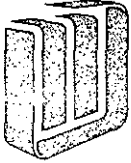


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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
EXECUTIVE SECRETARY

Robert E. Dahl
EXECUTIVE SECRETARY

May 7, 1992

Board of Directors (Task Force to Review Office Space--Action)
(Executive Committee--Action)

General Manager

From
Subject Ratification of Termination of WCT Lease and Authorization to
Enter into New Lease for Office Space

Report

As your Board has been previously informed, the District has experienced numerous and continuing problems from mid-January to the present in its attempt to complete construction of tenant improvements and achieve occupancy at the WCT Building. It now appears that the owner of the WCT Building will file a bankruptcy action to forestall a foreclosure sale of the building presently scheduled for May 19, 1992. This anticipated filing would only delay resolution of the existing problems which prevent the District's use of the premises.

Since the District's office space need is critical, and after consultation with your Board, the General Manager gave notice of election to terminate the WCT lease on April 30, 1992. This notice will take effect on May 16 unless (1) rescinded or revoked by the District, (2) the owner cures all outstanding defaults under the lease, or (3) the owner files bankruptcy, in which case the District would immediately seek relief from the bankruptcy stay. This letter seeks your ratification of the termination of the WCT lease.

Meanwhile, the District has commenced negotiations for additional office space near the Los Angeles Headquarters building. The District is seeking contiguous space sufficiently large to accommodate Headquarters personnel and personnel currently located in Pasadena at the newly leased space or the Headquarters Annex. If approved by your Board, the District would then seek to sublet the leased office space in Pasadena.

The General Manager seeks authority to execute a lease for approximately 350,000 gross square feet of office space, with an option for additional space over a five year term and optional extension of the term of the lease for a limited period of time.

Given current market conditions, it is anticipated that annual lease payments will approximate \$8 million dollars (\$8.75 million with escalation), plus parking and incidental expenses. Funds for such are or are expected to be available under the annual budget appropriation for operation and maintenance. The proposed action is categorically exempt from the California Environmental Quality Act.

Board Committee Assignments:

This letter was referred for action to:

1. The Task Force to Review Office Space and Building Sites because it was specifically formed for the purpose of reviewing additional office space for the District; and

2. The Executive Committee because of its jurisdiction to address unexpected situations under Administrative Code section 2417(f).

Recommendation:

TASK FORCE TO REVIEW OFFICE SPACE AND BUILDING SITES AND EXECUTIVE COMMITTEE FOR ACTION.

The General Manager recommends that:

1. Your Board ratify termination of the WCT lease;

2. The General Manager be authorized to execute a lease for additional office space near the Los Angeles Headquarters buildings in conformance with the above terms and with the approval of the General Counsel as to form at an annual cost not to exceed \$8.75 million plus parking and incidental expenses; and

3. The General Manager be authorized to sublet leased office space in Pasadena when District personnel currently assigned to that location are relocated to the newly leased space or the Annex.


for Carl Boronkay