall be responsible for and bear the entire cost of removal and disposal of hazardous substances introduced to the Site during the Lease Term. Lessee shall also be responsible for any clean-up and decontamination on or off the Site necessitated by the introduction of such hazardous substances on the Site. Lessee shall not be responsible for or bear the cost of removal or disposal of hazardous substances introduced to the Site during any period prior to the Lease Term. Lessee shall indemnify, defend and hold Lessor harmless from and against all liabilities, damages, claims, losses, costs or expenses (including, without limitation, attorneys' fees) incurred by or brought against Lessor in connection with or arising out of the use, storage, disposal, release or other presence of hazardous substances on, in, under or about the Site during the Lease Term, except to the extent caused by any actions of Lessor, its agents, contractors or employees.

- 4.10 Height Limitations. Any equipment used by Lessee or its agents, employees or contractors, on and/or adjacent to the Site, will be used and operated so as to maintain a minimum of twenty seven (27) feet of vertical ground clearance from all overhead electrical conductors and otherwise maintain clearances in accordance with the results of line clearance evaluations performed by SCE in connection with SCE's review of Lessee's plans and specifications.
- 4.11 Access and Clearances. Lessee will provide Lessor with adequate access to all of Lessor's facilities on the Site and at no time will there be any interference with the free movement of Lessor's equipment and materials over the Site. Lessor may require Lessee to provide and maintain access roads within the Site, at a minimum of sixteen (16) feet in width, together with commercial driveway aprons and curb depressions capable of supporting a gross load of forty (40) tons on a three-axle vehicle. Lessee will make no use of the area directly underneath Lessor's towers and will maintain the following minimum clearances at all times, except as otherwise approved by Lessor in writing:

- (a) One Hundred (100) feet from all towers.
- (b) Ten (10) feet from all steel poles, wood poles and anchors.

NOTE: Additional clearance shall be required for structures and other material improvement.

- 4.12 Parkways, Landscaping and Weed Abatement. Lessee will keep parkway and sidewalk areas within and adjacent to the Site free of weeds and trash. Lessee will maintain parkways and provide landscaping that is satisfactory to Lessor. Lessee will be responsible for all weed abatement on the Site.
- 4.13 Fencing. Lessee may install fencing on the Site with prior written approval from Lessor. Such fencing will include double drive gates or electronic gates, a minimum of sixteen (16) feet in width, designed to accommodate Lessor's locks, in locations specified by Lessor. Lessee will ground and maintain all fencing.
- 4.14 Wrecked Vehicles and Parking. Lessee shall not park or store wrecked or inoperable vehicles of any kind on the Site. Vehicle parking shall be limited to those areas which are shown on Lessee's plans and specifications which have received Lessor's prior written approval, and further provided that such parking shall be limited to overflow and or short-term (no overnight) parking.
- 4.15 Reservations for Billboards. Lessor reserves the right to license a portion of the Site to third parties for construction and maintenance of billboards. The location of the billboards will be mutually agreed upon by Lessee and Lessor. Lessee shall not unreasonably withhold its concurrence.
- 4.16 Cell Sites. Lessor reserves the right to lease a portion of the site from time to time to third parties for construction and maintenance of cell sites with the consent of the Lessee, which consent shall not be unreasonably withheld, conditioned or delayed.
- 4.17 Environmental Mitigation. Under no circumstances shall this Site be used as mitigation land in connection with any project approved under CEQA or any other law, regulation or for any purpose whatsoever. Lessee agrees for itself and for its contractors, agents, licensees, invitees and employees, to indemnify, defend, release and hold Lessor, its parent, subsidiaries, and affiliated entities and their respective officers and employees

harmless from and against any and all claims, loss, damage, actions, causes of action, expenses (including, without limitation, attorneys' fees) and/or liability arising from or growing out of loss or damage to property, including without limitation Lessor's own property, including without limitation employees, contractors, agents, licensees and invitees of Lessor or Lessee, caused by or resulting from or connected to such land being used for environmental mitigation purposes.

- 4.18 Creeks or Streams. Under no circumstances shall Lessee develop or allow the formation of creeks, rivers, streams, waterways, lakes, pools or other bodies of water or riparian features on the Site.
- 4.19 Signs. Lessee shall be required to construct, erect, maintain trail signage and other signage which clearly identifies Lessor's access roads and otherwise identifies Lessor's primary use of the Site for utility purposes, and that passage through the Site is subject to Lessor's rules and other restrictions. All signage shall be in accordance with Lessor's specifications and shall require Lessor's prior written consent. No signs shall be of a nature or content that injures the reputation of Lessor.
- 4.20 Anti-Climbing Guards. Lessee shall pay, at its sole cost and expense, for Lessor to design, fabricate and install anti-climbing guards. The anti-climbing guards shall be installed on Lessor's transmission towers located on the Site for the protection of the general public.
- 4.21 Electric and Magnetic Fields. There are numerous sources of power frequency electric and magnetic field ("EMF"), including household or building wiring, electrical appliances and electric power transmission and distribution facilities. There have been numerous scientific studies about the potential health effects of EMF. Interest in a potential link between long-term exposures to EMF and certain diseases is based on the combination of this scientific research and public concerns.

While some 30 years of research have not established EMF as a health hazard, some health authorities have identified magnetic field exposures as a possible human carcinogen. Many of the questions about specific diseases have been successfully resolved due to an aggressive international research program. However, potentially important public health questions remain about whether there is a link between EMF exposures in homes or work and some diseases including childhood leukemia and a variety of other adult diseases (e.g. adult cancers and miscarriages).

While scientific research is continuing on a wide range of questions relating to exposures at both work and in our communities, a quick resolution of the remaining scientific uncertainties is not expected.

Since the Site is in close proximity to Lessor's electric facilities, Lessor wants to share with Lessee and those who may enter the Site under this agreement, the information available about EMF. Accordingly, Lessor has attached to this document a brochure that explains some basic facts about EMF and that describes Lessor's policy on EMF. Lessor also encourages Lessee to obtain other information as needed to assist it in understanding the EMF issues with respect to its planned use of the Site. More information regarding EMF is found within Exhibit "C" attached hereto and incorporated herein by this reference.

- 4.22 Induced Voltage. Lessee hereby acknowledges that any structures (including, but not limited to buildings, fences, light poles) it may construct or erect under the terms of this Lease will be in close proximity to one or more high voltage (66 kilovolt or above) electric

transmission lines and/or substation facilities. Such structures ("Structures") may be susceptible to induced voltages, static voltages and/or related electric fault conditions (hereinafter collectively referred to as "Induced Voltages") unless appropriate grounding or other mitigation measures are incorporated into the Structures. If not properly mitigated, Induced Voltages can result in a variety of safety and/or nuisance conditions, including, but not limited to, electric shocks or other injury to individuals contacting the Structures or other utilities connected to the Structures (including, but not limited to, natural gas lines, water lines or cable television lines), or interference with or damage to sensitive electronic equipment located in or around the Structures. Appropriate measures to mitigate Induced Voltages, if required, will vary from case to case because of factors such as electric facility configuration and voltage, other utilities involved, or sensitivity of electronic equipment. Lessee will be responsible to determine what, if any, Induced Voltages mitigation measures should be undertaken regarding the Structures, and to implement such mitigation measures at its sole cost and expense.

Lessee agrees for itself and for its contractors, agents, licensees, invitees and employees, to indemnify, defend, release and hold Lessor, its parent, subsidiaries, and affiliated entities and their respective officers and employees harmless from and against any and all claims, loss, damage, actions, causes of action, expenses (including, without limitation, attorneys' fees) and/or liability arising from or growing out of loss or damage to property, including without limitation Lessor's own property, or injury to or death of persons, including without limitation employees, contractors, agents, licensees and invitees of Lessor or Lessee, caused by or resulting from or connected to Induced Voltages on or related to the Structures.

## ARTICLE V

### IMPROVEMENTS

5.1 Intentionally Omitted.

5.2 Conditions to Construction. Before any major work of construction, alteration, or repair (except for that work described in Section 6.2) is commenced on the Site, and before any building materials have been delivered to the Site by Lessee or under Lessee's authority, Lessee shall comply with the following conditions:

(a) Preliminary Plans, Specifications. Lessee shall deliver to Lessor for Lessor's approval in its sole and absolute discretion, five (5) sets of preliminary construction plans and specifications prepared by an architect or engineer licensed to practice as such in the State of California, including but not limited to preliminary grading and drainage plans, soil tests, electric service for park lighting, locations of ingress and egress to and from public thoroughfares, lighting, designs and locations for signs, and landscaping, all sufficient to enable Lessor to make informed judgment about the design and quality of construction and about any effect on the reversion. All improvements shall be constructed within the exterior property lines of the Site; provided that required work beyond the Site with regards to design of the improvements, landscaping, waterways, utilities, access, and conditional use requirements, among other things, do not violate this provision.

(b) Lessor's Approval. Approval or disapproval of the preliminary construction plans and specifications shall be communicated in the manner provided for notices; and disapproval shall be accompanied by specification of the grounds for disapproval. Lessee shall not deliver working drawings to any government body for a building permit or any other final approval until preliminary plans are approved by Lessor as in this

paragraph. Disapproval and election to submit revised plans and specifications shall not extend the time for commencing or completing constructing.

(c) Submittal of Preliminary Plans to Government Bodies. Upon Lessor's approval of the preliminary plans and specifications, Lessee shall submit such plans to the appropriate governmental agencies, if any, for approval. If such governmental agencies require changes or revisions to the preliminary plans and specifications, then Lessee shall submit such revised preliminary plans and specifications to Lessor for re-approval in the same manner set forth in Section 5.2 (a) and (b) above. Lessor shall have no obligation to concur with any changes or revisions to the preliminary plans and specifications required by any governmental agencies. In the event Lessor does not concur with changes, Lessor may require that Lessee request that the appropriate governmental agencies waive or otherwise modify the requested change or revision to Lessor's satisfaction. In the event that Lessee fails to acquire the modifications or waiver of the Lessor's requested change or revision, Lessor, may, at its election, immediately terminate this Agreement.

(d) Final Plans; Specifications. After Lessee has received approvals required under Sections 5.2(a), (b) and (c) above, Lessee shall prepare final working plans and specifications substantially conforming to preliminary plans previously approved by Lessor as set forth above, and deliver to Lessor five (5) complete sets to Lessor.

(e) Notice of Intent to Construct. Lessee shall notify Lessor of Lessee's intention to commence a work of improvement at least ten (10) days before commencement of any such work or delivery of any materials. The notice shall specify the approximate location and nature of the intended improvements. Lessor shall have the right to post and maintain on the Site any notices of nonresponsibility provided for under applicable law, and to inspect the Site in relation to the construction at all reasonable times.

(f) Required Governmental Permits. Lessee shall procure and deliver to Lessor at Lessee's expense evidence of compliance with all then applicable codes, ordinances, regulations, and requirements for permits and approvals, including but not restricted to grading permits, building permits, zoning and planning requirements, and approvals from various governmental agencies and bodies having jurisdiction.

5.3 Diligent Prosecution to Completion. Upon the Lease Commencement Date, Lessee shall with reasonable diligence pursue to completion all construction of improvements, additions, or alterations. Failure to complete all improvements as shown on the final plans and specification within twenty four (24) months after the Lease Commencement Date shall be a material default under this Agreement.

5.4 Protection of Lessor Against Cost or Claim. Lessee shall pay or cause to be paid the total cost and expense of all works of improvement, as that phrase is defined in the Mechanics' Lien Law in effect when the work begins. No such payment shall be construed as Rent. Lessee shall not suffer or permit to be enforced against the Site or any part of it any mechanic's, materialmen's contractor's or subcontractor's lien arising from any work of improvement, however it may arise. However, Lessee may in good faith and at Lessee's own expense contest the validity of any such asserted lien, claim, or demand, provided Lessee has furnished the bond required in California Civil Code Section 3143 (or any comparable statute hereafter enacted for providing a bond freeing the Site from the effect of such a lien claim).

Lessee shall defend and indemnify Lessor against any liability and loss of any type arising out of work performed on the Site by Lessee, together with reasonable attorneys'

fees and all costs and expenses incurred by Lessor in negotiating, settling, defending, or otherwise protecting against such claims.

- 5.5 Lessor's Right to Discharge Lien. If Lessee does not cause to be recorded the bond described in California Civil Code Section 3143 or otherwise protect the Site under any alternative or successor statute, and a final judgment has been rendered against Lessee by a court of competent jurisdiction for the foreclosure of a mechanic's, materialmen's, contractor's, or subcontractor's lien claim, and if Lessee fails to stay the execution of the judgment by lawful means or to pay the judgment, Lessor shall have the right, but not the duty, to pay or otherwise discharge, stay, or prevent the execution of any such judgment or lien or both. Lessee shall reimburse Lessor for all sums paid by Lessor under this paragraph, together with all Lessor's reasonable attorneys' fees and costs, plus interest on those sums, fees, and costs at the rate of ten percent (10%) per year from the date of payment until the date of reimbursement.
- 5.6 Notice of Completion. On completion of any substantial work of improvement during the Lease Term, Lessee shall file a notice of completion.

## ARTICLE VI

### MAINTENANCE AND REPAIRS

- 6.1 Lessee Required to Maintain Site. Throughout the Lease Term, Lessee shall, at Lessee's sole cost and expense, maintain the Site and all improvements in good condition and repair, ordinary wear and tear excepted, and in accordance with all applicable laws, rules, ordinances, orders and regulations of (i) federal, state, county, municipal, and other governmental agencies and bodies having jurisdiction and all their respective departments, bureaus, and officials; (ii) the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction; and (iii) all insurance companies insuring all or any part of the Site or improvements or both.
- 6.2 Damage or Destruction. In the event of any damage to or destruction of Lessee's improvements located on the Site, then Lessee shall promptly and diligently repair and/or restore such improvements as required to comply with Section 6.1 above; provided, however, that if following such damage or destruction in Lessee's reasonable judgment the repair and/or restoration of such improvements is not commercially practical, then in lieu of such repair or restoration Lessee shall (i) promptly and diligently raze and remove from the Site any and all damaged improvements which Lessee does not elect to repair or restore and any associated debris, and restore the surface of the Site on which such improvements were formerly located to a clean, safe and sightly condition, with all excavations filled and the surface graded, and (ii) deliver to Lessor all insurance proceeds received by Lessee relative to the improvements that are not restored, less (I) the unamortized portion of the cost of the original construction of such non-restored improvements, which unamortized portion shall be calculated on a straight-line basis by comparing the number of years in the initial Lease Term (plus any extension terms which have been exercised by Lessee) remaining after the date of the damage or destruction, as compared to the total number of originally scheduled years in the initial Lease Term (plus any extension terms which have been exercised by Lessee) remaining after the completion of the initial construction of such improvements, and less (II) the cost of the demolition and removal from the Site of the subject improvements. No damage to or destruction of any improvements on the Site shall affect Lessee's obligations under this Lease (including without limitation, the obligation to pay the Base Rent payable hereunder) nor entitled Lessee to terminate this Lease. The Parties hereby waive the provisions of California Civil Code Section 1932 and any other

provisions of law which provide for rights contrary to the terms and provisions of this Lease.

## ARTICLE VII

### OWNERSHIP OF IMPROVEMENTS

- 7.1 Exclusion of Existing Improvements. Title to improvements on the Site at the Lease Commencement Date is retained by Lessor and this Agreement is subject to any rights of ownership in the improvements. The Parties covenant for themselves and all persons claiming under them that the improvements are real property.
- 7.2 Ownership of New Improvements During Lease Term. All improvements constructed on the Site by Lessee as permitted by this Agreement shall be owned by Lessee until expiration of the Lease Term or sooner termination of this Agreement. Lessee shall not, however, remove any improvements from the Site, nor waste, destroy, or modify any improvements on the Site, except as permitted by this Agreement. The parties covenant for themselves and all persons claiming under them that the improvements are real property.
- 7.3 Ownership at Termination. All improvements constructed on the Site by Lessee as permitted or required by this Agreement shall, during the term of this Agreement, be and remain the property of Lessee; provided, however, that Lessee's rights and powers with respect to the improvements are subject to the terms and limitations of this Agreement and Lessee's interest in such improvements shall terminate upon the expiration or earlier termination of this Agreement (including, without limitation, any termination pursuant to Section 11.5 below).

Notwithstanding the foregoing, at the expiration or earlier termination of this Agreement (except in the case of a condemnation pursuant to Section 12.1), Lessor may, at Lessor's election, demand the removal from the Site of all fixtures and improvements or of certain fixtures or improvements or both, as specified in the notice provided for below. A demand to take effect at the normal expiration of the Lease Term shall be effected by notice given at any time not later than six (6) months before the expiration date. A demand to take effect on any other termination of this Agreement shall be effected by notice given in or concurrently with notice of such termination or within ten (10) days after such termination. Lessee shall comply with the notice before the expiration date, for normal termination, and within sixty (60) days after the notice for other termination. The duty imposed by this provision includes but is not limited to the duty to demolish and remove all foundations, fill all excavations, return the surface to grade, and leave the Site safe and free from debris and hazards; provided that, after compliance with a demand for removal of less than all fixtures and improvements, Lessee shall be required to remedy only willful and negligent injuries to the Site or remaining improvements or fixtures.

## ARTICLE VIII

### ENCUMBRANCE; SUBORDINATION

- 8.1 No Mortgage. Lessee shall not mortgage or otherwise encumber this Lease without the prior written consent of Lessor.

8.2 Subordination. Lessee acknowledges that the Site may be subject to certain liens, deeds of trust, mortgages, covenants, conditions, restrictions, reservations, exceptions, rights and easements, whether or not of record. Lessee represents that it has conducted its own title review and has obtained such insurance as Lessee deems appropriate. At the option of Lessor or any lender of Lessor that obtains a security interest in the Site, this Agreement shall be either superior or subordinate to all ground or underlying leases, mortgages and deeds of trust, if any, which may hereafter affect the Site, and to all renewals, modifications, consolidations, replacements and extensions thereof; provided, however, that this Agreement is subordinate to all recorded ground or underlying leases, mortgages and deeds of trust existing as of the date of this Agreement. Lessee shall, upon written request of Lessor, execute and deliver all instruments as may be required from time to time to subordinate the rights of Lessee under this Agreement to any ground or underlying lease or to the lien of any mortgage or deed of trust, or, if requested by Lessee, to subordinate, in whole or in part, any ground or underlying lease or the lien of any mortgage or deed of trust to this Agreement. Lessee agrees that any purchaser at a foreclosure sale or lender taking title under a deed-in-lieu of foreclosure shall not be responsible for any act or omission of a prior landlord, shall not be subject to any offsets or defenses Lessee may have against a prior landlord, and shall not be liable for the return of the security deposit to the extent it is not actually received by such purchaser or bound by any rent paid for more than the current month in which the foreclosure occurred.

## ARTICLE IX

### ASSIGNMENT

9.1 Lessee's Right to Assign. The Parties acknowledge that this Agreement is not a market rate lease negotiated between private parties. Accordingly, Lessee acknowledges that the restrictions and limitations on its rights to assign, transfer, convey, encumber or sublease its interest in this Agreement are reasonable. Under no circumstances shall Lessee assign, transfer, convey, encumber or sublease its interest in this Agreement or the Site. Any such assignment, transfer, conveyance, encumbrance or sublease shall be a material default under this Lease and shall give rise to an immediate termination of this Agreement. In addition, Lessee's decision to terminate the Approved Use of the Site shall also terminate the Agreement. Notwithstanding the foregoing, in the event that Lessee desires to terminate this lease prior to the expiration of the term in order to have another governmental agency succeed it as a lessee, then Lessee shall notify Lessor, identifying such governmental agency. Thereafter, Lessor shall evaluate and engage such third-party for purposes of determining if Lessor shall accept such governmental agency as a new lessee under a new lease. In the event that Lessee's successor: (i) will engage in the same use of the Site as Lessee, (ii) is subject to the same restrictions governing the use of the bond funds that were originally used by Lessee to enter into this Agreement, (iii) use of the Site by the successor will not interfere with Lessor's operations, (iv) use of the Site by the successor will be consistent with Lessor's Secondary Land Use Requirements, and (v) agrees to any such additional terms and requirements as Lessor deems reasonably necessary (including, without limitation, potential CPUC approval), Lessor shall enter into a new Lease Agreement with Lessee's successor. In the event Lessor and the potential successor reach agreement on a lease, then Lessor and Lessee shall terminate this Agreement and thereafter Lessor and the potential successor shall enter into a new lease, the form of which shall be substantially similar to this Lease, except for any changes that Lessor deems necessary.

## ARTICLE X

### INSURANCE AND INDEMNITY

10.1 Insurance Requirements. During the term of this Agreement, Lessee, and its contractors and subcontractors, which perform any work on the Site or on Lessee's improvements thereon, shall maintain insurance as described below:

(a) All-risk Insurance covering any improvements on the Site. Such insurance shall: (i) be of Replacement Cost form with limits sufficient to insure not less than ninety five percent (95%) of the value of the replacement cost new of the improvements, excluding the costs to replace excavations and foundations; (ii) have limits for the amount of insurance the Lessee is required to maintain pursuant to any encumbrance of the leasehold interest; and (iii) be endorsed to add Lessor as an additional insured and Loss Payee.

(b) All-risk Builder's Risk Insurance covering the construction of any improvements on the Site. Such insurance shall: (i) have limits of not less than the value of the improvements and (ii) include Lessor and Lessee's contractors and subcontractors as insureds as their interests may appear.

(c) Commercial General Liability Insurance, including contractual liability, broad form Site and damage and products/completed operations, liability, with a combined single limit and annual aggregates of not less than Two Million and 00/100 Dollars (\$2,000,000.00), or such larger amount as Lessor shall reasonably require from time to time. Such insurance shall: (i) be of the "occurrence" form; (ii) be primary for all purposes; (iii) contain standard cross-liability or severability of interest provisions; and (iv) name Lessor as an additional insured.

(d) Commercial Automobile Insurance with a combined single limit of not less than one million and 00/100 Dollars (\$1,000,000.00). Such insurance shall: (i) cover the liability for the use of owned, non-owned and hired vehicles on the Site; (ii) be primary for all purposes; and (iii) name Lessor as additional insured.

(e) Worker's Compensation with statutory limits, in accordance with the laws of the State of California, and Employer's Liability with limits of not less than one million and 00/100 Dollars (\$1,000,000.00). Lessee and its contractors shall require their insurers furnishing such insurance to waive all rights of subrogation against Lessor, its officers, agents, and employees.

(f) Excess Liability Insurance in the amount of Ten Million and 00/100 Dollars (\$10,000,000.00), or such larger amount as Lessor shall reasonably require from time to time.

10.2 Evidence of Insurance. Lessee shall provide Lessor with evidence of such insurance by submission of certificates of insurance, pursuant to Section 14.10 "Notices" at least ten (10) days prior to Execution of this Agreement or entry upon the Site. Such certificates shall document that the insurance shall not be canceled or allowed to expire or be materially reduced without thirty (30) days prior written notice to Lessor and that such insurance is primary and noncontributing with any insurance carried by Lessor and that Lessor shall have no liability for payment of premiums for such insurance.

10.3 Indemnification and Waiver. To the extent not prohibited by law, Lessor, and its respective officers, agents, servants, employees, and independent contractors

(collectively, "Lessor Parties") shall not be liable for any damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Lessee or by other persons claiming through Lessee. Lessee shall indemnify, defend, protect, and hold harmless Lessor Parties from any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising by reason of this Agreement or the use or occupancy of the Site by Lessee or any person claiming under Lessee. The provisions of this Section 10.3 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability occurring prior to such expiration or termination.

- 10.4 Subrogation. Lessor and Lessee agree to have their respective insurance companies issuing property damage insurance waive any rights of subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance carried by Lessor and Lessee, respectively, is not invalidated thereby. As long as such waivers of subrogation are contained in their respective insurance policies, Lessor and Lessee hereby waive any right that either may have against the other on account of any loss or damage to their respective property to the extent such loss or damage is required to be insured against hereunder under policies of insurance for fire and all risk coverage, theft, or other similar insurance.
- 10.5 Self-Insurance. Lessee shall have the right to self-insure for the requirements set forth herein, provided Lessee provides appropriate documentation evidencing such self-insurance.

## ARTICLE XI

### RIGHT OF ENTRY

- 11.1 Lessor's Right are Superior. Lessee acknowledges that Lessor's use of the Site for its electric transmission and subtransmission lines and other facilities necessary and useful to Lessor's business of providing electrical power to its customers is senior and superior to the rights of Lessee to use the Site for the Approved Use. Lessee further acknowledges that but for Lessor's rights under this Article XI, Lessor would not enter into this Agreement or would otherwise require a much greater Base Rent (the Parties acknowledging that the Base Rent hereunder is well below the market value rental rate).

Lessee shall conduct its operations on the Site in such a manner so as not to interfere with the operation of the electrical facilities on the Site and/or Lessor's or its contractor's performance of any work done on or above the Site. Lessee acknowledges that the performance of the work may cause damage to paving or other improvements constructed by Lessee on the Site. Lessee expressly agrees to hold Lessor harmless from all such damage to Lessee's improvements, except that at the conclusion of the work, Lessor shall use reasonable efforts to restore the Site as much as practicable to its preexisting condition (provided that Lessor shall have no obligation to restore areas of enhance paving or specialized improvements).

- 11.2 Lessor's Use and Access of Site. Lessor, through its employees, agents or representatives, and other city, county, state and federal agencies, through their agents or representatives, shall have full right and authority to enter in and upon the Site at any and all reasonable times during the term of the Lease without interference or hindrance by Lessee, its agents or representatives for the following purposes: (i) inspecting the Site, (ii) doing of any and all acts necessary, useful or proper in connection with the

protection, maintenance, repair, upgrade, replacement, expansion, reconstruction and/or operation of Lessor's electrical lines, structures and ancillary and incidental improvements and property, and (iii) accessing its billboard and cell sites located on the Site and otherwise doing those things which Lessor is permitted to do under this Agreement. Further, Lessor reserves the right, at its discretion, to immediate possession of the same in case of any national, local or other emergency, or for the purpose of preventing sabotage, and for the protection of said electrical facilities.

Lessor's access to and use of the Site shall be consistent with its need to operate and service its equipment and access billboards, cell sites or for such other reasons as may be reasonably necessary to comply with CPUC orders and requirements and otherwise comply with applicable laws, regulations, policies, judgments and orders which are binding on Lessor.

- 11.3 Modification of Premises, Re-entry and Repossession of the Site. Without limiting Lessor's rights set forth in Section 11.2, Lessor shall have the rights set forth in this Section 11.3. Lessee agrees that Lessor may perform operational and maintenance activities on all or a part of the electrical facilities which are situated on and above the Site. In addition, Lessor may need to otherwise use the Site to install new or additional facilities within the Site. In connection therewith, Lessor shall have the right to impose temporary or permanent restrictions on Lessee's right to enter, occupy, and use all or a portion of the Site, and to repossess portions of, or all of the Site as reasonably necessary for its utility purposes without interference from Lessee, and to otherwise construct improvements thereon as Lessor deems are reasonably necessary or useful for its utility purposes without interference from Lessee.
- 11.4 Insulator Washing. Lessee acknowledges that from time to time, Lessor, its employees, agents and/or contractors will enter the Site to wash insulators located on Lessor's overhead electrical facilities with water. Lessee agrees to indemnify and hold harmless Lessor from any and all claims and/or damage resulting from said operation except to the extent such damage or claim results from Lessor's negligence or willful misconduct.
- 11.5 Advance Notice. In the event Lessor determines that it needs to obtain temporary or permanent possession of all or a portion of the Site, or needs to place restrictions on Lessee's use of the Site, Lessor shall, at least thirty (30) days prior to the effective date of the commencement of such temporary possession or restriction, or in the case of a permanent restriction or possession of all or a portion of the site, six (6) months prior to the effective date of the commencement of such permanent restriction or possession, notify Lessee in writing describing the extent of the possession or restrictions and the effective date of their commencement; the notice periods described above shall not apply to any emergency actions taken by Lessor. Upon the effective date of said notice, Lessee shall peaceably surrender possession of the Site and comply with the restriction as stated therein.
- 11.6 Waiver of Damages; Lease Termination. Notwithstanding anything to the contrary contained in this Agreement, the exercise of any of Lessor's rights under this Article XI shall not give rise to any liability to Lessor, and Lessee's sole and exclusive remedy against Lessor shall be as follows: (a) if the exercise of Lessor's rights under this Article XI results in a temporary possession or restriction of all or any portion of the Site or results in the permanent possession or restriction of less than all of the Site (such that the remainder of the Site can continue to be utilized for the Approved Use), then Base Rent shall be reduced for the period of repossession by an amount equal to the proportion which the area of the portion of the Site which Lessee is restricted from using or which has been surrendered to Lessor is to the total area of the Site (provided,

however, that such rental abatement shall not be available for minor closures in connection with regular and ordinary maintenance activities); and (b) if the exercise of Lessor's rights under this Article XI results in a permanent possession or restriction of all of the Site or results in the permanent possession or restriction of a material portion of the Site (such that the remainder of the Site cannot continue to be utilized for the Approved Use), then Lessee shall have the right to terminate this Agreement. Further, in the event that Lessor's exercise of its rights under this Article XI results in a permanent possession or restriction of all of the Site or results in the permanent possession or restriction of a material portion of the Site (such that the remainder of the Site cannot continue to be utilized for the Approved Use), then Lessor shall have the right to terminate this Agreement.

## **ARTICLE XII**

### **CONDEMNATION**

12.1 **Definitions.** The following definitions apply in construing provisions of this Agreement relating to a taking by a entity other than Lessor, of all or part of the Site by eminent domain or condemnation:

(a) "Condemnation" means (1) the exercise of the power of eminent domain, whether by legal proceedings or otherwise, by an entity, other than Lessor, having that power, or by inverse condemnation, or (2) a voluntary sale or transfer to any condemnor, either under the threat of condemnation or while legal proceedings in condemnation are pending.

(b) "Award" means all compensation, sums, or anything of value awarded, paid or received upon a total or partial condemnation of the Site.

(c) "Substantial taking" means a taking of a portion of the Site by condemnation which, assuming a reasonable amount of reconstruction on the remainder, substantially impairs Lessor's ability to use the remainder, and in the case of Lessee, the Lessee's ability to use the remainder for the purposes permitted under this Agreement.

(d) "Partial taking" means any taking of the Site that is not either a total or substantial taking.

12.2 **Termination of Lease As To Part Condemned.** In the event the whole or any part of the Site is taken by condemnation, the Lease shall cease as to the part condemned upon the date possession of that part is taken by the entity.

12.3 **Partial Taking.** If a part of the Site is taken by condemnation but there is no substantial taking of the Site, Lessee shall continue to be bound by the terms, covenants, and conditions of this Agreement except the Base Rent shall be reduced in the same ratio as the value of the portion of the Site taken bears to the value of the total Site (excluding improvements then in existence) as of the date possession of the part is taken.

12.4 **Substantial Taking.** If the part taken by condemnation constitutes a substantial taking of the Site, Lessee shall either:

(a) Terminate the Lease and be absolved of obligations hereunder which have not accrued at the date possession is taken by condemnation; or

(b) Continue to occupy the remainder of the Site and remain bound by the terms, covenants and conditions of this Agreement, except that Base Rent shall be reduced in the same ratio as the value of the portion or the Site taken bears to the value of the total Site (excluding improvements then in existence) as of the date possession of the part is taken by condemnation.

Lessee shall give written notice of its election to terminate the Lease within thirty (30) days of the date possession of the part is taken by condemnation. If Lessee fails to give Lessor its written notice of termination within the time specified, this Agreement shall remain in full force and effect except that the Base Rent shall be reduced as provided in this section. If Lessee continues to occupy the remainder, Lessee, whether or not the award upon the taking by condemnation is sufficient for the purpose, shall, at its expense, within a reasonable period of time, commence and complete restoration of the remainder of the Site as nearly as possible to its value, condition and character immediately prior to such taking; provided, however that in the case of a taking for temporary use, Lessee shall not be required to effect restoration until such taking is terminated. Lessee shall submit to Lessor its plans for the restoration of the remainder within ninety (90) days of the date possession of the part is taken by condemnation.

- 12.5 Adjustment of Rent. Should a portion of the Site be condemned and the Rent be reduced as provided above, the reduced Rent shall continue to be subject to adjustment in accordance with Section 2.1.
- 12.6 Compensation. If during the term of this Agreement, the Site, or any portion thereof, is condemned by an entity other than Lessor, Lessor and Lessee shall have the right to seek a separate award from the court in such condemnation proceedings to compensate such party for the value of its interest in the Site so taken. Neither party shall have any interest in the other party's award.
- 12.7 Condemnation by Lessor. Lessee acknowledges that Lessor has the power of eminent domain, generally, to acquire real Site for public purposes. Under no circumstances shall Lessor be required to exercise its power of eminent domain to repossess and take temporary or permanent possession of all or a portion of the Site. The Parties' acknowledge that Lessor has the right to obtain possession or exclusive use of all or a portion of the Site pursuant to Article XI (and the relative rights and remedies of the Parties is set forth in said Article XI).

### **ARTICLE XIII**

#### **DEFAULT; REMEDIES**

- 13.1 Lessee's Default. Each of the following events shall be a default by Lessee and a breach of this Agreement:
- (a) Failure to Perform Agreement Covenants. Abandonment or surrender of the Site, or failure or refusal to pay when due any installment of Rent or any other sum required by this Agreement to be paid by Lessee, or the failure to perform as required or conditioned by any other covenant or condition of this Agreement.
- (b) Attachment or Other Levy. The subjection of any right or interest of Lessee in the Site to attachment, execution, or other levy, or to seizure under legal process, if not released within sixty (60) days.

(c) Insolvency, Bankruptcy. The filing of a voluntary or involuntary petition by or against Lessee under any law for the purpose of adjudicating Lessee a bankrupt; or for extending time for payment, adjustment, or satisfaction of Lessee's liabilities; or for reorganization, dissolution, or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding, and all consequent orders, adjudications, custodies, and supervisions are dismissed, vacated, or otherwise permanently stayed or terminated within sixty (60) days after the assignment, filing, or other initial event.

### 13.2 Notice and Right To Cure.

(a) Lessee's Right To Cure Defaults. If the alleged default is nonpayment of Rent, taxes, or other sums to be paid by Lessee as provided in this Agreement, Lessee shall have ten (10) days after notice is given to cure the default. For the cure of any other default, Lessee shall promptly and diligently after the notice, commence curing the default and shall have thirty (30) days after notice is given, to complete the cure; provided, however, if the nature of the breach is such that it is not susceptible of being cured within such thirty (30) day period, then Lessee shall be required to promptly commence cure and diligently prosecute such cure to completion as soon as reasonably possible.

(b) Lessor's Right To Cure Lessee's Defaults. After expiration of the applicable time for curing a particular default, or before the expiration of that time in the event of emergency, Lessor may at Lessor's election, but is not obligated to, make any payment required of Lessee under this Agreement, or perform or comply with any covenant or condition imposed on Lessee under this Agreement or any such note or document. Without in any manner limiting Lessor's rights under the immediately preceding sentence, Lessee expressly agrees and acknowledges that any breach by Lessee of the terms and provisions of Sections 4.8 through 4.10 of this Lease shall constitute an emergency and Lessor shall, upon written notice to Lessee, immediately have the right to take action to cure the breach. Any amounts paid by Lessor on Lessee's behalf under this Lease, and all costs and expenses incurred by Lessor in the performance of any obligations of Lessee under this Lease, plus interest on such sum at the rate of ten percent (10%) per year from the date of payment, performance, or compliance (herein called act), shall be deemed to be payable by Lessee with the next succeeding installment of Rent. No such act shall constitute a waiver of default or of any remedy for default or render Lessor liable for any loss or damage resulting from any such act.

### 13.3 Lessor's Remedies. If any default by Lessee shall continue uncured, following notice of default as required by this Agreement for the period applicable to the default under the applicable provision of this Agreement, Lessor has the following remedies in addition to all other rights and remedies provided by law or equity, to which Lessor may resort cumulatively or in the alternative:

(a) Termination. Lessor may at Lessor's election terminate this Agreement by giving Lessee notice of termination. On the giving of the notice, all Lessee's rights in the Site and in all improvements shall terminate. Promptly after notice of termination, Lessee shall surrender and vacate the Site and all improvements in broom-clean condition, and Lessor may reenter and take possession of the Site and all remaining improvements. Termination under this paragraph shall not relieve Lessee from the payment of any sum then due to Lessor or from any claim for damages previously accrued or then accruing against Lessee.

(b) Reentry Without Termination. Lessor may at Lessor's election reenter the Site, and, without terminating this Agreement, at any time and from time to time re-lease the Site and improvements or any part or parts of them for the account and in the name of Lessee or otherwise. Any re-leasing may be for the remainder of the term or for a longer or shorter period. Lessor may execute any lease made under this provision either in Lessor's name or in Lessee's name and shall be entitled to all rent from the use, operation, or occupancy of the Site or improvements or both. Lessee shall nevertheless pay to Lessor on the due dates specified in this Agreement the equivalent of all sums required of Lessee under this Agreement, plus Lessor's expenses less the avails of any releasing. No act by or on behalf of Lessor under this provision shall constitute a termination of this Agreement unless Lessor gives Lessee notice of termination.

(c) Lessee's Personal Property. Lessor may at Lessor's election use Lessee's personal property or any of such property and fixtures without compensation and without liability for wear and tear caused by ordinary usage, or store them for the account and at the cost of Lessee. The election of one remedy for any one item shall not foreclose an election of any other remedy for another item or for the same item at a later time.

(d) Recovery of Rent. Lessor shall be entitled at Lessor's election to keep the Lease in effect and bring suit from time to time for rent and other sums due. It is the intention of the parties to incorporate the provisions of California Civil Code Section 1951.4 by means of this provision.

(e) Damages. If upon the event of an uncured default, Lessor elects to terminate Lessee's lease of the Site under this Agreement, Lessor may recover from Lessee the following:

(i) the worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus

(ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided; plus

(iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided; plus

(iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new Lessee, whether for the same or a different use, and any special concessions made to obtain a new Lessee; and

(v) At Lessor's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "rent" as used in this paragraph (e) shall be deemed to be and to mean all sums of every nature required to be paid by Lessee pursuant to the terms of this Lease, whether to Lessor or to others. As used in clauses (i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the then prevailing prime or

reference rate of interest plus three percent (3%), but in no case greater than the maximum amount of such interest permitted by law. As used in clause (iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

- 13.4 Notice of Lessor's Default; Lessee's Waiver. Lessor shall not be considered to be in default under this Agreement unless (a) Lessee has given written notice specifying the default and (b) Lessor shall have failed to cure the default within thirty (30) days after notice is given, plus any additional time that is reasonably required for the curing of the default if the default is not reasonably susceptible to being cured during this period, so long as Lessor continuously and diligently proceeds to cure the default.
- 13.5 Unavoidable Default or Delay. Any prevention, delay, nonperformance, or stoppage due to any of the following causes shall excuse nonperformance for a period equal to any such prevention, delay, nonperformance, or stoppage, except the obligations imposed by this Agreement for the payment of Rent, taxes, insurance, or obligations to pay money. The causes referred to above are: strikes, acts of public enemies of this state or of the United States, riots, insurrections, civil commotion, inability to obtain labor or materials or reasonable substitutes for either, governmental restrictions or regulations or controls (except those reasonably foreseeable in connection with the uses contemplated by this Agreement), casualties not contemplated by insurance provisions of this Agreement, or other causes beyond the reasonable control of the party obligated to perform.
- 13.6 Waiver; Voluntary Acts. No waiver of any default shall constitute a waiver of any other breach or default, whether of the same or any other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by either party shall give the other any contractual right by custom, estoppel, or otherwise. The subsequent acceptance of Rent pursuant to this Agreement shall not constitute a waiver of any preceding default by Lessee other than default in the payment of the particular Rent payment so accepted, regardless of Lessor's knowledge of the preceding breach at the time of accepting the Rent, nor shall acceptance of Rent or any other payment after termination constitute a reinstatement, extension, or renewal of the Agreement or revocation of any notice or other act by Lessor.
- 13.7 Attorneys' Fees. If either party brings any action or proceeding to enforce, protect, or establish any right or remedy, the prevailing party shall be entitled to recover reasonable attorneys' fees.
- 13.8 ARBITRATION OF DISPUTES.

THE PARTIES DESIRE TO AVOID AND SETTLE WITHOUT LITIGATION FUTURE DISPUTES WHICH MAY ARISE BETWEEN THEM RELATIVE TO THIS AGREEMENT. ACCORDINGLY, THE PARTIES AGREE TO ENGAGE IN GOOD FAITH NEGOTIATIONS TO RESOLVE ANY SUCH DISPUTE. IN THE EVENT THEY ARE UNABLE TO RESOLVE ANY SUCH DISPUTE BY NEGOTIATION, THEN SUCH DISPUTE CONCERNING ANY MATTER WHOSE ARBITRATION IS NOT PROHIBITED BY LAW AT THE TIME SUCH DISPUTE ARISES SHALL BE SUBMITTED TO ARBITRATION IN ACCORDANCE WITH THE ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION (HEREINAFTER 'RULES') THEN IN EFFECT AND THE AWARD RENDERED BY THE ARBITRATORS SHALL BE BINDING AS BETWEEN THE PARTIES AND JUDGMENT ON SUCH AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. NOTWITHSTANDING THE FOREGOING, THIS SECTION 14.8 SHALL NOT BE APPLICABLE TO (i) ANY CLAIMS FOR RESTRAINING ORDER OR OTHER INJUNCTIVE RELIEF, OR (ii) LESSOR'S EXERCISE OF ANY UNLAWFUL DETAINER RIGHTS PURSUANT TO CALIFORNIA LAW OR RIGHTS OR REMEDIES USED BY LESSOR TO TERMINATE LESSEE'S RIGHT OF POSSESSION TO THE SITE.

THREE NEUTRAL ARBITRATORS SHALL BE APPOINTED BY THE AMERICAN ARBITRATION ASSOCIATION AND AT LEAST ONE OF SUCH ARBITRATORS SHALL BE AN ATTORNEY-AT-LAW AND ALL DECISIONS AND AWARDS SHALL BE MADE BY A MAJORITY OF THEM EXCEPT FOR DECISIONS RELATING TO DISCOVERY AND DISCLOSURES AS SET FORTH HEREIN.

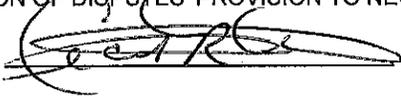
NOTICE OF A DEMAND FOR ARBITRATION OF ANY DISPUTE SUBJECT TO ARBITRATION BY ONE PARTY SHALL BE FILED IN WRITING WITH THE OTHER PARTY AND WITH THE AMERICAN ARBITRATION ASSOCIATION. THE PARTIES AGREE THAT AFTER ANY SUCH NOTICE HAS BEEN FILED, THEY SHALL, BEFORE THE HEARING THEREOF, MAKE DISCOVERY AND DISCLOSURE OF ALL MATTERS RELEVANT TO SUCH DISPUTE, TO THE EXTENT AND IN THE MANNER PROVIDED BY THE CALIFORNIA CODE OF CIVIL PROCEDURE. ALL QUESTIONS THAT MAY ARISE WITH RESPECT TO THE OBLIGATION OF DISCOVERY AND DISCLOSURE AND THE PROTECTION OF THE DISCLOSED AND DISCOVERED MATERIAL SHALL BE REFERRED TO A SINGLE ARBITRATOR WHO SHALL BE AN ATTORNEY-AT-LAW AND ONE OF THE THREE NEUTRAL ARBITRATORS APPOINTED FOR DETERMINATION, AND HIS DETERMINATION SHALL BE FINAL AND CONCLUSIVE. DISCOVERY AND DISCLOSURE SHALL BE COMPLETED NO LATER THAN NINETY (90) DAYS AFTER FILING OF SUCH NOTICE OF ARBITRATION UNLESS EXTENDED BY SUCH SINGLE ARBITRATOR UPON A SHOWING OF GOOD CAUSE BY EITHER PARTY TO THE ARBITRATION. THE ARBITRATORS MAY CONSIDER ANY MATERIAL WHICH IS RELEVANT TO THE SUBJECT MATTER OF SUCH DISPUTE EVEN IF SUCH MATERIAL MIGHT ALSO BE RELEVANT TO AN ISSUE OR ISSUES NOT SUBJECT TO ARBITRATION HEREUNDER. A STENOGRAPHIC RECORD SHALL BE MADE OF ANY ARBITRATION HEARING.

THE PARTIES SHALL SHARE THE COST OF ARBITRATION.

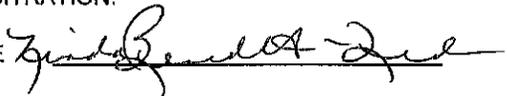
THIS AGREEMENT SHALL BE CONSTRUED, AND THE LEGAL RELATIONS BETWEEN THE PARTIES HERETO SHALL BE DETERMINED, IN ACCORDANCE WITH THE SUBSTANTIVE LAW OF THE STATE OF CALIFORNIA.

NOTICE; BY INITIALLING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALLING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY. WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION.

LESSOR



LESSEE



#### ARTICLE XIV

#### ADDITIONAL PROVISIONS

- 14.1 Captions, Attachments, Defined Terms. The captions of the articles of this Agreement are for convenience only and shall not be deemed to be relevant in resolving any question of interpretation or construction of any section of this Agreement. Exhibits attached hereto and addenda and schedules initiated by the Parties, are deemed by attachment to constitute part of this Agreement and are incorporated herein. The words "Lessor" and "Lessee", as used herein, shall include the plural as well as the singular. Words used in neuter gender include the masculine and feminine and words in the masculine or feminine gender include the neuter. If there be more than one Lessor or Lessee, the obligations hereunder imposed upon Lessor or Lessee shall be joint and several.
- 14.2 Entire Agreement. This instrument along with any exhibits and attachments hereto constitutes the entire agreement between Lessor and Lessee relative to the Site and this

Agreement and the exhibits and attachments may be altered, amended or revoked only by an instrument in writing signed by both Lessor and Lessee. Lessor and Lessee agree hereby that all prior or contemporaneous oral agreements between and among themselves and their agents and representatives relative to the leasing of the Site are merged in or revoked by this Agreement.

- 14.3 Severability. If any terms or provision of this Agreement shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law.
- 14.4 Costs of Suit. If Lessee or Lessor shall bring any action for any relief (including in arbitration) against the other, declaratory or otherwise, arising out of this Agreement, including any suit by Lessor for the recovery of Rent or possession of the Site, the losing party shall pay the successful party a reasonable sum for attorney's fees which shall be deemed to have accrued on the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Should Lessor, without fault on Lessor's part, be made a party to any litigation instituted by Lessee or by any third party against Lessee, or by or against any person holding under or using the Site by lease of Lessee, or for the foreclosure of any lien for labor or materials furnished to or for Lessee or any such other person or otherwise arising out of or resulting from any act or transaction of Lessee or of any such other person, Lessee shall save and hold Lessor, harmless from any judgment rendered against Lessor or the Site or any part thereof, and all costs and expenses, including reasonable attorney's fees, incurred by Lessor in connection with such litigation.
- 14.5 Time, Joint and Several Liability. Time is of the essence of this Agreement and each and every provision hereof. All the terms, covenants and conditions contained in this Agreement to be performed by either party if such party shall consist of more than one person or organization, shall be deemed to be joint and several, and all rights and remedies of the parties shall be cumulative and non-exclusive of any other remedy at law or in equity.
- 14.6 Binding Effect; Choice of Law. The Parties hereto agree that all the provision hereof are to be construed as both covenants and conditions as though the words importing such covenants and conditions were used in each separate section hereof; and all of the provisions hereof shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. This Agreement shall be governed by the laws of the State of California.
- 14.7 Waiver. No covenant, term or condition or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed and any waiver of the breach of any covenant, term or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term or condition. Acceptance by Lessor of any performance by Lessee after the time the same shall have become due shall not constitute a waiver by Lessor of the breach or default of a covenant, term or condition unless otherwise expressly agreed to by Lessor in writing.
- 14.8 Holding Over. If Lessee remains in possession of all or any part of the premises after the expiration of the term hereof, with or without the express or implied consent of Lessor, such tenancy shall be from month to month only and not a renewal hereof or an extension for any further term, and in such case, Rent and other monetary sums due hereunder shall be payable in the amount of one hundred fifty percent (150%) of the

Rent otherwise payable under this Lease and at the time specified in this Agreement and such holding over shall be subject to every other term, covenant and agreement contained herein.

14.9 Recording. Lessee shall not record this Agreement without Lessor's prior written consent, and such recordation shall, at the option of Lessor, constitute a noncurable default of Lessee hereunder. Either party shall, upon request of the other, execute, acknowledge and deliver to the other a short form memorandum of this Agreement for recording purposes.

14.10 Notices. All notices or demands of any kind required or desired to be given by Lessor or Lessee hereunder shall be in writing and shall be deemed delivered forty-eight (48) hours after depositing the notice or demand in the United States mail, certified or registered, postage prepaid, addressed to the Lessor or Lessee respectively at the addresses set forth below:

Lessee:                      City of Paramount  
                                    City Manager  
                                    16400 Colorado Avenue  
                                    Paramount, CA 90723-5012

Lessor:                      Southern California Edison  
                                    Real Properties  
                                    Real Estate Revenue Division  
                                    2131 Walnut Grove Avenue  
                                    G.O. 3, 2<sup>nd</sup> Floor  
                                    Rosemead, CA 91770

14.11 No Partnership. Nothing in this Agreement shall be construed to render the Lessor in any way or for any purpose a partner, joint venturer or associate of Lessee.

14.12 Days. All references to days in this Agreement shall mean business days.

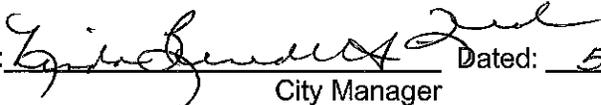
**/// Signature page follows ///**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

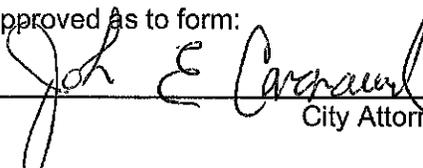
**LESSOR**  
SOUTHERN CALIFORNIA EDISON COMPANY

By:  Dated: May 4, 2011  
Cecil R. House  
Senior Vice President  
Operations Support and Chief Procurement Officer

**LESSEE**  
CITY OF PARAMOUNT  
a municipal corporation

By:  Dated: 5/10, 2011  
City Manager

Approved as to form:

  
City Attorney

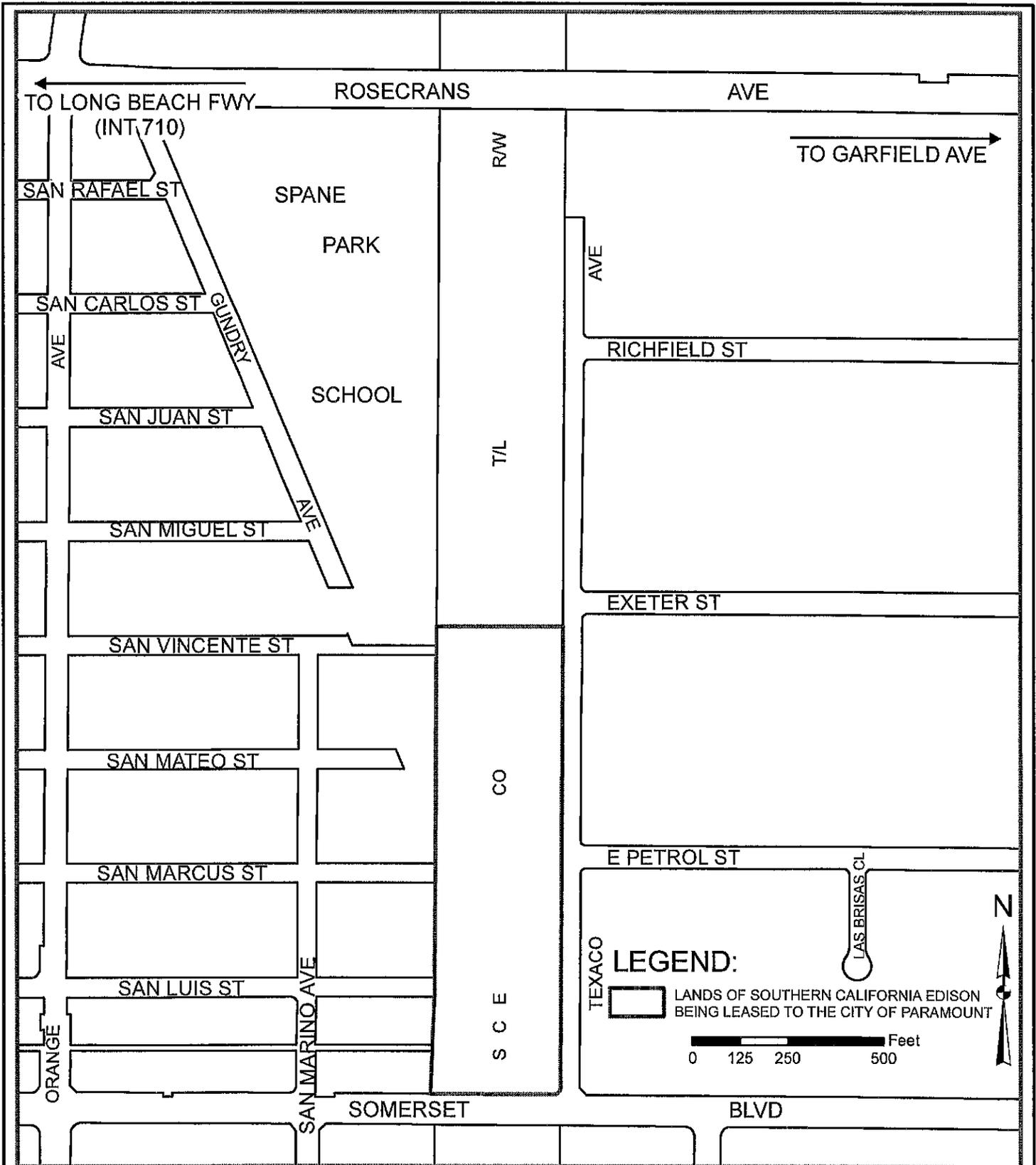
Attest:

  
City Clerk

**SCHEDULE "1"**

**Rent**

<u>Year</u>	<u>Annual Amount</u>
1	\$4,600.00
2	\$4,600.00
3	\$4,600.00
4	\$4,600.00
5	\$4,600.00
6	\$5,060.00
7	\$5,060.00
8	\$5,060.00
9	\$5,060.00
10	\$5,060.00
11	\$5,566.00
12	\$5,566.00
13	\$5,566.00
14	\$5,566.00
15	\$5,566.00
16	\$6,122.60
17	\$6,122.60
18	\$6,122.60
19	\$6,122.60
20	\$6,122.60
21	\$6,734.86
22	\$6,734.86
23	\$6,734.86
24	\$6,734.86
25	\$6,734.86



<b>TOTAL AREA (GROSS)</b> 400,752 SQ. FT.		9.2 AC.		<b>EXHIBIT "A"</b>	
FACILITY NAME: LAGUNA BELL - LIGHTHIPE 220 KV T/L RW			P.I.D. NO:		ORDER: 800678863
LEASEE: CITY OF PARAMOUNT			CITY: PARAMOUNT		T.G.: 735 3E, 4E
PROPERTY NO.: 6241-027-808		SCE REAL PROPERTIES		COUNTY: LOS ANGELES	
LAND MAPPING: GOODNER-BELLI R.		ACCOUNT NO.:		STATE: CA	
SANDERS MAP NO.: 533922		OTHER REF: THOMAS BROTHERS MAPS (RAND MCNALLY)		 <small>An EDISON INTERNATIONAL Company</small>	
M.S.:		DATE: 21 MAR 2011			

**EXHIBIT "B"**

Secondary Land Use (SLU) Requirements

[See Exhibits B-1, B-2 and B-3]

**EXHIBIT "B-1" (page 1 of 3)**  
**Constraints Guidelines**  
**for Fee-Owned Transmission Rights-of-Way**  
**In support of Secondary Land Use Policy**  
**January 30, 2007**

The guidelines below are to implement the new policy on Secondary Land Use declared by Southern California Edison (SCE) in March 2006. That new policy declares that because the primary purpose and use of SCE's transmission rights-of-way (ROW) are for the safe construction, operation and maintenance of SCE's electric transmission system, new secondary land uses will, in general, not be allowed. No new agreements for high-intensity uses of the ROW will be entered into. Unlike prior practice, SCE will no longer actively market its rights-of-way for secondary uses.

However, on a case-by-case basis, SCE will consider exceptions to this prohibition and may agree to licenses for low-intensity secondary uses of its fee-owned ROW<sup>1</sup> that are compatible with these primary purposes and do not impose unacceptable burdens on SCE's ability to maintain and operate its current facilities and that do not interfere with any future operating facility needs. Examples of possible low-intensity green or passive recreational uses include greenbelts; horticultural/agricultural; parks; horseback riding trails; and hiking and non-motorized biking trails. On an even less frequent basis, in certain circumstances, additional low-intensity uses such as short-term overflow parking lots and equestrian stables may be permitted. In no case, however, will permanent or metallic structures be permitted.

In addition to the foregoing general guidance, any proposed low-intensity secondary land use must satisfy the following criteria:

- SCE's access to its property and facilities must be maintained and cannot be encumbered, in order to ensure SCE's access for system operations, maintenance, and emergency response.
- Adequate clearance around SCE towers and poles shall be maintained:
  - 100-foot radius from tower footings
  - 10-foot radius around anchors/guy wires, tubular steel and wood poles
- Whatever other clearances are specified in this document, in all cases adequate clearance from overhead lines (conductors) to the ground conforming to General Order (GO) 95 of the California Public Utilities Commission, as the same may be revised from time to time, shall be provided.
- Access roads must be fully available to SCE, with a minimum of 16 feet usable width and capable of supporting 40-ton, three-axle trucks:
  - All curves shall have a radius of not less than 50 feet measured at the inside edge of the usable road surface

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<sup>1</sup> SCE's rights in many of its rights-of-way are only by easement, granted by a third-party property owner. The terms of such easement restrict the underlying fee owner and require SCE's written consent to the waiver or modification of any of such restrictions. SCE does not favor secondary uses of easement rights-of-way because of the difficulty of controlling and terminating such uses.

EXHIBIT "B-1" (page 2 of 3)

- o Maximum cross slope for all access roads shall not exceed 2% and shall slope to the inside
- There are restrictions on underground facilities, such as irrigations systems, with any proposed facility required to have a minimum cover of three feet from the top of the facility and be able to withstand a gross load of 40 tons.
- Structures are not allowed, and other restrictions imposed on specific uses may differ depending on the operating voltage of the electric lines in question. However, portable trailers and the like that can be easily and quickly removed from the site without the aid of special equipment may be permitted. In the case of permitted equestrian stables, the permittee may install facilities constructed primarily of treated wood. In the case of permitted parks, the permittee may install landscaping, trails, benches or other forms of seating, and children's climbing structures provided the same are construed primarily of non-metallic substances and are consistent with required line clearances. Backstops or other metal structures may not be used in the ROW even in otherwise approved parks. Additional technical requirements and prohibitions may apply and will be assessed in discussions with SCE
- Flammable substances are not allowed on SCE rights-of-way.
- Shrubs and trees maintained in the right-of-way may not exceed a 15-foot maximum height mature growth and shall be subject to species limitations specified by SCE. SCE may change acceptable species designations from time to time by SCE upon 90 days' notice.
- As used in SCE's new Secondary Land Use policy, "equestrian stables" shall refer to facilities operated for the domiciling and care of horses. All boarding agreements must authorize the stables operator and SCE to remove horses without notice should emergency circumstances require, and agreements by the horse owner and stables operator to defend, indemnify, and hold SCE harmless should such occur. When stables are permitted, the same shall be only in right-of-way that connects to existing parks, trails, or other open space of at least five acres, or the adjoining area is zoned for equestrian activities.
- Trails, other than those utilizing the existing utility access road, may run longitudinally along the right-of-way, provided the permitted proximity to the "drip line" shall be at SCE's discretion depending on circumstances. Trails crossing the ROW at angles less than 90 degrees may be permitted, again at SCE's discretion. The greater clearances around tower footings and dead-end towers shall be as specified herein shall continue to govern.
- Because they are inconsistent with SCE's primary operating needs, creating wetlands or other sensitive natural habitat, vegetation, or related natural plant areas within SCE's right-of-way is not allowed.
- Trespass discouragers (e.g., "anti-climbing guards") must be installed if deemed necessary by SCE on all existing and future towers. Work will be done by SCE and all costs will be paid in advance by the project proponent or developer.
- Permitted low-intensity secondary land uses will be authorized by means of a license agreement only, for a term not to exceed five years, and terminable at will by SCE on 30 days' notice for no cause required.

**EXHIBIT "B-1" (page 3 of 3)**

This document is intended only to provide general guidance, and is by no means an exhaustive statement of the requirements that will govern any secondary land use to which SCE may agree. In particular circumstances, more-restrictive constraints than those set out above may be required. It is essential and most productive for all involved parties to contact SCE as soon as possible in the project concept stage and prior even to preparing proposed plans. SCE must approve any proposed project design and construction plans in writing before the project can proceed to negotiation of a license agreement. Depending on the nature and scope of the project, SCE may require fees to be paid to cover the costs of planning, research, calculations of the "sag" of the overhead electrical conductors, and other project-related costs. In addition, a license or consent agreement and related fee will be required for any secondary use. All details and questions can be addressed during the project concept and approval process.

30 January 2007

## EXHIBIT "B-2"

### Rivers & Mountains Conservancy (RMC) State Funded (Proposition 40, 50, 84 and other such applicable funding sources) Projects Proposed on SCE's Site

#### PROCESS AND PLAN CHECKLIST

1. Letter from City of Paramount identifying requested use of the Site for State funded (Proposition 40, 50, 84 and other such applicable funding sources) RMC project in accordance with the State provision for the bond measures. The proposed project must be compatible with SCE's Secondary Land Use Policy (low intensity uses only) and Constraints Guidelines.
2. SCE verification of Site availability.
3. If the Site is available, SCE to provide City of Paramount an Application for Use and estimated processing fee to commence review process (SCE review to include electrical conductor clearance evaluations, as required).
4. City of Paramount provides to SCE: (i) the completed Application, (ii) RMC funding approval, and (iii) four (4) copies of a conceptual plan depicting City of Paramount's proposed project.
5. SCE shall conduct a review of the conceptual plan, meet with City of Paramount and provide comments for developing preliminary site plans in accordance with SCE's operational requirements and constraints guidelines.
6. City of Paramount shall submit preliminary site plans to comply with SCE's requirements and guidelines. Preliminary site plans must clearly identify and plot:
  - A. SCE Site lines and easements
  - B. All SCE structures
  - C. All SCE clearances which comply with SCE Constraints Guidelines
  - D. All proposed improvements

Note: Proposed use must not have open space requirements that can impose additional requirements on the Site or prohibit or limit SCE's ability to construct and install additional facilities on the Site. No environmental mitigation is permitted on SCE's Site. No waterways, creeks, or rivers are to be proposed on SCE's Site.

7. Subsequent to SCE's reviews and approval of the preliminary site plans, SCE shall provide the Agreement to the City of Paramount. The Agreement term would be structured based upon state funding requirements, with a maximum term of twenty five (25) years.
8. Subsequent to the City of Paramount securing all required land entitlements, as referenced in Article 4.2 of the Agreement, SCE will prepare and file an application with the CPUC to

secure approval to lease the Site to the City of Paramount pursuant to Article 1.2 of the Agreement

9. Subsequent to the acceptance of the CPUC order by SCE and the City of Paramount, pursuant to Article 1.2 of the Agreement, the City of Paramount will submit final construction plans for SCE's review and approval, in accordance with Article 5 of the Agreement.

All correspondence shall be submitted to:

Southern California Edison  
Real Properties  
Real Estate Revenue Division  
2131 Walnut Grove Avenue  
G.O.3, 2<sup>nd</sup> Floor  
Rosemead, CA 91770

Attention: Dino J. LaBanca

EXHIBIT "B-3"

Application to Use SCE Site & RMC Approval Verification of Funding (Proposition 40, 50, 84 and other such applicable funding sources)

Name of Requestor:

City of Paramount

Point of Contact on Project:

Vince Torres, Recreation Director

Funded by: CA Dept. of Parks & Recreation Is it under Proposition 40, 50, 84 and other such applicable funding sources? Prop 84

Project Name:

Paramount Fitness Park

Location of the Site:

NW Corner of Somerset Blvd. & Texaco Ave.

In order for SCE to process this request, Requestor must obtain approval from San Gabriel Rivers and Mountains Conservancy to ensure that this project falls within Proposition 40, 50 and other such applicable funding source programs.

Submitted By:

David Johnson

Requestor

  
Requestor Signature

Asst. Recreation Director

Requestor Title

1/26/11

Date

Approved By:

David Smith

STATE OF CALIFORNIA  
Department of Parks and Recreation

Project Officer

Department of Parks and Recreation Title

Date

Please use the attached Constraints Guidelines and Process & Plan Checklist in the development of your proposed project. Your project must comply with the all SCE requirements.

SCE will provide requestor an estimated processing fee amount. In order to process this request, requestor understands that a check for payment of the processing fee must be made payable to Southern California Edison Company (SCE) prior to SCE reviewing plans.

The processing fee is based upon the scope and complexity of the proposed project the number of reviews required.

## EXHIBIT "C"

### EMF Information Understanding EMF: Electric Magnetic Fields

Reaching over to turn off the electric clock, relaxing in front of the television or making breakfast- electric and magnetic fields, or EMF, are present throughout our environment.

Electric and magnetic fields are a natural consequence of our use of electricity. Whenever an electric charge or current is present- either natural or manmade-fields of electric and magnetic force occur. The earth itself has an intense magnetic field. Think about the natural relationship between the earth and a compass. What causes the compass needle to point north is the earth's magnetic field. Electric charges, currents and fields are naturally found in all living organisms-including humans.

Manmade fields surround any wire that is carrying electricity, including household wiring, electrical appliances, and transmission lines. These are called power frequency electric and magnetic fields because they are created from manmade electricity. The electric current from manmade fields is much weaker than the electric current that naturally flows through our body too weak to be felt.

In the past few years, there has been an increasing amount of public attention focused on the subject of power frequency electric and magnetic fields, even though the subject has been under the scrutiny of researchers since the early 1970s. However, while progress has been made and we've learned a lot, more research is necessary to determine whether these fields are a health hazard. The needed research is being done by the California Department of Health Services and leading state and national research institutions.

ELECTRIC FIELDS. Electric pressure on a wire, or voltage, produces an electrical field around the wire carrying the electricity. By plugging an ordinary lamp into an electrical outlet, voltage enters the lamp cord and creates an electrical field. The higher the voltage the stronger the electrical field. The strength of these fields is measured by the unit of volts per meter (V/M).

MAGNETIC FIELDS. A magnetic field is the force produced by current, or the flow, of electricity through a wire. For example, when you switch a lamp on, current flows through the cord and this movement of electricity creates a magnetic field. There is no magnetic field when the lamp is turned off. The strength of magnetic fields is measured in gauss. Since a gauss is such a large unit of measure, you will see magnetic fields reported in units or milliGauss (mG) (1 gauss = 1000 milliGauss).

HOW STRONG ARE THEY? The strength of both electric and magnetic fields diminishes quickly as you move away from the electrical object, just like the heat and light from a candle falls off with distance. In addition to distance, trees, buildings and most other objects shield the electric field, but have no effect on the magnetic field.

As a rule, household appliances and wiring create magnetic fields higher than or equal to those typically found near power lines. In any situation, exposure to electric and magnetic fields may depend on the source, the distance from you to the source, and the time spent near the source.

ARE THEY HARMFUL? Most scientists agree that health effects from EMF have not been established. Dozens of studies have been completed since the 1970s and new research will continue until scientists agree on whether or not a health hazard exists. However, current scientific data about electric and magnetic fields is inconsistent. Some studies report a relationship between residential and occupational exposure to EMF and an elevated risk of various cancers while other studies, equally well done, do not find this relationship.

Coverage by local newspapers, magazines and major television networks have generated stories on the possible health risk from exposure to EMF from electric power lines and electrical appliances. Some of the media coverage referred to research studies that reported an increase in cancer, especially childhood cancer, for people living near power lines.

You may want to measure the level of electric or magnetic fields in your home. However, we do not know how to interpret the readings to determine any potential health impacts. There is no safe or unsafe level of electric or magnetic fields established and agreed upon by health scientists. Because of this, measurements in your home cannot be compared to any kind of benchmark level to determine a degree of safety. At a customer's request, Edison will provide magnetic field readings.

WHAT IS EDISON DOING? At Edison, we understand the public's concern about EMF at home, at work and around power lines. First and foremost is our commitment to providing reasonably-priced electricity to our customers in a safe, reliable and environmentally sound manner. That's why Edison is pursuing an integrated research approach that:

- Provides Funding for Research Studies - Edison has joined with other agencies to provide funding to leading universities for research and direct funding to outside laboratories.
- Participates in Joint Studies - Edison is currently participating with the California Public Utilities Commission and the California Department of Health Services to determine a range of options to reduce EMF from electric utility facilities.
- Conducts Research Within Edison - We are reviewing the designs of our transmission lines, substations and other facilities should a health hazard be found. We are also trying to determine the effect EMF has on our electrical workers.
- Keeps Current on All Literature and Research Studies - We continually monitor current studies on the issue and participate in national and international seminars to review the results of ongoing research.

OUR COMMITMENT. If future research shows that electric and magnetic fields associated with electricity are a health hazard, we will take every reasonable action necessary to protect our customers and employees.

To date, the scientific literature is not convincing enough to justify expensive measures to reduce electric or magnetic fields. In the meantime, there are questions that need to be

answered and we will continue to search for those answers. We are conducting research to develop and evaluate engineering steps for reducing fields from electric facilities.

Since more research is needed to resolve this controversy, we will continue to support studies, and encourage outside agencies and governmental bodies to do the same.

Edison will continue to provide the most up-to-date information and services available to customers, employees, legislators, local governments and public interest groups about EMF.

MAGNETIC FIELDS AT HOME.

(Measurements are in milliGauss)

1.2	12	39	1.2	12	39
<u>Microwave Oven</u>			<u>Clothes Washer</u>		
750	40	1	8	2	0.1
to	to	to	to	to	to
2,000	80	8	8	2	0.1
<u>Electric Range</u>			<u>Fluorescent Lamp</u>		
60	4	0.1	400	5	0.1
to	to	to	to	to	to
2,000	40	1	4,000	20	3
<u>Hair Dryer</u>			<u>Television</u>		
60	4	0.1	25	0.4	0.1
to	to	to	to	to	to
20,000	70	3	500	20	2
1.2	12	39	1.2	12	39

MAGNETIC FIELDS OUTSIDE.

Distribution Lines  
1 to 80 mG  
Under the Line

Transmission Lines  
5 to 300 mG  
Under the Line

More detailed information about EMF is contained in a brochure called "Questions & Answers about EMF." To receive a free copy and to find out about other free services Edison provides, including EMF testing and workshops, contact the EMF Education Center at (800) 200-4SCE.

EDISON'S POLICY ON ELECTRIC AND MAGNETIC FIELDS. After many years of research, scientists have not found that exposure to power-frequency electric and magnetic fields (EMF) causes disease in humans. Research on this topic is continuing.

We are aware that some members of the public are concerned about the potential health effects of power-frequency electric and magnetic fields. We recognize and take seriously our responsibilities to help resolve these concerns. Realizing that we need to better understand

electric and magnetic fields and respond to the current uncertainty, we believe Edison's responsibilities are to:

- Provide balanced, accurate information to our employees, customers, and public agencies, including providing EMF measurements and consultation to our customers upon request.
- Support existing research programs at the California Department of Health Services and National Institute of Environmental Health Sciences to resolve the key scientific questions about EMF.
- Conduct research to develop and evaluate no- and low-cost designs for reducing fields from electric utility facilities.
- Take appropriate no- and low-cost steps to minimize field exposures from new facilities and continue to consult and advise our customers with respect to existing facilities.
- Research and evaluate occupational health implications and provide employees who work near energized equipment with timely, accurate information about field exposure in their work environment.
- Assist the California Department of Health Services, the California Public Utilities Commission, and other appropriate local, state, and federal governmental bodies to provide reasonable, uniform regulatory guidance.

**APPENDIX B**

**SCE's Balance Sheet and Statement of Income as of March 31, 2011**

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET

MARCH 31, 2011

A S S E T S

(Unaudited)

(Millions of Dollars)

UTILITY PLANT:

Utility plant, at original cost	\$28,127
Less - Accumulated depreciation	(6,488)
	<hr/>
	21,639
Construction work in progress	3,267
Nuclear fuel, at amortized cost	370
	<hr/>
	25,276
	<hr/>

OTHER PROPERTY AND INVESTMENTS:

Nonutility property - less accumulated depreciation of \$101	75
Nuclear decommissioning trusts	3,619
Other Investments	76
	<hr/>
	3,770
	<hr/>

CURRENT ASSETS:

Cash and cash equivalents	53
Receivables, less allowances of \$87 for uncollectible accounts	625
Accrued unbilled revenue	410
Inventory	328
Prepaid taxes	225
Derivative assets	77
Regulatory assets	407
Other current assets	101
	<hr/>
	2,226
	<hr/>

DEFERRED CHARGES:

Regulatory assets	4,450
Derivative assets	289
Other long-term assets	333
	<hr/>
	5,072
	<hr/>
	\$36,344
	<hr/>

**APPENDIX C**

**List of Counties and Municipalities Served by SCE**

# **SOUTHERN CALIFORNIA EDISON COMPANY**

Citizens or some of the citizens of the following counties and municipal corporations will or may be affected by the changes in rates proposed herein.

## ***COUNTIES***

Fresno	Kings	Orange	Tuolumne*
Imperial	Los Angeles	Riverside	Tulare
Inyo	Madera	San Bernardino	Ventura
Kern	Mono	Santa Barbara	

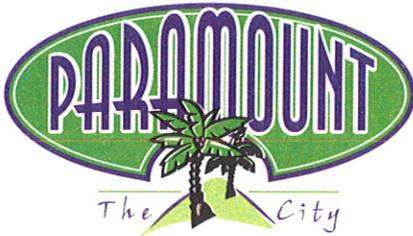
## ***MUNICIPAL CORPORATIONS***

Adelanto	Cudahy	Irwindale	Newport Beach	Santa Barbara
Agoura Hills	Culver City	La Canada Flintridge	Norco	Santa Clarita
Alhambra	Cypress	La Habra	Norwalk	Santa Fe Springs
Aliso Viejo	Delano	La Habra Heights	Ojai	Santa Monica
Apple Valley	Desert Hot Springs	La Mirada	Ontario	Santa Paula
Arcadia	Diamond Bar	La Palma	Orange	Seal Beach
Artesia	Downey	La Puente	Oxnard	Sierra Madre
Avalon	Duarte	La Verne	Palm Desert	Signal Hill
Baldwin Park	Eastvale	Laguna Beach	Palm Springs	Simi Valley
Barstow	El Centro	Laguna Hills	Palmdale	South El Monte
Beaumont	El Monte	Laguna Niguel	Palos Verdes Estates	South Gate
Bell	El Segundo	Laguna Woods	Paramount	South Pasadena
Bell Gardens	Exeter	Lake Elsinore	Perris	Stanton
Bellflower	Farmersville	Lake Forest	Pico Rivera	Tehachapi
Beverly Hills	Fillmore	Lakewood	Placentia	Temecula
Bishop	Fontana	Lancaster	Pomona	Temple City
Blythe	Fountain Valley	Lawndale	Port Hueneme	Thousand Oaks
Bradbury	Fullerton	Lindsay	Porterville	Torrance
Brea	Garden Grove	Loma Linda	Rancho Cucamonga	Tulare
Buena Park	Gardena	Lomita	Rancho Mirage	Tustin
Calabasas	Glendora	Long Beach	Rancho Palos Verdes	Twentynine Palms
California City	Goleta	Los Alamitos	Rancho Santa Margarita	Upland
Calimesa	Grand Terrace	Lynwood	Redlands	Vernon
Camarillo	Hanford	Malibu	Redondo Beach	Victorville
Canyon Lake	Hawaiian Gardens	Mammoth Lakes	Rialto	Villa Park
Carpinteria	Hawthorne	Manhattan Beach	Ridgecrest	Visalia
Carson	Hemet	Maywood	Rolling Hills	Walnut
Cathedral City	Hermosa Beach	McFarland	Rolling Hills Estates	West Covina
Cerritos	Hesperia	Menifee	Rosemead	West Hollywood
Chino	Hidden Hills	Mission Viejo	San Bernardino	Westlake Village
Chino Hills	Highland	Monrovia	San Buenaventura	Westminster
Claremont	Huntington Beach	Montclair	San Dimas	Whittier
Commerce	Huntington Park	Montebello	San Fernando	Wildomar
Compton	Indian Wells	Monterey Park	San Gabriel	Woodlake
Corona	Industry	Moorpark	San Jacinto	Yorba Linda
Costa Mesa	Inglewood	Moreno Valley	San Marino	Yucaipa
Covina	Irvine	Murrieta	Santa Ana	Yucca Valley

\*SCE provides electric service to a small number of customer accounts in Tuolumne County and is not subject to franchise requirements.

**APPENDIX D**

**City of Paramount Notice of Categorical Exemption: Section 15304  
and Resolution No. 10:003**



TOM HANSEN  
Mayor  
DARYL HOFMEYER  
Vice Mayor  
GENE DANIELS  
Councilmember  
PEGGY LEMONS  
Councilmember  
DIANE J. MARTINEZ  
Councilmember

Community Services & Recreation  
(562) 220-2121

RECEIVED

OCT 06 2010

REVENUE DEVELOPMENT  
CORPORATE REAL ESTATE

October 5, 2010

Dino J. LaBanca  
Southern California Edison  
Real Properties Department  
2131 Walnut Grove Avenue  
Rosemead, CA 91770

Dear Mr. LaBanca:

Re: Paramount Fitness Park  
Laguna Bell-Mesa 220kV T/L R/W  
North of Somerset Blvd., Paramount

This letter is to provide you with the information necessary for our mutual agreement to lease the Edison right-of-way in the City of Paramount for the development of a proposed Paramount Fitness Park. The zoning of the proposed park is M-1, Light Manufacturing. The City's General Plan does allow for park development in an M-1 zone. Additionally, a Notice of Exemption (see attached) was filed on January 5, 2010 and no comments were received during or after the filing period.

Should you require more information, please call me at (562) 220-2222.

CITY OF PARAMOUNT

Linda Benedetti-Leal  
City Manager

FILED

JAN 05 2010

NOTICE OF EXEMPTION

REGISTRAR-RECORDS DEAN C. LOGAN  
A. SHERLOCK COUNTY CLERK

To: County Clerk, County of Los Angeles  
Environmental Filings, 2<sup>nd</sup> Floor, Room 201  
12400 East Imperial Highway  
Norwalk, CA 90650

From: City of Paramount DEPUTY  
16400 Colorado Avenue  
Paramount, CA 90723

Filing of Notice of Exemption in compliance with Section 21108 or 21152 of the Public Resources Code

Project Title: Capital improvement project – Paramount Fitness Park

Project Location: Northwest corner of Somerset and Texaco

Project Description: (include nature purpose and beneficiaries) development of Edison ROW property into a landscaped park with a rubberized jogging track and artificial turf field, exercise stations and parking lot

Name of Lead Agency Approving Project: City of Paramount

Name of Person or Agency Carrying out Project: City of Paramount

Exempt Status: (Check one)

- Ministerial (Section 21080(b)(1); 15268
- Declared Emergency (Section 21080(b)(3); 15269(a)
- Emergency Project (Section 21080(b)(4); 15269(b) and (c)
- Categorical Exemption. Type and section number: 15304
- Statutory Exemptions. State Code number:

Reasons Why Project is Exempt: Minor alterations in the condition of land that do not affect sensitive resources

Contact Person: John Carver, Assistant Community Development Director 562-220-2048

If Filed by Applicant:

- 1. Attach certified document of exemption finding.
- 2. Has a notice of exemption been filed by the Public Agency approving the project? Yes \_\_\_ No

Date Received for Filing: \_\_\_\_\_

Signature John Carver

Title Assistant Community Development Director

THIS NOTICE WAS POSTED  
ON JAN 05 2010  
UNTIL FEB 05 2010  
REGISTRAR-RECORDS/COUNTY CLERK

CITY OF PARAMOUNT  
LOS ANGELES COUNTY, CALIFORNIA

RESOLUTION NO. 10:003

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PARAMOUNT  
APPROVING THE APPLICATION FOR STATEWIDE PARK PROGRAM GRANT  
FUNDS

WHEREAS, the State Department of Parks and Recreation has been delegated the responsibility by the Legislature of the State of California for the administration of the Statewide Park Program, setting up necessary procedures governing the Application; and

WHEREAS, said procedures established by the State Department of Parks and Recreation require the applicant to certify by resolution the approval of application(s) before submission of said application(s) to the State; and

WHEREAS, the applicant will enter into a contract with the State of California to complete the grant scope project.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PARAMOUNT  
HEREBY RESOLVES AS FOLLOWS:

Section 1. Approves the filing of an application for the Paramount Park Renovation and Facility Expansion, Spane Park Renovation, Fitness Park Development, Alondra Ballfield Renovation, and Orange Pool Renovation; and

Section 2. Certifies that said applicant has or will have available, prior to commencement of any work on the project included in this application, the sufficient funds to complete the project; and

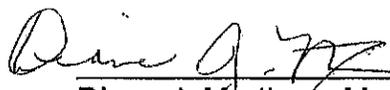
Section 3. Certifies that the applicant has or will have sufficient funds to operate and maintain the project(s); and

Section 4. Certifies that the applicant has reviewed, understands, and agrees to the General Provisions contained in the contract shown in the Grant Administration Guide; and

Section 5. Delegates the authority to the City Manager or her designee to conduct all negotiations, sign and submit all documents, including, but not limited to, applications, agreements, amendments, and payment requests, which may be necessary for the completion of the grant scope; and

Section 6. Agrees to comply with all applicable federal, state and local laws, ordinances, rules, regulations and guidelines.

PASSED, APPROVED, and ADOPTED by the City Council of the City of Paramount  
on this 5th day of January, 2010.

  
\_\_\_\_\_  
Diane J. Martinez, Mayor

Attest:

  
\_\_\_\_\_  
Lana Chikami, City Clerk



## CERTIFICATION

STATE OF CALIFORNIA            )  
COUNTY OF LOS ANGELES    ) ss.  
CITY OF PARAMOUNT            )

I, Lana Chikami, City Clerk of the City of Paramount, California, DO HEREBY CERTIFY that the attached document is a true and correct copy of City of Paramount **Resolution No. 10:003** adopted by the City Council of the City of Paramount at their meeting held on January 5, 2010.

Signed and sealed this 28<sup>th</sup> day of February 2011.



---

Lana Chikami, City Clerk

(SEAL)

**APPENDIX E**

**Public Utilities, Code Section 857**

**Assembly Bill No. 521**

**CHAPTER 448**

An act to add Section 857 to the Public Utilities Code, relating to utility property.

[Approved by Governor October 11, 2009. Filed with  
Secretary of State October 11, 2009.]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 521, De La Torre. Utility property: leases for park purposes.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities. Under the existing Public Utilities Act, a public utility is required to seek commission approval prior to selling, leasing, assigning, mortgaging, or otherwise disposing of or encumbering any property necessary or useful in the performance of its duties to the public.

This bill would authorize a public utility that owns real property acquired for purposes of obtaining a utility right-of-way, to lease that property to a governmental entity for purposes of a public park, if the utility will retain the use of the right-of-way for public utility purposes. The bill would require the commission, in determining whether the lease is for fair value, to include the community benefits, as defined, of parks and open space as a benefit to ratepayers.

*The people of the State of California do enact as follows:*

SECTION 1. Section 857 is added to the Public Utilities Code, to read:

857. (a) A public utility that owns real property acquired for purposes of obtaining a utility right-of-way, may lease that property to a governmental entity for purposes of a public park, if the utility retains the use of the right-of-way for public utility purposes.

(b) In determining whether a lease of real property to a governmental entity for park purposes is for fair value, the commission shall include the community benefits of parks and open space as a benefit to ratepayers.

(c) As used in this section, "community benefits" include, but are not limited to, improving public health, protecting the environment, and increasing recreational assets.

O

**VERIFICATION**

I am an officer of the applicant corporation herein, and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 31st day of August, 2011, at Rosemead, California.

/s/ Cecil R. House

Cecil R. House  
Senior Vice President  
Operations Support and Chief Procurement Officer  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770

**VERIFICATION**

I am the City Manager of the City of Paramount, and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 31st day of August, 2011, at Paramount, California.

/s/ Linda Benedetti-Leal

Linda Benedetti-Leal

City Manager

CITY OF PARAMOUNT

16400 Colorado Avenue  
Paramount, CA 90723-5012