LEASE AGREEMENT

Between the U.S. Department of Veterans Affairs

and

SafetyPark Corporation, a California corporation

of Certain Real Property
at the West Los Angeles Campus,
in Los Angeles, California

Pursuant to the West Los Angeles Leasing Act of 2016

DATED: JUNE 1, 2019
LEASE AGREEMENT

PREAMBLE

This Lease (“Lease”) is made and effective as of June 1, 2019, by and between the U.S. Department of Veterans Affairs (hereinafter “Department” or “VA”), and SafetyPark Corporation (hereinafter “Lessee”), a corporation organized under the laws of the State of California, for the premises described and depicted in Exhibit “A-1” and Exhibit “A-2”, which is more particularly defined herein as the “Property”. VA and Lessee shall from time to time be collectively referred to herein as the “Parties”, or individually as a “Party”.

RECITALS

A. WHEREAS, the Department has jurisdiction and control of certain real property and facilities known as the West Los Angeles Campus, in Los Angeles, California (hereinafter the “WLA Campus”), which provides services and benefits to the nation’s Veterans and their families. The land and improvements subject to this non-exclusive Lease consists of two (2) non-contiguous surface parking lots (the “North Lot” and the “South Lot”) located on South Barrington Avenue. The North Lot currently contains 262 parking spaces, and the South Lot currently contains 188 parking spaces, for a combined total of 450 parking spaces at the WLA Campus (hereinafter the “VA Barrington Parking Lots” or the “Property”), and as further described and depicted in Exhibit “A-1” and Exhibit “A-2”; and

B. WHEREAS, the West Los Angeles Leasing Act of 2016 (Public Law 114-226) (hereinafter referred to as “the West LA Leasing Act”), attached as Exhibit “C” to this Lease, authorizes the Department to grant this Lease to the Lessee, and the Lessee in return will provide services and consideration as described herein, to principally benefits Veterans and their families; and

C. WHEREAS, this Lease recognizes VA's goal to revitalize the WLA Campus into a welcoming and vibrant community for Veterans of the greater Los Angeles area, and help end Veterans homelessness in Los Angeles, California, with the purpose of ensuring that the WLA Campus more appropriately benefits Veterans and their families, including Veterans who are severely disabled, chronically homeless, aging, or female; and

D. WHEREAS, this Lease is entered on the Effective Date, for good and valuable consideration set forth herein, to confirm and memorialize the Parties’ mutual understandings of the terms and conditions whereby Lessee will prospectively provide Veteran-focused services and support to VA's WLA Campus, for the direct and principal benefit of Veterans and their families. The Parties agree that this Lease contains the terms of a real property agreement and related agreements setting forth in appropriate detail the rights and obligations of the Parties; and

E. WHEREAS, This Lease is executed consistent with VA’s Draft Master Plan for the WLA Campus and in recognition of VA’s goals to revitalize the WLA Campus into a welcoming, and inviting facility for Veterans of the Greater Los Angeles area, and to help end Veterans homelessness, and is guided by collaborative work by VA and Lessee to develop the programs and activities set forth below for the direct benefit of Veterans; and
F. WHEREAS, VA has determined that this Lease and the consideration to be provided from the Lessee is consistent with VA’s mission and operations, and will help revitalize the WLA Campus for the benefit of Veterans and their families; and

G. WHEREAS, the Department and Lessee understand that during the Lease Term, the Property, as defined in Article 1 of this Lease, shall be subject to applicable Federal, State, and local laws, codes, ordinances, regulations, and permitting requirements; and

H. WHEREAS, the Department and Lessee understand that during the Lease Term, Lessee will be required to comply with the Service Contract Act (41 U.S.C. §§ 6701-6707); and

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, receipt of which is hereby acknowledged and accepted, it is hereby agreed that the terms and conditions of this Lease are as follows:

ARTICLE 1 – EXHIBITS AND DEFINITIONS

A. Exhibits: The following constitute the Exhibits to this Lease. Each of the Exhibits is attached to this Lease and is incorporated by this reference:

1. Exhibit “A-1” and Exhibit “A-2”: Property Description
2. Exhibit “B”: Estimated Monthly Operating Expenses

B. Definitions: The following constitute the definitions to this Lease:

“Congress”: means the Congress of the United States of America.

“Department” or “VA”: means the United States Department of Veterans Affairs.

“Effective Date”: means the date this Lease is executed by both Parties; provided that, if the Parties execute this Lease on different days, the Effective Date shall mean the later day that this Lease is executed.

“Force Majeure”: means any of the following that directly cause any of Lessee’s obligations hereunder not to be performed in a timely manner: (a) an earthquake, hurricane, tornado, flood, or other similar act of God; (b) fire; (c) strikes or similar labor disputes provided such strike or similar dispute is beyond Lessee’s control and provided Lessee takes all steps reasonably possible to remediate such strike or similar dispute; (d) acts of the public enemy; (e) inability to obtain labor or materials or clear access to the Project by reason of acts or omissions of any governmental body not caused by Lessee’s actions or omissions; (f) rebellions, riots, insurrections or civil unrest; (g) unusually severe weather conditions that actually cause similar renovation activities in the area of the Project to be suspended; (h) discovery, remediation, and abatement of any unknown environmental hazard or unknown hazardous substance (i.e., a hazardous substance, covered by any environmental law or regulation, whose existence on the Property is unknown to Lessee by the Effective Date) which is affecting the Property; (i) discovery of any ancient, historical, archeological, architectural, or cultural artifacts, relics, or remains on the Property; and (j) any act or omission of a governmental body other than VA not caused by VA’s or Lessee’s actions or omissions.
“Hazardous Substances”: means those substances as defined in Article 34 of this Lease.

“Lease”: means this Lease between the Department and Lessee.

“Lease Term”: means the Initial Term of the Lease and, if applicable, the Extension Term(s), as defined in Article 3.B of the Lease.


“Parking Management Services” or “Project”: means the operation, management, and maintenance of the Property in accordance with this Lease, and the provision of services provided in Article 2.A.3 of this Lease.

“Parking Taxes”: means any municipal parking occupancy tax or any other similar tax or fee imposed by any governmental entity in connection with the use or operation of the Property for automobile parking operations.

“Property” or “VA Barrington Parking Lots”: means that certain real property consisting of approximately 3.86 acres and containing approximately 450 parking spaces, as described and depicted in Exhibit “A-1” and “A-2”, respectively, and all of the structures, improvements, utilities, fixtures, infrastructure, and any other improvements that are located, constructed, erected, or placed thereon.

“Qualified Party”: means any Person whereby (i) neither such Person nor any of its partners, members, or principal stockholders is debarred or suspended from doing business with the Department or any other Federal government agency, (ii) neither such Person nor any of its partners, members, or principal stockholders is listed on any non-procurement or reciprocal lists on the most current “System for Award Management” published by the United States General Services Administration at www.sam.gov, as updated from time to time, or any replacement thereof, (iii) neither such Person nor any of its partners, members, or principal stockholders is a person who poses a security or safety risk as determined by the Secretary of State, including but not limited to any person who either represents a country, or is a member of or provides political, financial or military support to a group, that is listed in the most current “Patterns of Global Terrorism” report, issued by the Secretary of State in compliance with 22 U.S.C. § 2656f(a), available from the Superintendent of Documents, U.S. Government Printing Office, Washington D.C. 20402 and also available at https://www.state.gov/j/ct/rls/crt/, and (iv) neither such Person nor any of its partners, members or principal stockholders is subject to a criminal indictment or information for a felony in any court in the United States. For purposes of this Lease, the term “principal stockholder” shall mean any person who is a beneficial owner (as defined for purposes of Rule 13d-3 of the Securities and Exchange Act of 1934, as amended and promulgated by the Securities and Exchange Commission) of ten percent (10%) or more of the outstanding stock or other equity of the Lessee.

“Secretary”: means the Secretary of VA or the individual delegated to act for and on behalf of the Secretary.

“WLA Campus”: means the VA West Los Angeles Campus located in Los Angeles, California.

“Veteran(s)”: means a Veteran(s) who served in the active military, naval or air service, and who was discharged or released therefrom.)
"West LA Leasing Act": means the West Los Angeles Leasing Act of 2016, which is contained in Public Law No: 114-226, and attached as Exhibit “C” to this Lease.

**ARTICLE 2 – CONSIDERATION FOR LEASE**

A. **Consideration:** In return for VA granting this Lease on the WLA Campus, the Lessee hereby agrees to provide the following consideration for the primary benefit of Veterans and their families:

1. Commencing after the Effective Date and each annual anniversary thereof during the Lease Term, Lessee will provide an annual rent payment of $0.00 to VA for Lessee’s use of the Property, to the extent legally feasible to VA, located on the WLA Campus, in accordance with the terms of this Lease, which will require rent to be payable in monthly installments of $0.00, for an initial term of one (1) year, plus a possible nine (9) one (1) year extension options, as described in Article 3 below. Additionally, Lessee shall diligently collect all Gross Receipts and promptly pay all Operating Expenses, as that term is defined in Article 2.B.4 of this Lease, from the operation and use of the VA Barrington Parking Lots. The Lessee will remit the Gross Receipts less Operating Expenses (“Net Parking Revenues”) to VA by no later than the 10th day of each month of the Initial Term and any Extension Terms(s).

2. The Lease is subject to the terms and provisions of the West LA Leasing Act, a copy of which is attached as Exhibit “C”. Pursuant to the West LA Leasing Act and Article 2.A.3 of this Lease, the Lessee must address and fulfill the requirement to provide services that “principally benefits Veterans and their families” as defined in Sections 2(b)(2) and 2(l) of the West LA Leasing Act and, more specifically: Section 2(b)(2)(B), Education; Section 2(b)(2)(C), Vocational training, skills building, or other training related to employment; Section 2(b)(2)(H) Transportation; and Section 2(b)(2)(I), Services in support of one or more of the purposes identified in Section 2(b)(2) of the West LA Leasing Act. Any activities to be conducted on or use of the Property by the Lessee cannot conflict with VA’s ongoing mission and operations on the WLA Campus.

3. Lessee will provide services that principally benefit Veterans and their families through specific and designated Veteran employment opportunities and job training. VA and Lessee agree that the services and priorities contained in this Lease align with VA’s ongoing master planning process for the WLA Campus, and are designed to meet the needs of Veterans and their families. Lessee will implement and maintain the following initiatives:

   a. Employ Veterans for no less than Eighty-Five Percent (85%) of the staffing requirements for the VA Barrington Parking Lots;

   b. To the extent practicable, make best efforts to hire Veterans on a priority basis for the Lessee’s workforce;

   c. Implement and manage a program for Veteran customer service training;

   d. Implement and manage a program for Veterans to obtain discounts on goods and services from Brentwood Village business establishments;
e. Implement and manage a program to generate employment opportunities for Veterans with Brentwood Village business establishments;

f. Implement and manage a program to provide supportive services for Veterans employed for the Parking Management Services that are consistent with the WLA Act, this Lease, and VA’s objectives for the WLA Campus;

g. Provide written reports no later than the tenth (10th) day of each month that describes the services provided that principally benefit Veterans and their families in accordance with Article 2.A.2 of this Lease, including but not limited to the fair market value of such services, accomplishments, outreach efforts, the number of Veterans actively involved, and stakeholder feedback.

4. It is understood that it is the intent of the Parties that this be an absolute net Lease with no cost to VA, and that the Department shall not be obligated to pay any charges, including but not limited to Operating Expenses or potential Net Parking Revenues deficits.

B. Operating Guidelines. The Department and Lessee hereby agree as follows:

1. Non-exclusive, non-recordable Lease. This Lease is non-exclusive and non-recordable and is granted from VA to the Lessee under the express condition, understanding, and obligation for the Lessee to: (a) collect and remit to VA 100% of the Net Parking Revenues, after deduction of Operating Expenses, as that term is defined in Article 2.B.4 of this Lease, generated through Lessee’s operation of the Property during the Lease Term, so VA can use such funds to benefit the WLA Campus in accordance with Section 2(d) of the West LA Leasing Act; (b) provide services to Veterans and their families as outlined in Articles 2.A.2 and 2.A.3 above; (c) refrain from recording the Lease in any public land records; and (d) allow VA at its discretion during the Initial Term and any Extension Term(s), to utilize and/or subject the parking areas to uses and activities consistent with VA’s mission and operation, and such instances shall in no event constitute a violation or breach under this Lease.

2. Collection and Disbursement of Funds. Lessee shall diligently collect all Gross Receipts and promptly pay all Operating Expenses, as that term is defined in Article 2.B.4 of this Lease, from the operation and use of the VA Barrington Parking Lots. The Lessee will remit the Gross Receipts less Operating Expenses (“Net Parking Revenues”) to VA by no later than the 10th day of each month of the Initial Term and any Extension Term(s). Lessee shall advertise on the Property daily parking rates meeting VA’s prior written approval, and charge such rates and collect such amounts from third parties that park their vehicles at the VA Barrington Parking Lots. Except and to the extent that VA grants its prior written approval, the Lessee shall prohibit third parties from parking vehicles overnight on the Property.

3. Maintenance and Repairs. Lessee shall keep the VA Barrington Parking Lots clean and in a proper state of maintenance and repair, in accordance with standards of cleanliness, maintenance and repair similar to other first-class automobile public parking facilities in Los Angeles.

4. Operating Expenses. The actual costs associated with providing the Parking Management Services (“Operating Expenses”) will be managed and administered by Lessee, subject to VA review and approval. On a monthly basis, Lessee will provide detailed supporting documentation for the actual Operating Expenses during the preceding calendar month, which shall include a Monthly Statement containing: (i)
detailed Gross Receipts collected by Lessee, (ii) Parking Tax attributable thereto, (iii) the Operating Expenses, and (iv) a Monthly Statement of Aged Accounts Receivable. By way of reference, the estimated monthly amount for Operating Expenses during Year 1 of the Initial Term is not to exceed $39,880.33. Exhibit “B” to this Lease contains more detailed information regarding the Operating Expenses. Utilities bills will be paid directly to the utility provider or paid by reimbursement to the utility account holder.

5. Management and Use. Lessee shall manage, operate, and maintain the VA Barrington Parking Lots in a diligent, careful, and first-class manner consistent with industry standards for other similar competitive public parking facilities in the Los Angeles marketplace. Lessee shall install and maintain at the VA Barrington Parking Lots entrance gates and equipment to ensure an orderly and secure process for third parties to receive a ticket and remit the pertinent parking fee to the Lessee, and then park on the Property, and an accurate and efficient accounting system for receipts with adequate internal controls. Lessee shall act in a fiduciary capacity with respect to the proper protection of and accounting for VA’s assets. In this capacity, Lessee shall deal at arm’s length with all third parties and at all times Lessee shall owe VA a duty of loyalty. Lessee shall not use or occupy the VA Barrington Parking Lots or any portion thereof or permit any other person to use or occupy the VA Barrington Parking Lots or any portion thereof in any manner or for any purpose which (i) would constitute a nuisance, (ii) which would injure the reputation of the VA Barrington Parking Lots, or (iii) would unreasonably disturb tenants in the VA Barrington Parking Lots.

6. Rates and Hours of Operation. Lessee shall be required to keep the VA Barrington Parking Lots open on days and at hours specified by VA. VA may from time to time change the days and hours of operation of the VA Barrington Parking Lots. Initially, the VA Barrington Parking Lots shall be open and staffed with two (2) parking attendants every day, from 7:00 a.m. to 9:00 p.m.; systems will be implemented for the payment of parking fees and retrieval of vehicles when the VA Barrington Parking Lot parking attendants are not on duty. Lessee shall charge and collect, in addition to the rates specified in any existing parking agreements for the VA Barrington Parking Lots, the parking rates as determined by VA in its sole and absolute discretion. Veterans presenting documentation of Veteran status shall receive discounts equal to twenty five percent (25%) of the Parking Rates, and the detail behind each individual Veteran discount will be included in each Monthly Statement.

7. Parking Contracts. Lessee agrees to provide monthly contract parking and daily public parking at the VA Barrington Parking Lots. The North Lot may not generate more than sixty-six (66) monthly contract parking agreements at any time. The South Lot may not generate more than ninety-five (95) monthly contract parking agreements at any time. Special event, filming location operations, fleet parking, and automobile dealer parking arrangements are not permitted unless the VA Contracting Officer or designee grants its prior written approval. Lessee shall ensure that any and all contracts it enters with third parties contain the condition that the contract is subject and subordinate to this Lease, and at all times remains terminable at the discretion of the Lessee or VA upon thirty (30) days’ written notice, at no cost to or recourse against VA. Lessee shall keep a daily log of all such monthly and third-party parking arrangements, including the name, address, office, and cell numbers of all individuals and entities using the parking lots pursuant to such arrangements, and make them available to VA upon request.

8. Safety, Complaints, and Problems. Lessee shall conduct rounds at the parking areas each morning and night, to identify any vehicles that have been parked in one location for an unusual or inordinate amount of time, and promptly alert the VA police of any such vehicles, as well as any potential health, safety, or security events observed due to circumstances involving patrons, or vehicles or their contents. Lessee
shall also promptly advise VA of all claims or complaints about the VA Barrington Parking Lots and/or Lessee’s operation thereof. Lessee shall also make every effort to proceed and resolve all claims and complaints arising from the operation of the VA Barrington Parking Lots, including, without limitation, insurance-related claims involving any mechanical parking control devices, if any.

9. **Personnel.** Lessee shall have in its employ at all times a sufficient number of capable employees to enable it to properly, adequately, safely, and economically manage, operate, monitor, maintain, staff and account for the VA Barrington Parking Lots with the necessary number of employees on call to allow users to use the VA Barrington Parking Lots during the Hours of Operation. Lessee shall employ Veterans for no less than eighty-five percent (85%) of the staffing requirements for the VA Barrington Parking Lots and documentation for this initiative shall be summarized and confirmed in each Monthly Statement. The North Lot shall be staffed with one parking attendant during the Hours of Operations and the South Lot shall be staffed with one parking attendant during the Hours of Operations.

10. **Books of Accounts.** Lessee shall maintain adequate books and records for the VA Barrington Parking Lots, the entries to which shall be supported by sufficient documentation to ascertain that said entries are properly and accurately recorded. Such books and records shall be maintained by Lessee and shall ensure such control over accounting and financial transactions as is reasonably required to protect VA’s assets from theft, error, or fraudulent activity on the part of Lessee’s employees, agents, or others. Losses arising from such instances are to be borne by Lessee. Lessee shall ensure that all books and records, documentation, data, and other information required to be maintained during the term of the Lease shall be prepared and reported in a timely and accurate manner, and in accordance with required policies and procedures.

11. **Reports.** On or before the tenth (10th) day of each month, Lessee shall submit to VA the following written and certified statements (collectively, the “Monthly Statements”) for the VA Barrington Parking Lots: (i) a Monthly Statement of Parking Revenue and Expenses or any other form approved by VA which sets forth in detail Gross Receipts collected by Lessee during the preceding calendar month, the Parking Tax attributable thereto and the Operating Expenses during the preceding calendar month; (ii) a Monthly Statement of Aged Accounts Receivable or any other form approved by VA; and (iii) any other statement VA deems necessary with respect to the VA Barrington Parking Lots. The Monthly Statements shall be signed and certified by an officer of Lessee to be complete and accurate by Lessee. All reports and financial statements required by VA shall be prepared in accordance with generally accepted accounting principles. Supporting documentation shall be provided by Lessee as requested by VA.

12. **Budgets.** Lessee shall prepare a proposed operating budget and a proposed capital budget for the promotion, operation, repair, and maintenance of the VA Barrington Parking Lots (collectively, the “Proposed Budgets”). The first Proposed Budgets shall be delivered to VA within thirty (30) days after the execution of the Lease and subsequent Proposed Budgets no later than June 30th of each subsequent year. VA will consider the Proposed Budgets and will consult with Lessee in order to agree on an approved operating budget and an approved capital budget (the “Approved Operating Budget” and the “Approved Capital Budget”) for the VA Barrington Parking Lots.

13. **Security.** Lessee hereby acknowledges that VA may be providing separately contracted security for the VA Barrington Parking Lots on a roaming basis and such services may be treated as an Operating Expense, at VA’s Contracting Officer’s sole discretion. While VA acknowledges that Lessee’s
duties hereunder do not include the rendition of advice, supervision, or furnishing of personnel in connection with the personal safety and security of employees, tenants, customers, or other persons in or about the VA Barrington Parking Lots, and further acknowledges that VA shall determine, at VA’s sole and absolute discretion, whether and to what extent other cautionary warnings, security devices, or security services may be required to protect patrons in or about the VA Barrington Parking Lots, Lessee hereby agrees that Lessee and Lessee’s employees shall cooperate with and assist any security personnel and any security efforts in or about the VA Barrington Parking Lots.

14. **Termination for Government Convenience.** VA may during the Lease Term, terminate all or a portion of the Lessee’s rights and obligations under this Lease, if the VA Contracting Officer determines that doing so is in the VA’s interest. The VA Contracting Officer shall terminate by delivering to the Lessee a Notice of Termination specifying the extent of termination and the effective date. After termination, the Lessee shall submit a final termination settlement proposal with copies of all pertinent third-party invoices supporting all costs claimed, to the VA Contracting Officer, in the form and with the certification prescribed by the VA Contracting Officer. The termination for convenience shall only entitle the Lessee to incurred costs, plus a reasonable profit on such incurred costs, plus the costs of preparing the settlement proposal. Accordingly, the Lessee will not be entitled to recover anticipatory profits or consequential damages. The Lessee shall submit the proposal promptly, but no later than ninety (90) days from the effective date of termination, unless extended in writing by the VA Contracting Officer upon written request of the Lessee. The VA Contracting Officer shall review the Lessee’s proposal if submitted timely, determine a fair and reasonable settlement amount, and negotiate the same in good faith with the Lessee. During that process, the VA Contracting Officer shall be permitted to deduct from the termination for convenience payment, any amounts that the Lessee fails to substantiate (e.g., through independent third-party invoices), and any costs that VA will incur to reasonably repair or restore any damaged areas that exist on the Property at the time of the termination for convenience. If the Lessee fails to submit the proposal within the time allowed, the VA Contracting Officer may determine, on the basis of information available, the amount, if any, due the Lessee because of the termination. After receipt of a Notice of Termination, and except as directed by the VA Contracting Officer, the Lessee shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due: (1) Stop work as specified in the notice; (2) Place no further subcontracts for materials or services, except as necessary to complete the continued portion of the contract; (3) Terminate all subcontracts to the extent they relate to the work terminated; (4) Assign to the VA, as directed by the VA Contracting Officer, all right, title, and interest of the Lessee under the subcontracts terminated, in which case the VA shall have the right to settle or to pay any termination settlement proposal arising out of those terminations; (5) With approval or ratification to the extent required by the VA Contracting Officer, settle all outstanding liabilities and termination settlement proposals arising from the termination of subcontracts; the approval or ratification will be final; (6) Complete performance of the work not terminated.

15. **Termination for Default.** VA may, by written notice of default to the Lessee, terminate this Lease in whole or in part if the Lessee fails to (i) To perform the services within the time specified in this Lease or any extension; (ii) Make progress, so as to endanger performance of this Lease; or (iii) Perform any of the other provisions of this Lease. VA’s right to terminate this Lease, may be exercised if the Lessee does not cure such failure within ten (10) days (or more if authorized in writing by the VA Contracting Officer) after receipt of the notice from the VA Contracting Officer specifying the failure. If the VA terminates this Lease in whole or in part, it may acquire, under the terms and in the manner the VA Contracting Officer considers appropriate, services similar to those terminated, and the Lessee will be liable to the Government for any excess costs for those services. However, the Lessee shall continue the work not terminated. Except for defaults of subcontractors at any tier, the Lessee shall not be liable for any excess costs if the failure to
perform the Lease arises from causes beyond the control and without the fault or negligence of the Lessee. Examples of such causes include: (1) acts of God or of the public enemy; (2) acts of the Government in either its sovereign or contractual capacity; (3) fires; (4) floods; (5) epidemics; (6) quarantine restrictions; (7) strikes; (8) freight embargoes, and (9) unusually severe weather. In each instance the failure to perform must be beyond the control and without the fault or negligence of the Lessee. If the failure to perform is caused by the default of a subcontractor at any tier, and if the cause of the default is beyond the control of both the Lessee and subcontractor, and without the fault or negligence of either, the Lessee shall not be liable for any excess costs for failure to perform, unless the subcontracted services were obtainable from other sources in sufficient time for the Lessee to meet the required delivery schedule.

ARTICLE 3 – LEASE TERM

A. **Initial Term.** Unless earlier terminated by the Department as provided in accordance with the terms of this Lease, the initial term of this Lease shall be for one (1) year, commencing on the Effective Date ("Initial Term").

B. **Extension Term(s).** Subject to the provisions of this Section B, the Lease shall provide for nine (9) one (1) year extension options to extend the Lease Term, which shall hereafter be referred to individually as an "Extension Term").

1. Should Lessee determine that it would like to extend the term of the Lease beyond the Initial Term, Lessee shall provide written notice to VA by no later than one hundred eighty (180) days prior to the Lease expiration requesting an Extension Term ("Extension Term Request"). Additionally, the VA Contracting Officer shall have the discretion to accept an untimely written Extension Term Request. If the Initial Term expires without a timely or acceptable untimely Extension Term Request sent from the Lessee to the VA Contracting Officer, then the extension option shall automatically terminate.

2. Upon issuance of the Extension Term Request from Lessee to the VA Contracting Officer, VA shall have the unilateral right to accept or reject the Lessee’s Extension Term Request.

3. Lastly, notwithstanding anything in this Lease to the contrary, all of the terms, conditions, covenants, obligations, representations, warranties, and provisions of this Lease shall apply to the Extension Term(s).

ARTICLE 4 - PROPERTY TO BE LEASED TO LESSEE

A. The Property subject to this Lease shall constitute all surface parking lot improvements, utilities, fixtures, and any other improvements located on the Property described and depicted in Exhibit “A-1” and Exhibit “A-2”.

ARTICLE 5 - SUBJECT TO EXISTING AND FUTURE EASEMENTS AND RIGHT OF WAY

A. This Lease is subject to all existing easements and rights of way, whether or not recorded, for location of any type of facilities over, across, in, above, or upon the Property or any portion thereof; and the right of the Department, upon consultation with Lessee, to grant such additional easements or rights of way over,
across, in, above, or upon the Property; and such approval shall not be unreasonably or arbitrarily withheld or delayed, provided that any such additional easements or rights of way shall not be inconsistent with Lessee’s quiet use and enjoyment of the Property under this Lease, and shall be conditioned on the assumption by the grantee thereof of liability to the Department and to Lessee for such damages as the Department and/or Lessee shall suffer for property damaged or destroyed or Property rendered uninsurable as a result of grantee’s exercise of its rights thereunder. VA represents and Lessee acknowledges that VA has disclosed to Lessee all easements located on the Property of which VA is aware.

B. There is hereby reserved to the holders of such easements and rights of way as presently in existence, whether or not recorded, outstanding or which may hereafter be granted, to any Federal, State, or local officials engaged in the inspection, renovation, installation, maintenance, operation, repair, or replacement of facilities located on the Property, such reasonable rights of ingress and egress over the Property as shall be necessary for the performance of their official duties with regard to such facilities.

C. The Department shall have the right to relocate any existing easements (at its sole cost and expense) and grant additional easements and rights of way over, across, in and upon the Property, provided that: (1) any additional easement or right of way shall not be inconsistent with or adversely affect Lessee’s actual or intended use of the Property; (2) the grantee of any such easement or right-of-way agrees in writing to indemnify, hold harmless and defend the Department and Lessee from and against any and all claims, actions, losses, damages or costs and expenses as the Department or Lessee shall suffer or incur for injury to persons, or property destroyed as a result of grantee’s exercise of its rights thereunder; and (3) the granting of such easement or right-of-way shall not affect the insurability of the Property (i.e., either for title insurance purposes or for purposes of liability and casualty insurance).

ARTICLE 6 - REPRESENTATIONS AND COMMITMENTS

A. Lessee and the Department hereby represent, warrant, and covenant that:

1. Each Party has complied with all applicable laws and requirements in connection with the execution, delivery, and performance of this Lease.

2. Each Party is duly authorized to execute and deliver this Lease.

3. This Lease constitutes a legal, valid, and binding obligation of each Party, enforceable in accordance with its terms.

4. Upon expiration or termination of this Lease, title to the improvements constructed or placed on the Property and the fixtures annexed thereto shall immediately vest in and become the property of the Department, as part of the real estate and Property, without any additional compensation therefor and without any instrument of conveyance. Lessee covenants and agrees, upon demand by the Department, on or after termination of the Lease, to execute any instruments requested by the Department to effectuate the conveyance of improvements, utilities, fixtures, and infrastructure constructed or placed on the Property and the fixtures annexed thereto.

5. Each Party undertakes to act with reasonable promptness, so that the other Party can complete its Lease obligations within agreed timelines.
B. Lessee represents, warrants, and covenants to the Department that:

1. Lessee is (a) a corporation duly organized, validly existing and in full force and effect under the laws of the State of California; (b) will validly and legally remain as such throughout the Lease Term; (c) has and will continue to have throughout the Lease Term, full power as a corporation to enter into and perform its obligations under this Lease; and (d) has, or will have prior to the time the same are required by law, and will thereafter maintain throughout the remaining Lease Term, all licenses or other governmental approvals necessary to perform its obligations hereunder.

2. The Lessee's signing, delivery, and performance of this Lease and its consummation of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of the Lessee. To the Lessee's knowledge, neither its signing and delivery of this Lease, nor its consummation of the transactions herein contemplated, nor its compliance with the provisions hereof, will conflict with or result in a breach of, or constitute a default under, (a) any of the provisions of any law, governmental rule, regulation, judgment, decree or order binding on the Lessee or its properties, (b) the constituent documents of the Lessee, or (c) any of the provisions of any indenture, mortgage, contract or other instrument to which the Lessee is a party or by which it or any of its properties is bound, or result in the creation or imposition of any lien, charge or encumbrance upon any of its properties pursuant to the terms of any such indenture, mortgage, contract or other instrument.

3. All actions, approvals, consents, waivers, exemptions, variances, franchises, orders, permits, authorizations, rights, and licenses required under applicable law that are necessary in connection with the Lessee's signing and delivery of this Lease or the Lessee's consummation of the transactions contemplated hereby or the Lessee's performance of its obligations hereunder, have been duly taken, given or obtained, as the case may be, are in full force and effect, are not subject to any pending proceedings or appeals (administrative, judicial or otherwise), and either the time within which any appeal therefrom may be taken or review thereof may be obtained has expired, or no review thereof may be obtained or appeal therefrom taken.

4. This Lease has been duly signed and delivered by the Lessee and, assuming due authorization, signing and delivery by the Department, constitutes a valid and binding obligation of the Lessee enforceable against the Lessee in accordance with its terms (except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of the rights of creditors generally and the application of equitable principles in any proceeding, whether at law or in equity).

5. There is no action, suit, proceeding or investigation pending or, to the Lessee's knowledge, threatened against the Lessee before any court, administrative agency, arbitrator or governmental body that: (a) relates to any of the transactions contemplated by this Lease, or (b) either in any one instance or in the aggregate, if determined against the Lessee, would reasonably be likely (i) to conflict with the terms of this Lease or of any action taken or to be taken in connection with the obligations of the Lessee contemplated herein, (ii) to materially and adversely affect the Lessee's business, assets, operations or condition (financial or otherwise), taken as a whole, or (iii) to materially and adversely affect the ability of the Lessee to perform its obligations under this Lease.

6. The Lessee is not in default with respect to any order or decree of any court or any order, rule, regulation, or demand of any Federal, State, municipal, or governmental agency, which default would
reasonably be likely to materially and adversely affect the Lessee’s ability to perform its obligations under this Lease or the transactions contemplated hereby.

7. All negotiations relative to this Lease and the transactions contemplated hereby have been carried on by the Lessee directly with the Department, and without the intervention of any Person who may or will have a valid claim against the Department for a finder’s fee, brokerage commission or other like payment with respect to this Lease or such transactions.

8. The Lessee is, and at all times during the Lease Term will be, a Qualified Party. If at any time the Lessee fails or is reasonably likely or expected to fail to continue to be a Qualified Party, the Lessee will immediately so advise the Department in writing.

9. Lessee has inspected the Property, is fully familiar with the physical condition of the Property, and based on the foregoing, accepts such Property “as is” and with all faults, subject to all applicable law, and assumes all risks associated with pursuing the Project in accordance with this Lease and all applicable law.

10. As of the Effective Date, Lessee shall in accordance with and subject to Articles 16 and 34 of this Lease, be responsible for all costs associated with or pertaining to the removal of any and all Hazardous Substances and materials from the Property, including but not limited to, asbestos, mold, lead paint, and renovation, construction, and demolition debris. All such removal activities shall be performed in accordance with applicable Federal, State, and local laws, codes, and ordinances.

11. The Department has made no representations or warranties concerning the condition of the Property, the fitness or suitability for any particular use or access to the Property, and the Department shall not be liable to Lessee for any latent or patent defects in such Property, nor has the Department agreed with Lessee to alter, improve, or maintain such Property.

12. During the Lease Term, Lessee will operate, manage, and maintain the Property for the Project in accordance with the terms and conditions of this Lease.

13. During the Lease Term, Lessee will: (a) obtain, at its own expense, all pertinent Federal, State, and local permits, licenses, and approvals (including those approvals of VA) necessary for renovation, operation, management, and maintenance of the Property; (b) assure that all applicable Federal, State, and local requirements are met during renovation, operation, management, and maintenance of the Property (including but not limited to, the latest version of the National Fire Protection Association (NFPA) 101 Life Safety Code; the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101, et seq.); the NHPA (54 U.S.C. § 300101, et seq.); and the Archaeological Resources Protection Act (16 U.S.C. § 470 et. seq.); and the Service Contract Act (41 U.S.C. §§ 6701-6707), all as such laws may be amended from time to time); (c) assure that the operation of the Property in accordance with Article 6.B.13 does not negatively affect VA’s activities and operations; and (d) assure that the Property is operated as a drug and alcohol free environment and take action promptly when this requirement is not met by visitors, parking customers, and Licensee’s employees, contractors, and consultants.

14. Lessee will at all times during the Lease Term and its operation and management and maintenance of the Property; use all reasonable and commercial best efforts to act so as to avoid the occurrence of any action(s) contained in Article 2.B.15 which constitute events of default.
15. Lessee will be responsible for maintaining and securing all necessary access to the Property for operation, management, and maintenance of the Property. Access that requires utilization of VA property other than the Property that is the subject of this Lease shall require advance coordination with and approval of the VA Contracting Officer.

16. Lessee will be solely responsible for any and all costs associated with the repair and maintenance of the Property in accordance with Articles 10 and 11 of this Lease.

17. Lessee will assure that its operation, management, and maintenance activities do not negatively affect VA’s activities or operations.

18. Lessee shall at all times comply with the provisions of the NHPA and the Archaeological Resources Protection Act, 16 U.S.C. § 470, et seq., and any Programmatic Agreements executed with the State Historic Preservation Office (“SHPO”), and shall coordinate and work with the Department and the SHPO as needed.

19. Lessee shall not knowingly remove or disturb, or cause or permit to be removed or disturbed, any historical, archeological, architectural, or other cultural artifacts, relics, remains or objects of antiquity. In the event such items are discovered on the Property, Lessee shall immediately notify the VA Contracting Officer and protect the site and items from further disturbance until the VA Contracting Officer gives clearance to proceed.

20. (a) In coordination with the Department, Lessee will, within sixty (60) days after the completion of the yearly audit for each of its annual fiscal years on which Lessee operates, provide the Department with a copy of its audited financial statements for the Property, along with a statement of revenues and expenditures, annual reports, and any related financial disclosure documents for such fiscal year (collectively, the “Lessee Financials”). Additionally, Lessee will immediately notify the Department telephonically and in writing of the occurrence of any material adverse change to its financial condition or circumstance that may affect its ability to perform its obligations under this Lease.

(b) Upon receiving the Lessee Financials referenced in the preceding Subparagraph (a) of this Paragraph 20, VA shall be entitled to review them to ensure that Lessee is not undergoing, or about to undergo, an adverse financial condition or circumstance that would negatively impact Lessee’s ability to timely and adequately meet its Lease obligations.

(c) With respect to Lessee’s obligations under this Paragraph 20, the Parties agree that if and to the extent that the highest court or other adjudicative body of competent jurisdiction to which the matter may be presented determines that any Lessee Financials submitted to VA (which were not duly corrected or supplemented within a reasonable time period) are materially misleading, VA shall be entitled to pursue any and all remedies available to it under this Lease, Federal, State, and local law, and at equity.

21. Annual Audit of the Lease: On an annual basis during the Lease Term, VA and Lessee shall on a 50/50 cost basis, obtain an independent third-party audit report of Lessee’s obligations under this Lease, detailing the extent to which the obligations contained in this Lease, particularly Article 2, are being met, as well as specific recommendations to address any identified deficiencies going forward. The independent audit shall contain a section containing feedback and input the auditor solicits and receives as
part of their audit report preparation, from stakeholders including the California congressional delegation, the former Plaintiffs in the Valentini v. McDonald lawsuit, Veteran Service Organizations, and Veterans, through means such as town halls, interviews, focus groups, written responses and/or surveys. Within sixty (60) days of the Parties’ annual receipt of each third-party independent audit report, the Parties shall engage in discussions to review the report and address the auditor’s recommendations regarding compliance with the terms of the Lease, and to explore potential improvements to address any identified deficiencies in or necessary adjustments to the delivery of Lessee benefits and services to Veterans and their families.

22. Lessee shall at all times cooperate in good faith with respect to the actions of the Department necessary to comply with the audit and reporting requirements of the West LA Leasing Act.

ARTICLE 7 - USE

A. Property Use In General. Except as provided for in Section B of this Article, Lessee may use the Property during the Lease Term only for the Project, which shall not include any political, gambling, obscene, or pornographic uses, or other programs prohibited under applicable Federal, State, and local law.

B. Prior Consent Required For Any Other Uses. Consistent with Section A above and except as VA and Lessee may otherwise agree in writing, no other uses of the Property shall be permitted on the Property during the Lease Term.

C. Consistent with Sections A and B of this Article, and subject to the terms and conditions of this Lease, Lessee shall and may peacefully and quietly have, hold, and enjoy the Property for the Lease Term, without disturbance from VA, and free from any encumbrance created or suffered by VA, except to which this Lease is made subject to in accordance with Article 5.

ARTICLE 8 – PROHIBITION AGAINST DISPOSAL OF PROPERTY TO LESSEE

Lessee acknowledges that, consistent with the West LA Leasing Act, VA may not sell or otherwise convey to Lessee (or any third party) fee simple title to any real property or improvements to real property made at the WLA Campus, including the Property subject to this Lease.

ARTICLE 9 - COMPLIANCE WITH APPLICABLE LAWS, RULES, AND REGULATIONS

A. Lessee agrees that it will be responsible for and will obtain at its sole cost and expense, all applicable Federal, State, and local planning approvals, and other licenses and permits which are necessary to operate, manage, and maintain the Property as contemplated in this Lease, including Article 7. Additionally, during the Lease Term, Lessee shall comply with all applicable Federal, State, and local laws, codes, and ordinances regarding the operation and maintenance of the Property.

B. Lessee agrees that at or prior to submission of any plats, plans, specifications, or applications for any approval, license, or permit with respect to compliance with applicable Federal, State, and local laws, codes, and ordinances, Lessee shall provide VA with a copy of each such proposed submission for review and approval (which shall not be unreasonably withheld, conditioned, or delayed). VA’s comments on any submittal from Lessee will be provided to Lessee within thirty (30) days of its receiving the submitted material. VA’s review and approval shall be limited to ensuring that the proposed project and/or activities as reflected in the documents submitted to VA for review: (a) are architecturally compatible with the WLA Campus and
ongoing master planning process; (b) are consistent with the Property uses identified in Article 7; and (c) would not adversely affect VA’s use of and other activities on the WLA Campus. In the event that VA disapproves of any proposed submission and design from Lessee (based upon the foregoing Clauses (a) through (c)), VA shall, along with a written objection, provide Lessee with a written explanation of the reasons for rejection of the proposed submittal and design. Unless the Department objects to the submitted material within thirty (30) days, its approval shall be presumed. Lastly, Lessee shall provide VA with a complete copy of all approved plats, plans, specifications, and applications.

ARTICLE 10 - IMPROVEMENTS OR RENOVATION ON THE PROPERTY

No construction or renovation activities are allowed on the Property without written approval by the VA Contracting Officer.

ARTICLE 11 - OCCUPANCY AND MAINTENANCE PROVISIONS

Subject to the terms and conditions of this Lease, Lessee shall at all times protect, preserve, maintain, and repair the Property, and shall keep same in good order and condition. All grounds, sidewalks, lawns, shrubbery, and structures shall be maintained to a standard that is comparable to and consistent with the maintenance provided for the surrounding VA facilities and property. Lessee shall at all times exercise due diligence in the protection of the Property against damage or destruction by fire or other causes. The Property shall at all times be maintained in a tenantable, safe, and sanitary condition.

ARTICLE 12 – APPLICABILITY OF THE FEDERAL TORT CLAIMS ACT

Except for damages or injuries resulting or arising from the acts of its officers, agents or its employees properly cognizable under the Federal Tort Claims Act (28 U.S.C. §§ 2671-2680), as it may be amended, neither the United States nor the Department shall be responsible for damages to the Property or for injuries to persons that may arise on the Property exclusive of those areas under the exclusive and direct control of the Department. Unless expressly stated, no provision of this Lease waives the Department’s sovereign immunity rights.

ARTICLE 13 - INDEMNIFICATION BY LESSEE

A. Lessee, to the extent such is consistent with applicable Federal and State laws, policies and regulations, agrees to indemnify, save, hold harmless, and defend the United States and the Department and its respective officers, agents and employees, from and against all claims, actions, demands, losses, damages, liabilities, judgments, costs, and attorneys’ fees, arising out of, claimed on account of, or in any manner predicated upon: (1) personal injury, death or property damage resulting from, related to, caused by or arising out of Lessee’s operation, management, maintenance, possession, and/or use of the Property; or (2) any activities, omissions, or services furnished by Lessee or any contractors, subcontractors, builders, sublessees, agents, employees, licensees, or invitees undertaking any activities on the Property or that relate to the Project, which fail to comply with the terms, conditions, reservations, restrictions, and requirements of this Lease and pertinent documents referenced herein. Such indemnity, save, hold harmless, and defend obligations of the Lessee in this Clause A shall not extend to those acts or omissions for which the Department is liable under the Federal Tort Claims Act (28 U.S.C. §§ 2671-2680), as discussed in Article 12 above.
B. The Department shall promptly notify Lessee of the existence of any claim, action, demand, or other matter to which Lessee’s indemnification obligations to VA would apply, and shall give Lessee a reasonable opportunity to defend the same at its own expense and with counsel of its selection; provided that, the Department (including the United States) shall at all times also have the right to fully participate in the defense at its own expense. The Department shall cooperate with Lessee to the extent reasonably necessary in any such defense. If Lessee shall, within a reasonable time after notice to Lessee, fail to defend, the Department shall have the right, but not the obligation, to undertake the defense of, and (while exercising reasonable business judgment in its discretion) to compromise or settle the claim or other matter on behalf, for the account, and at the risk, of Lessee. If the claim is one that cannot by its nature be defended solely by Lessee, then the Department shall make available all information and assistance that Lessee may reasonably request (in VA’s discretion).

C. NOTHING IN THIS LEASE SHALL BE DEEMED TO WAIVE OR IMPAIR THE IMMUNITIES OR LIMITATIONS OF LIABILITY OF LESSEE OR THE DEPARTMENT AS TO THIRD PARTIES, DIRECTLY OR INDIRECTLY, AND NOTHING IN THIS LEASE SHALL BE DEEMED TO PROVIDE A RIGHT OF ACTION IN FAVOR OF A THIRD PARTY AGAINST THE DEPARTMENT OR AGAINST LESSEE WHICH WOULD NOT OTHERWISE EXIST.

ARTICLE 14 - RISK OF LOSS AND INSURANCE

A. **All Risk:** Lessee shall, in any event and without prejudice to any other rights of the Department, bear all risk of loss or damage to the Property arising from any causes whatsoever with or without fault, including but not limited to, fire; lightning; storm; tempest; explosion; impact; aircraft; vehicles; smoke; riot; civil commotion; bursting or overflowing of water tanks, apparatus or pipes; loss or damage by explosion of steam boilers, pressure vessels and similar apparatus now or hereafter installed; flood; labor disturbances; earthquake; malicious damage; or any other casualty or act of God to the fullest extent permitted by law. Lessee, and to the extent that this Lease is conveyed, transferred, assigned or sub-leased, shall maintain, at its own expense, an “All Risk” insurance policy against the risks enumerated above with a reputable insurance company of recognized responsibility. Such insurance shall be maintained at all times in an amount as specified in this Article 14. Provided always, however, that Lessee shall bear all risk of loss of or damage to such property for the entire Lease Term for any work or other responsibilities required to be performed under the provisions of this Lease, except as otherwise provided for by the Federal Tort Claims Act (28 U.S.C. §§ 2671-2680).

In addition, Lessee shall maintain at its sole expense, all that insurance further required in accordance with this Article 14. Maintenance of insurance required in accordance with this Article 14 must include acts resulting from the willful misconduct, lack of good faith, or negligence of Lessee or any of its officers, agents, servants, employees, subtenants, licensees, or invitees or by any failure on the part of Lessee to fully perform its obligations under this Lease. Maintenance of insurance required in accordance with this Article 14 shall effect no limitation on Lessee’s liability with respect to any loss or damage resulting from the willful misconduct, lack of good faith, or negligence of Lessee or any of its officers, agents, servants, employees, subtenants, licensees, or invitees or by any failure on the part of Lessee to fully perform its obligations under the Lease.

B. **Insurance:**

1. **The Lessee’s Insurance:** Lessee, at its expense from Project funds, shall carry and
maintain with regard to the Property, the following insurance during the Lease Term:

a. All-risk property and casualty insurance against the risks enumerated in Section “A” of this Article in an amount at all times equal to at least 100% of the full replacement value of the improvements to the Property;

b. Public liability and property damage insurance, including but not limited to, insurance against assumed or contractual liability under this Lease, with respect to the Property as specified above, to afford protection with limits of liability in amounts approved from time to time by the Department, but not less than one million dollars ($1,000,000.00) in the event of bodily injury and death to any number of persons in any one accident, and not less than one million dollars ($1,000,000.00) for property damage;

c. Workers’ compensation or similar insurance in form and amounts required by law;

d. All other types of insurance imposed by applicable legal requirements or customarily carried and maintained by owners and operators of similar properties, and as the Department may reasonably require for its protection;

e. All amounts of insurance required by this Article 14 shall be adjusted annually, to reflect increases in 100% of the full replacement value of the Property. Lessee agrees that it will not subrogate to its insurance carrier any right or action that it has or may have against the Department for any loss covered by insurance, nor will Lessee, if it is suffering (or about to suffer) such loss, prosecute any suit against the Department by reason of such loss for which it is covered by insurance. Lessee agrees to notify its insurance carrier(s) of the provisions of this Article 14.

2. **The Lessee’s Contractor’s Insurance:** During the Lease Term, Lessee shall require any contractor performing work on the Property to carry and maintain at no expense to the Department the following insurance:

   a. Comprehensive general liability insurance, including but not limited to, contractor’s liability coverage and contractual liability coverage of at least one million dollars ($1,000,000.00) with respect to personal injury or death, and one million dollars ($1,000,000.00) with respect to property damage;

   b. Workers’ compensation or similar insurance in form and amounts required by law; and

   c. Any other insurance as the Department may reasonably require in order to protect itself and its personnel in the discharge of its duties and obligations hereunder.

   d. Lessee and/or Lessee’s contractors shall be obligated to correct any damage caused by or attributable to such contractor or subcontractors for the work or materials performed by or on behalf of Lessee.

3. **Policy Provisions:** All insurance, which this Lease requires Lessee to carry and maintain or cause to be carried or maintained pursuant to this Article 14, Section B shall be in such forms, for such amounts, for such periods of time, and with such insurers as the Secretary shall approve. All policies or certificates issued by the respective insurers for public liability and all-risk property insurance will name
the Department and Lessee as insured or joint loss payees as their respective interests appear, shall provide
that any losses shall be payable notwithstanding any act or failure to act or negligence of Lessee or the
Department or any other person, and provide that no cancellation, reduction in amount, or material change
in coverage thereof shall be effective until at least thirty (30) days after receipt of notice by the Department
in all such instances. In no circumstance will Lessee be entitled to assign to any third-party rights of action
that Lessee may have against the Department. Further, each such policy shall provide that the insurer shall
furnish written notice to the Department thirty (30) days in advance of the effective dates of any reduction or
cancellation of such policies.

4. **Delivery of Policies:** Lessee shall deliver promptly to the Department a certificate of
insurance or a certified copy of each policy of insurance required by this Lease and shall also deliver no later
than thirty (30) days prior to the expiration of any such policy, a certificate of insurance or a certified copy
of each renewal policy covering the same risks, together with appropriate evidence of payment of the premiums.

C. **Loss or Damage:**

1. In the event that the Property or any part thereof, is damaged by fire or by other casualty,
whether or not such casualty is the fault of, or results from negligence of Lessee, other than the results of
negligence of Department personnel cognizable under the Federal Tort Claims Act (28 U.S.C. §§ 2671-2680),
Lessee shall: (a) within thirty (30) days of such damage file an insurance claim seeking sufficient proceeds
to cover such damage; and (b) within one hundred twenty (120) days of receiving such proceeds, repair,
restore, or rebuild the Property to its original condition by applying all such monies towards that result. Any
repairs or reconstruction shall be performed in accordance with plans and specifications approved by the
Department, provided that if the repairs or reconstruction diligently pursued cannot be reasonably completed
within one hundred twenty (120) days, Lessee shall have such time as is reasonably required and agreed to
by the parties to complete, as applicable, the repair or construction.

2. If Lessee refuses or fails to repair, restore, rebuild, or demolish the damaged or destroyed
Property or any part thereof so damaged or destroyed, to the satisfaction of the Department in accordance
with Article 14.C.1 above, the Department may terminate this Lease by providing written notification to
Lessee. In such event, title to the Property and any other improvements placed on the Property shall vest in
the Department without notice or further action being required on the Department’s part, and the Department
may undertake the repair, restoration, rebuilding, or demolishing of the Property and any other improvements
placed on the property or the damaged or destroyed portion thereof, and may complete it, by contract or
otherwise, and may take possession of and use any materials on the work site necessary for completing the
work. Lessee and its sureties shall be liable for any damages or costs incurred by the Department to repair,
restore, rebuild, or demolish the Property and any other improvements placed on the Property, or the
damaged or destroyed portion thereof. This liability includes costs incurred by the Department in completing
the work.

D. **Effect of Condemnation.** If all or a substantial portion of the Lessee’s right, title, and interest
hereunder shall be condemned, appropriated, or taken under the power of eminent domain by a taking
authority, or conveyed in lieu of condemnation (each such event shall hereinafter be referred to as a “Taking”),
and if, in Lessee’s reasonable judgment, the remainder of the Property is not sufficient to permit Lessee to
operate the Property under this Lease in a manner that is economically viable and Lessee so notifies the
Department in writing, then the Lease Term shall terminate at the time title to the Property vests in the Federal
Government or other taking authority (hereafter referred to individually or collectively if applicable as the
“Taking Authority”) via the Taking. Any award monies paid or payable by the taking authority in connection with the Taking shall be payable to Lessee, as their interests appear, but such monies shall be subject to any appropriate offset(s) if applicable law so allows and the Lessee is determined to owe outstanding monies to the Taking Authority in connection with this Lease, any other Government contract(s), or any other contracts or legal obligations with such Taking Authority.

ARTICLE 15 - DELIVERY, RESTORATION, AND SURRENDER

A. Delivery of the Property to Lessee. Upon the Effective Date, the Department shall make the Property available to Lessee for the operation, management, and maintenance of the Property in accordance with this Lease, free and clear of any tenancy or occupancy by third parties, except as permitted in Article 5 above.

B. Reversion of Leasehold Title and Vesting of Improvements. Upon the expiration or termination of this Lease, all right, title and interest of Lessee (and anyone claiming by, under, or through Lessee) in and to the Property, improvements, and all machinery, equipment, fixtures, and personal property attached or used in connection with the Property, whether or not the same become fixtures, shall immediately revert to and/or vest in the Department without compensation therefor, and without any further action by the Parties. However, should any further action be necessary to accomplish such reversion and vesting, Lessee agrees to cooperate with VA and take all actions reasonably necessary to accomplish the same. No claim for damages against VA or its officers or agents shall be created or made on account of such expiration or termination of this Lease.

C. Surrender of the Property by Lessee. Subject to the provisions of Articles 2.B.15 and 14.C.2 of this Lease, Lessee shall at its sole cost and expense and on or before the expiration or earlier termination of this Lease, vacate and deliver physical possession of the Property, together with the improvements located thereon, to the Department. At that time, the Property shall be in good order, condition, and repair, and free and clear of any tenancy or occupancy by third persons. If Lessee shall fail, refuse, or neglect to vacate the Property and remove its and its subtenant’s or any third persons’ personal property, then upon expiration or termination of this Lease, such personal property shall be considered abandoned and, at the option of the Department, either become the property of VA without compensation therefor, or the Department may cause it to be removed and/or destroyed at the expense of Lessee, and no claim for damages against the Department, its officers, or agents shall be created or made by or on account of such removal and/or destruction.

ARTICLE 16 - ENVIRONMENTAL PROVISIONS

A. To the extent the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §§ 9601-9675 (“CERCLA”), the Resource Conservation Recovery Act, as amended, 42 USC 6901, et seq. (“RCRA”), or other applicable environmental law properly imposes liability, loss, expense, damage, or cost upon VA for any matter relating to any hazardous material or otherwise of an environmental nature on or affecting the Property due to (1) the United States’ status as Federal owner of the Property, (2) acts of VA and/or former owners on or affecting the Property, or (3) acts or omissions of government contractors on or affecting Property that occurred while VA had jurisdiction and control of the Property, VA shall indemnify Lessee, its directors, partners, officers, trustees, members, employees, agents, successors, and assigns (“Indemnitees”) for any liability, loss, expense, damage, or cost incurred or suffered by the Indemnitees and arising from any of the foregoing acts set forth in Clauses (1), (2), and/or (3) and properly
assessable against VA under CERCLA, RCRA, or other applicable environmental law. Lessee shall immediately notify VA upon receipt of any notices, claims, or other information that identifies any environmental problems on or related to the Property which may require Lessee and/or VA action and/or expenditure of funds. Consistent with the Anti-Deficiency Act (31 U.S.C. §§ 1341, 1342, 1351, and 1517, as amended), the payments of VA with respect to this indemnification shall not exceed appropriations available to VA which can be lawfully expended for such purposes at the time of the claim; and nothing in this Lease may be construed as implying that Congress will at a later date appropriate funds to meet any deficiencies.

B. Notwithstanding Article 16.A above, to the extent CERCLA, RCRA, or other applicable environmental law properly imposes liability, loss, expense, or damage, or cost upon VA for any matter relating to any hazardous material or otherwise of an environmental nature on or affecting the Property due to acts of Lessee, its contractors, builders, agents, employees, and/or licensees relating to the renovation, operations, management and maintenance of the Property, including any environmental remediation, which occur after the Effective Date, Lessee shall indemnify VA for any liability, loss, expense, damage, or cost incurred or suffered by VA and properly assessable against Lessee under CERCLA, RCRA, or other applicable environmental law. Lessee shall immediately notify VA upon receipt of any notices, claims, or other information that identifies any environmental problems on or related to the Property which may require Lessee and/or VA action and/or expenditure of funds.

C. In accordance with Article 16.B above, if and to the extent that VA during the Lease Term is held, by a final decision of the highest court or other adjudicative body of competent jurisdiction to which the matter has been presented, liable for costs and/or damages associated with the improper treatment, disposal, and/or release of one or more “Hazardous Substances” (as defined in Article 34 below) on or affecting the Property, VA at its sole and absolute discretion, may seek to initiate good-faith discussions and negotiations with Lessee, for Lessee on VA’s behalf and upon the parties’ consummation of a separate written agreement, to undertake and complete any and all required environmental remediation and abatement activities in accordance with all applicable Federal, State, and local law.

D. Should additional environmental studies under NEPA, CERCLA, or other applicable environmental law become necessary during the Lease Term due to proposed activities on the Property, then unless the Parties otherwise agree in writing, the fees, costs, and expenses necessary to perform such studies shall be the sole responsibility of Lessee.

ARTICLE 17 - INTENTIONALLY OMITTED.

ARTICLE 18 - NOTICES

A. 1. All notices, or other correspondence required under or arising from the terms of this Lease from the Department to Lessee shall be served on or mailed to Lessee’s designated representative, who shall notify the VA Contracting Officer in writing of any change in Lessee’s designated representative, and/or the address or office to be notified. All notices or other correspondence required or arising from the terms of this Lease from Lessee to the Department shall be served on or mailed to the VA Contracting Officer who shall notify Lessee’s designated representative in writing of any change in the VA Contracting Officer, and/or the address or office to be notified.

2. Within one month of the Effective Date of this Lease, the Parties shall each appoint a “Chief Liaison” to serve as the Party’s primary point of contact to ensure successful implementation of this Lease.
B. All notices, reviews, approvals and other communications required or permitted under this Lease shall be in writing and will only be deemed properly given and received (a) when actually given and received, if delivered in person to a Party who acknowledges receipt in writing; or (b) one (1) business day after deposit with a private courier or overnight delivery service, if such courier or service obtains a written acknowledgment of receipt; or (c) three (3) business days after deposit in the United States mails, certified or registered mail with return receipt requested and postage prepaid; it being understood and agreed that the period for any approval to be given hereunder shall run from the Party's receipt of the documentation required for such approval as described herein with a formal written request for such approval shown thereon. The designated representatives shall be:

**Department:**

U.S. Department of Veterans Affairs
Network Contracting Office - 22
4811 Airport Plaza Dr., Suite 600.
Long Beach, CA 90815
Phone: 562-766-5534
Attn: VA Contracting

**With copies to:**

U.S. Department of Veterans Affairs
VA West Los Angeles Medical Center
11301 Wilshire Boulevard
Los Angeles, CA 90073
Attn: Medical Center Director

U.S. Department of Veterans Affairs
Office of Asset Enterprise Management (044)
810 Vermont Avenue, N.W.
Washington, D.C. 20420

U.S. Department of Veterans Affairs
Office of General Counsel
810 Vermont Avenue, N.W.
Washington, D.C. 20420
Phone: (202) 461-7612
Fax: (202) 273-9384
Attn: Chief Counsel (Real Property Law Group)

**Lessee:**

SafetyPark Corporation
13420 Beach Avenue
Marina Del Rey, CA 90292
Phone: (310) 899-0490
Fax: (855) 872-8050
Attn: Voltaire Menezes, General Manager

**With Copies To:**

SafetyPark Corporation
13420 Beach Avenue
Marina Del Rey, CA 90292
Phone: (310) 899-0490
ARTICLE 19 - ASSIGNMENT & SUBLETTING

Lessee shall not sell, assign, mortgage, pledge, hypothecate or encumber this Lease (any such act being referred to herein as an "assignment"), and shall not sublet the Property or any part thereof without the prior written consent of the Department in each instance.

ARTICLE 20 - ENCUMBRANCE OF THE PROPERTY

A. Prohibition Against Encumbrance of the Property:

1. Nothing contained in this Lease authorizes Lessee to encumber in any manner, during the Lease Term, the United States’ (i.e., the Department’s) fee interest in the Property. Such fee interest in the Property may not be subordinated or otherwise made subject to any deed of trust, mortgage, or other lien, or other encumbrance granted, suffered, or permitted by Lessee.

2. Lessee covenants that it shall not create or cause to be created a mortgage, lien, or other encumbrance to be placed upon the Property.

ARTICLE 21 - TAXES

A. The Department’s interest in this Lease, and the United States’ fee interest in the Property shall not be subject, directly or indirectly, to any State or local laws relative to taxation, fees, assessment, or special assessments.

B. In addition, Lessee shall pay and discharge, at least thirty (30) days prior to delinquency, all taxes, general and special assessments, charges, and fees of every description that during the Lease Term may be levied or assessed against the Property and all interests therein, whether belonging to the Department or Lessee, or to which either of them may become liable in relation thereto prior to the delinquency date thereof. Lessee agrees to protect and hold harmless the Department and the Property and all improvements in, on, or about the same from all liability for any and all such taxes, assessments, charges, and fees, together with any interest, penalties, or other sums thereby imposed, and from any sale or other proceeding to enforce payment thereof. During the Lease Term and at its sole cost and if the Department so requests, Lessee shall cause all taxes, assessments, charges, and fees levied or imposed upon any personal property situated in, on, or about the Property to be taxed or assessed separately from the Property and not as a lien thereon.

C. It is understood that it is the intent of the Parties that this be an absolute net Lease with no cost to VA, and that the Department shall not be obligated to pay any charges, impositions, or assessments directly or indirectly made against the Property during the term hereof.

D. In the event that Lessee fails at any time during the Lease Term to pay taxes when due, then the Department shall have the right upon written notice to the Lessee, to require that Lessee deposit negotiable securities or other collateral to guarantee the payment of such taxes, so that there shall be sufficient sums available to pay same at least thirty (30) days prior to the due date of such taxes.

ARTICLE 22 - INTENTIONALLY OMITTED.
ARTICLE 25 - DISPUTES

A. Lessee and the Department acknowledge and agree that disputes under this Lease shall be resolved under the Contract Disputes Act of 1978 (41 U.S.C. §§ 7101-7109) (the “Disputes Act”), and that both Lessee and the Department will utilize Alternative Dispute Resolution procedures on all matters appealed by Lessee to the Civilian Board of Contract Appeals, to the extent permitted under the Disputes Act, unless the Parties then should otherwise agree.

B. Interest Payable. Regardless of whether the dispute is resolved under the Disputes Act or otherwise, if the claim is resolved in favor of Lessee the Department shall pay interest in accordance with the Prompt Payment Act, 31 U.S.C. § 3901, et seq.

C. Unless and until the Department otherwise agrees in writing, Lessee shall proceed diligently with performance of this Lease pending final resolution of any request for relief, claim, appeal, or action arising under or relating to the Lease.

ARTICLE 27 - ASSIGNMENT OF CLAIMS

A. Lessee, under the Assignment of Claims Act, as amended, 31 U.S.C. § 3727, 41 U.S.C. § 6305, 48 C.F.R. § 32.800, and all applicable regulations promulgated thereunder (hereafter referred to as “the Act”), may assign its rights to be paid amounts due or to become due as a result of the performance of this Lease in accordance with the Act.

B. Any assignment or reassignment authorized under the Act and this Article shall cover all unpaid amounts payable under this Lease and shall not be made to more than one party, except that an assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in the financing of this Lease.

ARTICLE 28 - EQUAL OPPORTUNITY CLAUSE

A. If, during any twelve (12) month period (including the twelve (12) months preceding the award of this Lease), Lessee has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of $10,000, Lessee shall comply with subparagraphs B (1) through (8) below. Upon request, Lessee shall provide information necessary to determine the applicability of this clause.

B. During performance of this Lease, Lessee agrees as follows:

1. Lessee shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.
2. Lessee shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. This shall include but not be limited to: (a) employment; (b) upgrading; (c) demotion; (d) transfer; (e) recruitment or recruitment advertising; (f) layoff or termination; (g) rates of pay or other forms of compensation; and (h) selection for training, including apprenticeship.

3. Lessee shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Secretary that explain this clause.

4. Lessee shall, in all solicitations or advertisement for employees placed by or on behalf of Lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

5. Lessee shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, notice to be provided by the Secretary advising the labor union or workers’ representative of Lessee’s commitments under this clause and post copies of the notice in conspicuous places available to employees and applicants for employment.

6. Lessee shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.

7. Lessee shall furnish to the Department all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. Standard Form 100 (EEO-1), or any successor form, is the prescribed form to be filed within thirty (30) days following the award, unless filed within twelve (12) months preceding the date of award.

8. Lessee shall permit access to its books, records and accounts by the contracting agency or the Office of Federal Contract Compliance Programs (OFCCP) for the purpose of investigation to ascertain Lessee’s compliance with the applicable rules, regulations, and orders.

C. If the OFCCP determines that Lessee is not in compliance with this clause or any rule, regulation or order of the Secretary of Labor, this Lease may be canceled, terminated, or suspended in whole or in part, and Lessee may be declared ineligible for further Department contracts, under the procedures authorized in Executive Order 11246, as amended, the rules regulations and orders of the Secretary of Labor, or as otherwise provided by law.

D. Lessee shall include the terms and conditions of Section 28.B.1-8 in every subcontract or purchase order that is not exempted by the rules, regulations or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.

E. Lessee shall take such actions with respect to any subcontract or purchase order as the Department may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance; provided, that if Lessee becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, Lessee may request the Department to enter into the litigation to protect the interests of the United States.
F. Notwithstanding any other clause in this Lease, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.

ARTICLE 29 - FACILITIES NONDISCRIMINATION

A. Facilities Defined. As used in this Article, the term “Facilities” means surface parking lots and improvements, stores, shops, restaurants, cafeterias, restrooms and any other Facilities of a public nature in which the space covered by this Lease is located.

B. Non-Discrimination by Lessee. Lessee agrees that it will not discriminate by segregation or otherwise against any person or persons because of race, color, religion, sex, or national origin in furnishing, or by refusing to furnish, to such person or persons the use of any Facilities, including any and all services, privileges, accommodations, and activities provided thereby. Nothing herein shall require the furnishing to the general public of the use of any Facilities customarily furnished by Lessee solely to occupants, their employees, customers, patients, clients, guests, and invitees.

C. Remedies for Non-Compliance. It is agreed that upon Lessee’s noncompliance, the Department may take appropriate action to enforce compliance, may terminate this Lease or may pursue such other remedies as may be provided by law.

D. Inclusion of Article In Other Contracts. It is further agreed that from and after the date hereof Lessee will, at such time as any agreement is to be entered into or a concession is to be permitted to operate, include, or require the inclusion of the foregoing provisions of this Article in every such agreement or concession pursuant to which any person other than Lessee operates or has the right to operate any Facilities. Nothing herein contained, however, shall be deemed to require Lessee to include or require the inclusion of the foregoing provisions of this Article in any existing agreement or concession arrangement or one in which the leasing party other than Lessee has the unilateral right to renew or extend the agreement or arrangement, until the expiration of the existing agreement or arrangement and unilateral right to renew or extend. Lessee also agrees that it will take any and all lawful actions as expeditiously as possible, with respect to any such agreement as the Department may direct, as a means of enforcing the intent of this Article, including but not limited to termination of the agreement or concession and institution of court action.

ARTICLE 30 - GRATUITIES

A. The rights of Lessee under this Lease may be terminated by written notice if, after notice and a hearing, the Secretary determines that Lessee, its agent, or another representative:

1. Offered or gave a gratuity (e.g., an entertainment or gift) to an officer, official or employee of the Department; and

2. Intended, by the gratuity, to obtain a contract or favorable treatment under a contract. The facts supporting this determination may be reviewed by any court having lawful jurisdiction.

B. If this Lease is terminated under Article 30.A above, the Department is entitled to pursue the same remedies as in a breach of this Lease. The rights and remedies of the Department provided in this Section 30.B shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Lease.
ARTICLE 31 - COVENANT AGAINST CONTINGENT FEES

A. Lessee warrants that no person or selling agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding, for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide agency as defined in 48 C.F.R. § 3.401. For breach or violation of this warranty, the Department shall have the right to cancel this Lease without liability or, in its discretion, to deduct from the rental or consideration or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

1. “Contingent fee”, as used in this clause, means any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a Department contract.

ARTICLE 32 - EXAMINATION OF RECORDS BY COMPTROLLER GENERAL

A. Rights of the Comptroller General and Its Authorized Representatives

1. The Comptroller General of the United States or a duly authorized representative from the Government Accountability Office shall, until three (3) years after final payment under this Lease, have access to and the right to examine any of Lessee’s directly pertinent books, documents, papers, or other records involving transactions related to this Lease, provided that such records are then in existence. This paragraph may not be construed to require Lessee or its subcontractors to create or maintain any record that the Lessee or subcontractor does not maintain in the ordinary course of business or pursuant to a provision of law.

2. Lessee agrees to include in its first-tier subcontracts regarding the Project a clause to the effect that the Comptroller General or a duly authorized representative from the Government Accountability Office shall, until three (3) years after final payment under the subcontract, have access to and the right to examine any of the subcontractor’s existing directly pertinent books, documents, papers, or other records involving transactions related to the subcontract. “Subcontract”, as used in this clause, excludes: (i) purchase orders not exceeding $100,000; and (ii) subcontracts or purchase orders for public utility services at rates established to apply uniformly to the public, plus any applicable reasonable connection charge.

3. The periods of access and examination in Paragraphs 1 and 2 above for records relating to: (i) appeals under the Disputes clause, (ii) litigation or settlement of claims arising from the performance of this Lease, or (iii) costs and expenses of this Lease to which the Comptroller General or a duly authorized representative from the Government Accountability Office has taken exception, shall continue until such appeals, litigation, claims, or exceptions are disposed of.

B. Rights of the Department of Veterans Affairs

1. Upon receipt of a written request from the Department, Lessee shall grant to the Department access to Lessee’s pertinent books, documents, papers, or other records involving transactions directly related to this Lease (collectively “Business Documents”) for purposes of examination and audit. Such access by the Department for purposes of examination and audit shall be limited to Business Documents dated within three (3) years prior to the date of Lessee’s receipt of the Department’s written request. The Department shall control and safeguard all information obtained during such examination and audit in accordance with the Freedom of Information Act, 5 U.S.C. Section 552 and the Privacy Act, 5 U.S.C. Section 552.
552a. Lessee shall grant all other access for examination and audit to pertinent Lessee or sub lessee Business Documents in accordance with applicable law.

(2) Lessee agrees to include in any subleases under this Lease a clause to the effect that the Department shall have access to and the right to examine any of the sub lessee’s Business Documents to the same extent as provided in Paragraph 1 of this Article with respect to Lessee.

(3) The right of the Department to examine Lessee’s Business Documents shall be limited to the following matters in which VA is a party or has an interest hereunder: (i) payment, performance, and/or provision of the monetary and/or Veteran-centric consideration, as applicable, which is to be provided to, on behalf of, or for the benefit of, the Department, and/or claims or disputes under the “Disputes” clause of this Lease; (ii) litigation or settlement of claims or disputes arising from the performance of this Lease in which VA is a party, or (iii) costs and expenses of this Lease to which the Comptroller General or a duly authorized representative of the General Accounting Office has taken exception, and shall continue until such appeals, litigation, claims or exceptions are disposed of.

(4) The parties understand and agree that nothing in this Section B is intended or may be construed as a qualification, waiver, bar, limitation or restriction of any nature, kind, or effect on the legal authority otherwise granted the United States or any agency thereof to access, examine, review, copy, or seize such books, documents, papers, or other records.

ARTICLE 33 - LABOR PROVISIONS

Unless the Lessee can demonstrate to the satisfaction of the Department that the Lease or the Project is exempt thererfrom, Lessee shall comply with the requirements of the Davis-Bacon Act, as amended, 40 U.S.C. Section 3141, et seq. and the relevant rules, regulations, and orders of the Secretary of Labor applicable thereto.

ARTICLE 34 - HAZARDOUS SUBSTANCES

A. Presence and Use of Hazardous Substances. Lessee shall not, without the Department’s prior written consent, keep on or around the Property, for use, disposal, treatment, generation, storage, or sale, any substance designated as, or containing components designated as, hazardous, dangerous, toxic, or harmful under Federal, state or local law (hereafter collectively referred to as “Hazardous Substances”), and/or that is subject to regulation, by Federal, state or local law, regulation statute or ordinance except as may be customary in projects similar to the Property and in compliance with all applicable laws. With respect to any such Hazardous Substance, Lessee shall:

1. Comply promptly, timely, and completely with all governmental requirements for reporting, keeping, and submitting manifests, and obtaining and keeping current identification numbers with respect to any Hazardous Substances first brought upon the Property from and after the date hereof;

2. Submit to the Department true and correct copies of all reports, manifests, and identification numbers with respect to any Hazardous Substances first brought upon the Property from and after the date hereof at the same time as they are required to be and/or are submitted to the appropriate governmental authorities;
3. Within sixty (60) days of the Department’s request, submit written reports to the Department regarding Lessee’s use, storage, treatment, transportation, generation, disposal, or sale of Hazardous Substances first brought upon the Property from and after the date hereof and provide evidence satisfactory to the Department of Lessee’s compliance with the applicable governmental regulations with respect to any Hazardous Substances first brought upon the Property from and after the date hereof;

4. Allow the Department or the Department’s agent or representative to come on the Property at all reasonable times with reasonable prior notice to check Lessee’s compliance with all applicable governmental regulations regarding Hazardous Substances for which Lessee is responsible under the terms of this Lease;

5. Comply with minimum levels, standards or other performance standards or requirements that may be set forth or established for certain Hazardous Substances (if minimum standards or levels are applicable to Hazardous Substances present on the Property, such levels or standards shall be established by an on-site inspection by the appropriate governmental authorities and shall be set forth in an addendum to this Lease);

6. Comply with all applicable governmental rules, regulations, and requirements regarding the proper and lawful use, sale, transportation, generation, treatment, and disposal of Hazardous Substances; and

7. The Department shall have the right upon reasonable prior written notice and at reasonable times to enter upon the Property in order to inspect or monitor same if the Department has a reasonable belief that Hazardous Substances are present on the Property in violation of applicable law. If such inspection or monitoring by the Department confirms that Hazardous Substances are present and are in violation of applicable law, any and all reasonable costs incurred by the Department and associated with the Department’s inspection of the Property and the Department’s monitoring of Lessee’s compliance with this Article, including the Department’s reasonable attorney’s fees and costs, shall be additional rent and shall be due and payable to the Department immediately upon demand by the Department.

B. Cleanup Costs, Default, and Indemnification. During the Lease Term, Lessee shall be fully and completely liable to the Department for any and all cleanup costs, and any and all other charges, fees, and penalties (civil and criminal) imposed upon the Department by any governmental authority with respect to any use(s) of the Property after the Effective Date of this Lease related to disposal, transportation, generation, and/or sale of Hazardous Materials; provided, that liability and obligation by Lessee shall apply only to Hazardous Materials first brought upon the Property from and after the date hereof. Lessee shall indemnify, defend, and save the Department harmless from any and all of the costs, fees, penalties, and charges assessed against or imposed upon the Department (as well as the Department’s reasonable attorney’s fees and costs) as a result of Lessee’s use, disposal, transportation, generation, and/or sale of Hazardous Substances at the Property as described herein. Upon Lessee’s default under this Article and the expiration of the applicable notice and cure periods set forth in Article 2.B.15 above, in addition to the rights and remedies set forth elsewhere in this Lease, the Department shall be entitled to the following rights and remedies:

1. At the Department’s option, to terminate this Lease immediately; and/or

2. To recover any and all damages associated with the default, including, but not limited to cleanup costs and charges, civil and criminal penalties and fees, loss of business and sales by tenants of the
Property, any and all damages and claims asserted by third parties and the Department’s reasonable attorney’s fees and costs.

ARTICLE 35 - MISCELLANEOUS PROVISIONS

A. **Applicable Law; Complete Agreement; and Conflicts.** Notwithstanding anything to the contrary in this Lease or at law or equity, this Lease shall at all times be subject to applicable Federal, State, and local law and regulations. This Lease and the Exhibits hereto contain the entire agreement between the Parties with respect to the transactions contemplated by this Lease, and supersede all previous oral and written and all contemporaneous oral negotiations, commitments, writings, and understandings. To the extent any wording or interpretation conflicts exist between the body of the Lease and its Exhibits, the Lease shall control.

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

C. **Amendment; Waiver.** This Lease may not be amended or modified except in a writing signed by Lessee and the Department, nor may any rights hereunder be waived except by a writing signed by the party waiving such rights.

D. **Article Headings.** The headings contained in this Lease are for reference purposes only and shall not affect in any way the meaning or interpretation of this Lease. When a provision, article, section, or other provision of this Lease is referred to by number, the reference shall be deemed to be the correspondingly-numbered provision, article, section, or provision of this Lease unless another agreement, instrument or document is expressly identified, or unless the context otherwise clearly refers to another agreement, instrument, or document.

E. **Severability.** Any provision of this Lease which is invalid, illegal, or unenforceable in any applicable jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity, illegality, or unenforceability, without affecting in any way the remaining provisions hereof in such jurisdiction or rendering that or any other provision of this Lease invalid, illegal or unenforceable in any other jurisdiction.

F. **Third Party Beneficiaries.** No Person, firm or corporation that is not a party to this Lease shall be entitled to rely on or be deemed to be accorded any rights under any provision of or statement in this Lease.

G. **Governing Law.** This Lease shall be governed by and enforced in accordance with the laws of the United States and, to the extent such laws do not apply, then by the laws of the State of California without regard to its principles of conflicts of law.

H. **Interpretation.** Whenever the context or circumstance so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both genders. The Department and Lessee have negotiated this Lease, have had an opportunity to be advised by legal counsel respecting the provisions contained herein and have had the right to approve each and every provision hereof. Therefore, this Lease shall not be construed against either the Department or Lessee as a result of the preparation of this Lease by or on behalf of either Party.

29.
I. **Survival.** All monetary obligations (together with any late payment interest payable under the Prompt Payment Act – 31 U.S.C. § 3901, et seq.) accruing before expiration of the Lease Term shall survive the expiration or other termination of this Lease.

J. **No Merger.** There shall be no merger of this Lease or the leasehold estate created by this Lease with any other estate or interest in the Property by reason of the fact that the same person or entity may acquire, hold, or own directly or indirectly: (a) this Lease, the leasehold interest created by this Lease or any interest therein; and (b) any such other estate or interest in the Property, or any portion thereof. No merger shall occur unless and until all persons and entities having an interest (including a security interest) in this Lease or the leasehold estate created thereby and any such other estate or interest in the Property, or any portion thereof, shall join in a written instrument expressly effecting such merger and shall duly record the same.

K. **Relationship of the Parties.** This Lease does not create the relationship of principal and agent, partnership, joint venture, association or any other relationship between the Department and Lessee.

L. **Recording.** This Lease shall not be recorded.

M. **Signage.** No signage shall be installed or constructed on or over the Property without the prior written approval of VA, and such approval shall not be unreasonably withheld, conditioned, or delayed; provided that, VA shall be permitted to withhold its approval if such signage would improperly suggest to the public that the Property subject to this Lease is under the ownership or perpetual jurisdiction and control of the Lessee or another third party entity, as opposed to the Department strictly for the use and benefit of our Nation’s Veterans.

N. **Lease Supersedes.** This Lease supersedes any and all prior negotiations, agreements or understandings between the Department and Lessee related to the subject matter hereof. None of the provisions of this Lease may be altered or modified except through an instrument in writing signed by both parties.

O. **Force Majeure.** Neither of the parties to this Lease, i.e., the Department nor Lessee, shall be required to perform any of its obligations under this Lease, nor be liable for loss or damage for failure to do so, with the exception of the obligation for payment of Rent or other sums due and owing under this Lease, where such failure arises from Force Majeure, but only to the extent and for the duration that the Department or Lessee, as the case may be, is so prevented from performing such obligations by Force Majeure. Further, and without limiting the generality of the foregoing, any period afforded to a Party or within which a Party is required under the terms and conditions of the Lease to perform an obligation of this Lease shall be extended by (1) the actual applicable period of Force Majeure; and (2) any period during which a Party was prevented from performing any such obligation as a direct result of failure by the other Party to commence or complete a specific activity or activities that the Lease requires be commenced or completed as a condition precedent to such performance of such obligation.

P. **Non-Recourse.** The Parties agree that VA’s and Lessee’s respective recourse against each other under this Lease shall be limited by and to the extent of applicable Federal, State, and local law.

Q. **Anti-Deficiency Act.** Consistent with the Anti-Deficiency Act (31 U.S.C. §§ 1341, 1342, 1351, and 1517, as amended), any payments of VA with respect to this Lease shall not exceed appropriations
available to VA which can be lawfully expended for such purposes at the time of the claim; and nothing in this Lease may be construed as implying that Congress will at a later date appropriate funds to meet any deficiencies.

R. Confidential Data.

1. Lessee hereby agrees that the creation, maintenance, use, disclosure, and disposal of any and all drawings, documents, records, data, and written information provided by VA to Lessee during the Term, if any, (collectively, the “VA Data”), shall be governed solely by all applicable Federal law, Executive Orders, and regulations. Lessee further agrees that the VA Data shall at all times constitute and remain the sole and absolute property of VA, and shall not be disclosed to any person (aside from the Lessee’s permitted contractors under this Lease, if any, where necessary to perform the Lease) without the prior written authorization of VA. Furthermore, Lessee agrees to and shall immediately contact VA telephonically and in writing should any request be made by a third party (aside from Lessee’s permitted contractors and subcontractors under this Lease) for copies of or to review or receive any VA Data in the Lessee’s (and/or any of its contractors’) possession and control. Under all circumstances, VA shall be responsible for and permitted to independently and unilaterally address any such requests as it deems appropriate. Lessee shall ensure that all agreements with its contractors (and any agreements such contractors may have with any subcontractors) incorporate this Clause (1) and make it applicable to such contractors and subcontractors.

2. VA hereby agrees that any drawings, documents, records, data, and written information provided by Lessee to VA during the Term, if any (collectively, the “Lessee Data”), shall be kept, maintained, and handled by VA as such according and subject to all applicable Federal law, Executive Orders, and regulations. Furthermore, VA agrees to and shall contact Lessee telephonically and in writing should any request be made by a third party outside of VA (“Third Party”) for copies of or to review or receive any Lessee Data in VA’s possession and control, unless such Third Party making the request is officially doing so on behalf of the Executive branch; the United States Congress; the General Accountability Office; the Federal Bureau of Investigations; the VA Office of Inspector General; or a Federal court.

3. The Parties hereby agree that the understandings and obligations set forth in this Section R shall control during and shall survive the Term, notwithstanding any contrary confidential obligations, statements, or representations that may be contained in VA Data or Lessee Data submitted, as applicable, by VA to Lessee or vice versa.

[Signature page contained on following page]
IN WITNESS WHEREOF, the Parties hereto have hereunto subscribed their names as of the date first above written.

SAFETY PARK CORPORATION, A CALIFORNIA CORPORATION

LESSEE

By: [Signature]
Name: E绝缘子
Title: President
Date: 05/16/2019

THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS

LESSOR

By: [Signature]
Name: ALAN D. TRINH
Title: Deputy Director/Acting Officer
Date: 05/16/2019
EXHIBIT “A-1”

PROPERTY DESCRIPTION - VA BARRINGTON PARKING LOTS
EXHIBIT “A-2”

PROPERTY DESCRIPTION - VA BARRINGTON PARKING LOTS

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<tr>
<th></th>
<th>North Lot</th>
<th>South Lot</th>
<th>Total</th>
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<tr>
<td>Number of Parking Spaces</td>
<td>262</td>
<td>188</td>
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<tr>
<td>West to East Distance - Feet (apx.)</td>
<td>215</td>
<td>270</td>
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<td>North to South Distance - Feet (apx.)</td>
<td>330</td>
<td>360</td>
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<td>Site Area - Square Feet (apx.)</td>
<td>70,950</td>
<td>97,200</td>
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<td>Site Area - Acres (apx.)</td>
<td>1.63</td>
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<td>One</td>
<td>Two</td>
</tr>
<tr>
<td>Number of exits</td>
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<td>One</td>
<td>Two</td>
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Note: The United States Postal Service facility located between the North Lot and South Lot is not a part of this Lease.
### ESTIMATED MONTHLY OPERATING EXPENSES

<table>
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<tr>
<th>Category</th>
<th>Annual Amount</th>
<th>Monthly Amount</th>
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<tr>
<td>(b)(4)</td>
<td>(b)(4)</td>
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</tr>
</tbody>
</table>

**NOTES:**

1. The categories and amounts shown above reflect the estimated “not to exceed” Operating Expenses for the Initial Term of the Lease.
2. Lessee is only authorized to pay actual Operating Expenses and will provide monthly reports with supporting documentation for such expenditures, as provided in Article 2.B of the Lease. To the extent any wording or interpretation conflicts exist between the body of the Lease and its Exhibits, the Lease shall control.
3. Utilities bills will be paid directly to the utility provider or paid by reimbursement to the utility account holder.
4. It is understood that it is the intent of the Parties that this be an absolute net Lease with no cost to VA, and that the Department shall not be obligated to pay any charges, including but not limited to Operating Expenses or potential Net Parking Revenues deficits.
EXHIBIT “C”

WEST LOS ANGELES LEASING ACT OF 2016
[Contained in the following nine (9) pages]
Public Law 114–226
114th Congress

An Act

To authorize the Secretary of Veterans Affairs to enter into certain leases at the Department of Veterans Affairs West Los Angeles Campus in Los Angeles, California, to make certain improvements to the enhanced-use lease authority of the Department, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “West Los Angeles Leasing Act of 2016”.

SEC. 2. AUTHORITY TO ENTER INTO CERTAIN LEASES AT THE DEPARTMENT OF VETERANS AFFAIRS WEST LOS ANGELES CAMPUS.

(a) IN GENERAL.—The Secretary of Veterans Affairs may carry out leases described in subsection (b) at the Department of Veterans Affairs West Los Angeles Campus in Los Angeles, California (hereinafter in this section referred to as the “Campus”).

(b) LEASES DESCRIBED.—Leases described in this subsection are the following:

(1) Any enhanced-use lease of real property under subchapter V of chapter 81 of title 38, United States Code, for purposes of providing supportive housing, as that term is defined in section 8161(3) of such title, that principally benefit veterans and their families.

(2) Any lease of real property for a term not to exceed 50 years to a third party to provide services that principally benefit veterans and their families and that are limited to one or more of the following purposes:
   (A) The promotion of health and wellness, including nutrition and spiritual wellness.
   (B) Education.
   (C) Vocational training, skills building, or other training related to employment.
   (D) Peer activities, socialization, or physical recreation.
   (E) Assistance with legal issues and Federal benefits.
   (F) Volunteerism.
   (G) Family support services, including child care.
   (H) Transportation.
   (I) Services in support of one or more of the purposes specified in subparagraphs (A) through (H).

(3) A lease of real property for a term not to exceed 10 years to The Regents of the University of California, a corporation organized under the laws of the State of California, on
behalf of its University of California, Los Angeles (UCLA) campus (hereinafter in this section referred to as "The Regents"), if—

(A) the lease is consistent with the master plan described in subsection (g);

(B) the provision of services to veterans is the predominant focus of the activities of The Regents at the Campus during the term of the lease;

(C) The Regents expressly agrees to provide, during the term of the lease and to an extent and in a manner that the Secretary considers appropriate, additional services and support (for which The Regents is not compensated by the Secretary or through an existing medical affiliation agreement) that—

(i) principally benefit veterans and their families, including veterans that are severely disabled, women, aging, or homeless; and

(ii) may consist of activities relating to the medical, clinical, therapeutic, dietary, rehabilitative, legal, mental, spiritual, physical, recreational, research, and counseling needs of veterans and their families or any of the purposes specified in any of subparagraphs (A) through (I) of paragraph (2); and

(D) The Regents maintains records documenting the value of the additional services and support that The Regents provides pursuant to subparagraph (C) for the duration of the lease and makes such records available to the Secretary.

(c) LIMITATION ON LAND-SHARING AGREEMENTS.—The Secretary may not carry out any land-sharing agreement pursuant to section 8153 of title 38, United States Code, at the Campus unless such agreement—

(1) provides additional health-care resources to the Campus; and

(2) benefits veterans and their families other than from the generation of revenue for the Department of Veterans Affairs.

(d) REVENUES FROM LEASES AT THE CAMPUS.—Any funds received by the Secretary under a lease described in subsection (b) shall be credited to the applicable Department medical facilities account and shall be available, without fiscal year limitation and without further appropriation, exclusively for the renovation and maintenance of the land and facilities at the Campus.

(e) EASEMENTS.—

(1) IN GENERAL.—Notwithstanding any other provision of law (other than Federal laws relating to environmental and historic preservation), pursuant to section 8124 of title 38, United States Code, the Secretary may grant easements or rights-of-way on, above, or under lands at the Campus to—

(A) any local or regional public transportation authority to access, construct, use, operate, maintain, repair, or reconstruct public mass transit facilities, including, fixed guideway facilities and transportation centers; and

(B) the State of California, County of Los Angeles, City of Los Angeles, or any agency or political subdivision
of, or any public utility company (including any company providing electricity, gas, water, sewage, or telecommunication services to the public) for the purpose of providing such public utilities.

(2) IMPROVEMENTS.—Any improvements proposed pursuant to an easement or right-of-way authorized under paragraph (1) shall be subject to such terms and conditions as the Secretary considers appropriate.

(3) TERMINATION.—Any easement or right-of-way authorized under paragraph (1) shall be terminated upon the abandonment or nonuse of the easement or right-of-way and all right, title, and interest in the land covered by the easement or right-of-way shall revert to the United States.

(f) PROHIBITION ON SALE OF PROPERTY.—Notwithstanding section 8164 of title 38, United States Code, the Secretary may not sell or otherwise convey to a third party fee simple title to any real property or improvements to real property made at the Campus.

(g) CONSISTENCY WITH MASTER PLAN.—The Secretary shall ensure that each lease carried out under this section is consistent with the draft master plan approved by the Secretary on January 28, 2016, or successor master plans.

(h) COMPLIANCE WITH CERTAIN LAWS.—

(1) LAWS RELATING TO LEASES AND LAND USE.—If the Inspector General of the Department of Veterans Affairs determines, as part of an audit report or evaluation conducted by the Inspector General, that the Department is not in compliance with all Federal laws relating to leases and land use at the Campus, or that significant mismanagement has occurred with respect to leases or land use at the Campus, the Secretary may not enter into any lease or land-sharing agreement at the Campus, or renew any such lease or land-sharing agreement that is not in compliance with such laws, until the Secretary certifies to the Committees on Veterans’ Affairs of the Senate and House of Representatives, the Committees on Appropriations of the Senate and House of Representatives, and each Member of the Senate and the House of Representatives who represents the area in which the Campus is located that all recommendations included in the audit report or evaluation have been implemented.

(2) COMPLIANCE OF PARTICULAR LEASES.—Except as otherwise expressly provided by this section, no lease may be entered into or renewed under this section unless the lease complies with chapter 33 of title 41, United States Code, and all Federal laws relating to environmental and historic preservation.

(i) VETERANS AND COMMUNITY OVERSIGHT AND ENGAGEMENT BOARD.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall establish a Veterans and Community Oversight and Engagement Board (in this subsection referred to as the “Board”) for the Campus to coordinate locally with the Department of Veterans Affairs to—

(A) identify the goals of the community and veteran partnership;
(B) provide advice and recommendations to the Secretary to improve services and outcomes for veterans, members of the Armed Forces, and the families of such veterans and members; and

(C) provide advice and recommendations on the implementation of the draft master plan approved by the Secretary on January 28, 2016, and on the creation and implementation of any successor master plans.

(2) MEMBERS.—The Board shall be comprised of a number of members that the Secretary determines appropriate, of which not less than 50 percent shall be veterans. The nonveteran members shall be family members of veterans, veteran advocates, service providers, real estate professionals familiar with housing development projects, or stakeholders.

(3) COMMUNITY INPUT.—In carrying out paragraph (1), the Board shall—

(A) provide the community opportunities to collaborate and communicate with the Board, including by conducting public forums on the Campus; and

(B) focus on local issues regarding the Department that are identified by the community, including with respect to health care, implementation of the draft master plan and any subsequent plans, benefits, and memorial services at the Campus.

(j) NOTIFICATION AND REPORTS.—

(1) CONGRESSIONAL NOTIFICATION.—With respect to each lease or land-sharing agreement intended to be entered into or renewed at the Campus, the Secretary shall notify the Committees on Veterans’ Affairs of the Senate and House of Representatives, the Committees on Appropriations of the Senate and House of Representatives, and each Member of the Senate and the House of Representatives who represents the area in which the Campus is located of the intent of the Secretary to enter into or renew the lease or land-sharing agreement not later than 45 days before entering into or renewing the lease or land-sharing agreement.

(2) ANNUAL REPORT.—Not later than one year after the date of the enactment of this Act, and not less frequently than annually thereafter, the Secretary shall submit to the Committees on Veterans’ Affairs of the Senate and House of Representatives, the Committees on Appropriations of the Senate and House of Representatives, and each Member of the Senate and the House of Representatives who represents the area in which the Campus is located an annual report evaluating all leases and land-sharing agreements carried out at the Campus, including—

(A) an evaluation of the management of the revenue generated by the leases; and

(B) the records described in subsection (b)(3)(D).

(3) INSPECTOR GENERAL REPORT.—

(A) IN GENERAL.—Not later than each of two years and five years after the date of the enactment of this Act, and as determined necessary by the Inspector General of the Department of Veterans Affairs thereafter, the Inspector General shall submit to the Committees on Veterans’ Affairs of the Senate and House of Representatives and the Committees on Appropriations of the Senate and
House of Representatives, and each Member of the Senate and the House of Representatives who represents the area in which the Campus is located a report on all leases carried out at the Campus and the management by the Department of the use of land at the Campus, including an assessment of the efforts of the Department to implement the master plan described in subsection (g) with respect to the Campus.

(B) CONSIDERATION OF ANNUAL REPORT.—In preparing each report required by subparagraph (A), the Inspector General shall take into account the most recent report submitted to Congress by the Secretary under paragraph (2).

(k) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as a limitation on the authority of the Secretary to enter into other agreements regarding the Campus that are authorized by law and not inconsistent with this section.

(l) PRINCIPALLY BENEFIT VETERANS AND THEIR FAMILIES DEFINED.—In this section the term "principally benefit veterans and their families", with respect to services provided by a person or entity under a lease of property or land-sharing agreement—

(1) means services—

(A) provided exclusively to veterans and their families; or

(B) that are designed for the particular needs of veterans and their families, as opposed to the general public, and any benefit of those services to the general public is distinct from the intended benefit to veterans and their families; and

(2) excludes services in which the only benefit to veterans and their families is the generation of revenue for the Department of Veterans Affairs.

(m) CONFORMING AMENDMENTS.—

(1) PROHIBITION ON DISPOSAL OF PROPERTY.—Section 224(a) of the Military Construction and Veterans Affairs and Related Agencies Appropriations Act, 2008 (Public Law 110–161; 121 Stat. 2272) is amended by striking "The Secretary of Veterans Affairs" and inserting "Except as authorized under the Los Angeles Homeless Veterans Leasing Act of 2016, the Secretary of Veterans Affairs".

(2) ENHANCED-USE LEASES.—Section 8162(c) of title 38, United States Code, is amended by inserting ", other than an enhanced-use lease under the Los Angeles Homeless Veterans Leasing Act of 2016," before "shall be considered".

SEC. 3. IMPROVEMENTS TO ENHANCED-USE LEASE AUTHORITY OF DEPARTMENT OF VETERANS AFFAIRS.

(a) PROHIBITION ON WAIVER OF OBLIGATION OF LESSEE.—Paragraph (3) of section 8162(b) of title 38, United States Code, is amended by adding at the following new subparagraph:

"(D) The Secretary may not waive or postpone the obligation of a lessee to pay any consideration under an enhanced-use lease, including monthly rent."

(b) CLARIFICATION OF LIABILITY OF FEDERAL GOVERNMENT TO THIRD PARTIES.—Section 8162 of such title is amended by adding at the end the following new subsection:
“(d)(1) Nothing in this subchapter authorizes the Secretary to enter
into an enhanced-use lease that provides for, is contingent upon, or otherwise authorizes the Federal Government to guarantee a loan made by a third party to a lessee for purposes of the enhanced-use lease.

“(2) Nothing in this subchapter shall be construed to abrogate or constitute a waiver of the sovereign immunity of the United States with respect to any loan, financing, or other financial agreement entered into by the lessee and a third party relating to an enhanced-use lease.

(c) TRANSPARENCY—

(1) NOTICE.—Section 8163(c)(1) of such title is amended—

(A) by inserting “, the Committees on Appropriations of the House of Representatives and the Senate, and the Committees on the Budget of the House of Representatives and the Senate” after “congressional veterans’ affairs committees”;  

(B) by striking “and shall publish” and inserting “, shall publish”;  

(C) by inserting before the period at the end the following: “, and shall submit to the congressional veterans’ affairs committees a copy of the proposed lease”; and  

(D) by adding at the end the following new sentence: “With respect to a major enhanced-use lease, upon the request of the congressional veterans’ affairs committees, not later than 30 days after the date of such notice, the Secretary shall testify before the committees on the major enhanced-use lease, including with respect to the status of the lease, the cost, and the plans to carry out the activities under the lease. The Secretary may not delegate such testifying below the level of the head of the Office of Asset Enterprise Management of the Department or any successor to such office.”

(2) ANNUAL REPORTS.—Section 8168 of such title is amended—

(A) by striking “to Congress” each place it appears and inserting “to the congressional veterans’ affairs committees, the Committees on Appropriations of the House of Representatives and the Senate, and the Committees on the Budget of the House of Representatives and the Senate”;  

(B) in subsection (a)—  

(i) by striking “Not later” and inserting “(1) Not later”;  

(ii) by striking “a report” and all that follows through the period at the end and inserting “a report on enhanced-use leases.”; and  

(iii) by adding at the end the following new paragraph: “(2) Each report under paragraph (1) shall include the following: “(A) Identification of the actions taken by the Secretary to implement and administer enhanced-use leases.

“(B) For the most recent fiscal year covered by the report, the amounts deposited into the Medical Care Collection Fund account that were derived from enhanced-use leases.

“(C) Identification of the actions taken by the Secretary using the amounts described in subparagraph (B).
“(D) Documents of the Department supporting the contents of the report described in subparagraphs (A) through (C),”;

and

(C) in subsection (b)—

(i) by striking “Each year” and inserting “(1) Each year”;

(ii) by striking “this subchapter,” and all that follows through the period at the end and inserting “this subchapter”; and

(iii) by adding at the end the following new paragraph:

“(2) Each report under paragraph (1) shall include the following with respect to each enhanced-use lease covered by the report:

(A) An overview of how the Secretary is using consideration received by the Secretary under the lease to support veterans.

(B) The amount of consideration received by the Secretary under the lease.

(C) The amount of any revenues collected by the Secretary relating to the lease not covered by subparagraph (B), including a description of any in-kind assistance or services provided by the lessee to the Secretary or to veterans under an agreement entered into by the Secretary pursuant to any provision of law.

(D) The costs to the Secretary of carrying out the lease.

(E) Documents of the Department supporting the contents of the report described in subparagraphs (A) through (D).”.

(4) The term ‘lessee’ means the party with whom the Secretary has entered into an enhanced-use lease under this subchapter.

(5) The term ‘major enhanced-use lease’ means an enhanced-use lease that includes consideration consisting of an average annual rent of more than $10,000,000.

(c) Comptroller General Audit—

(1) Report.—Not later than 270 days after the date of the enactment of this Act, the Comptroller General of the United States shall submit to the appropriate congressional committees a report containing an audit of the enhanced-use lease program of the Department of Veterans Affairs under subchapter V of chapter 81 of title 38, United States Code.

(2) Matters Included.—The report under paragraph (1) shall include the following:

(A) The financial impact of the enhanced-use lease authority on the Department of Veterans Affairs and whether the revenue realized from such authority and other financial benefits would have been realized without such authority.

(B) The use by the Secretary of such authority and whether the arrangements made under such authority would have been made without such authority.

(C) An identification of the controls that are in place to ensure accountability and transparency and to protect the Federal Government.

(D) An overall assessment of the activities of the Secretary under such authority to ensure procurement cost
avoidance, negotiated cost avoidance, in-contract cost avoidance, and rate reductions.

(3) APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.—In this subsection, the term "appropriate congressional committees" means—
(A) the Committees on Veterans' Affairs of the House of Representatives and the Senate;
(B) the Committees on Appropriations of the House of Representatives and the Senate; and
(C) the Committees on the Budget of the House of Representatives and the Senate.

Approved September 29, 2016.