

## **ANALYSIS**

This ordinance grants an electrical transmission franchise to Hecate Grid Humidor Storage 1 LLC, a Delaware limited liability company ("Franchisee"), to conduct and transmit electricity for a period of thirty-five years, beginning on November 28, 2024, and expiring on November 27, 2059. The base annual fee payable to the County of Los Angeles by Franchisee will be determined according to a formula contained in Section 2 of this ordinance. Franchisee will also pay a granting fee of ten thousand dollars.

DAWYN R. HARRISON  
County Counsel



By

GRACE V. CHANG  
Principal Deputy County Counsel  
Public Works Division

GVC:lm

Requested: 08/01/24  
Revised: 09/10/24

**ORDINANCE NO. \_\_\_\_\_**

An ordinance granting an electrical transmission franchise to Hecate Grid Humidor Storage 1 LLC, a Delaware limited liability company, for a period of thirty-five years, beginning on November 28, 2024, and expiring on November 27, 2059.

The Board of Supervisors of the County of Los Angeles ordains as follows:

**SECTION 1. Franchise Term; Grant.**

The right, privilege, and franchise is granted to Hecate Grid Humidor Storage 1 LLC, a Delaware limited liability company ("Franchisee"), and its successors and assigns, for a period of thirty-five (35) years, beginning on November 28, 2024, and expiring on November 27, 2059, to construct, operate, maintain, renew, repair, change the size of, remove or abandon in place, and use an electrical transmission system consisting of conduits, manholes, vaults, cables, wires, switches, communications circuits, poles, other equipment, appliances, and appurtenances necessary and appropriate for underground electrical transmission lines and interconnections for the purpose of conducting and transmitting electricity and electrical energy for light, heat, and power purposes, and for any and all other purposes for which electricity can be used for Franchisee's operations in connection with its battery energy storage facility, in, on, along, upon, under, or across highways, as defined in Section 16.36.080 of the Los Angeles County Code ("County Code"), now or hereafter dedicated to public use within the unincorporated territory of the County of Los Angeles, State of California ("County Highway"), specifically, Vincent View Road between West Carson Mesa Road and Angeles Forest Highway, and Angeles Forest Highway between Vincent View Road

and Hillside Drive, as more particularly shown on Exhibit A, attached hereto and made a part hereof ("Franchise Area"). The Franchise Area is generally bounded by West Carson Mesa Road, Vincent View Road, and Angeles Forest Highway.

**SECTION 2. Consideration; Payments of Fees.**

A. All fees set forth in this ordinance shall be made payable to the County of Los Angeles ("County"), c/o Department of Public Works, P.O. Box 1460, Alhambra, California 91802-1460.

B. Granting Fee. As consideration for the franchise granted, transferred, extended, or otherwise amended, Franchisee shall pay the County a granting fee of ten thousand dollars (\$10,000) within thirty (30) days after the adoption of this ordinance.

C. Annual Franchise Fee. As additional consideration for the franchise granted or extended, Franchisee shall pay within thirty (30) days prior to commencement of construction of Franchisee's facilities within the Franchise Area, and thereafter shall pay annually, a franchise fee computed annually ("Annual Franchise Fee"), which shall be paid on or before November 28 ("Anniversary Date") of each calendar year during the term of the franchise, to the County in lawful money of the United States. The Annual Franchise Fee shall be calculated based on the County Highway space occupied by Franchisee's facilities at the rate of four dollars and three cents (\$4.03) per linear foot, or five thousand dollars (\$5,000), whichever is greater. For purposes of calculating the Annual Franchise Fee, it is agreed that Franchisee's facilities initially occupy a total of five thousand five hundred ten (5,510) linear feet of

County Highway. The Annual Franchise Fee for the first year shall be twenty-two thousand two hundred five dollars (\$22,205).

1. Annual Adjustments Based on Consumer Price Index. For every year that the franchise is in full force and effect, the Annual Franchise Fee for the then-current twelve (12) month period shall be increased based on changes in the Consumer Price Index for All Urban Consumers for the Los Angeles-Long Beach-Anaheim California region (1982-84=100), All Items, as published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), to determine the Annual Franchise Fee for the next twelve (12) months.

2. The Annual Franchise Fee for each subsequent year ("New Annual Franchise Fee") shall be calculated by multiplying the then-current Annual Franchise Fee by a fraction, the numerator of which shall be the Index for the month ending ninety (90) days prior to the upcoming Anniversary Date ("Current Index"), and the denominator of which shall be the Index for the month ending ninety (90) days prior to the previous Anniversary Date ("Previous Index"). The formula for calculation is shown below:

Current Annual Franchise Fee x [Current Index/Previous Index] = New Annual Franchise Fee.

3. If the described Index is no longer published and a substitute index is adopted by the Bureau of Labor Statistics, then Franchisee and the County shall accept such substituted index for future Annual Franchise Fee calculations. If no such government index is offered as a replacement, the County shall, at its sole discretion,

determine the index to be used. In all events, a New Annual Franchise Fee shall not be less than the previous year's Annual Franchise Fee.

D. Additional Fees and Assessments. In addition to the Annual Franchise Fee, Franchisee shall also pay all applicable County fees and assessments related to construction and operation in the Franchise Area. Franchisee shall also pay any applicable fees provided in the County Code, including, but not limited to, administrative fees, processing fees, permit fees, late charges, accrued interest, and penalties required in connection with the franchise. These fees shall be charged at the then-current applicable rates.

E. The County reserves the right to change its method of calculating fees and the amount thereof, not more frequently than once every five (5) years, if the Board of Supervisors ("Board") determines after a public hearing that good cause exists for such change, and such change is not in conflict with the laws of the State of California.

F. Late Payments. In the event Franchisee fails to make full payment of any of the payments provided for herein on or before the dates they are due, Franchisee shall pay a late charge of ten percent (10%) of the amount due, said ten percent (10%) being due thirty (30) days after the date the payment is originally due. The late charge in the amount of ten percent (10%) has been set by both parties hereto as liquidated damages in recognition of the difficulty in affixing actual damages from a breach of said time of performance requirement.

In the event full payment of any rate, payment, or fee, including the ten percent (10%) late charge, is not received within sixty (60) days after the due date, an assessment of interest shall accrue on the unpaid balance at one percent (1%) per month, beginning on the sixty-first (61st) day after the due date.

### **SECTION 3. Indemnification and Insurance.**

Franchisee shall meet the following indemnification and insurance requirements:

A. Indemnification. Franchisee shall indemnify, defend, and hold harmless, the County and County's special districts, elected and appointed officers, employees, and agents (collectively "County's Agents") from and against any and all expenses, costs, fees, damages, claims, liabilities, and lawsuits of any nature, including, without limitation, those involving, relating to, or asserting, bodily injury, personal injury, death, property damage, encroachment, encumbrance, or infringement upon property rights or interests and any loss of property value related thereto or arising therefrom, defense costs, attorneys' fees, and workers' compensation benefits, expenses, and damages of any other type (collectively "Claims") that relate to or arise from: (1) County's grant and/or extension of the franchise; and/or (2) Franchisee's use or exercise of the franchise and/or the operations or the services provided by Franchisee, its employees, agents, servants, receivers, contractors, subcontractors, successors, or assignees (collectively "Franchisee's Agents") in connection with the franchise; and/or (3) any acts or omissions of Franchisee, Franchisee's Agents, or any person in connection with activities or work conducted or performed pursuant to the franchise and/or arising out of such activities or work. In furtherance of, and in no way limiting, the foregoing,

Franchisee shall indemnify, defend, and hold harmless, the County and the County's Agents from and against any and all Claims that relate to, arise from, or involve pollution, contamination, degradation, and/or environmental compliance, relating to, arising from, or involving the franchise, or Franchisee's use or exercise thereof, including, but not limited to, Claims arising from or relating to any threatened, actual, or alleged discharge, dispersal, release, or escape of any substance, including, but not limited to, any pollutant or contaminant of any kind, into or upon any person, thing, or place, including the land, soil, atmosphere, man-made structure, and/or any above or below ground watercourse or body of water. Notwithstanding anything to the contrary herein, Franchisee shall not be obligated to indemnify the County and the County's Agents for liability and expense arising from or relating to the active negligence or willful misconduct of the County or the County's Agents.

B. Insurance. Without limiting Franchisee's indemnification of the County or County's Agents, or provision of bonding or additional security required under the franchise, Franchisee shall provide and maintain at its own expense, during the term of the franchise, the following programs of insurance. Such programs and evidence of insurance shall be satisfactory to the County and shall be primary to, and not contributing with, any other insurance or self-insurance programs maintained by the County.

1. Certificate(s), Declaration page(s), specified Endorsement(s) and/or other evidence of coverage satisfactory to the County shall be delivered to the County

on or before the effective date of the franchise, and on or before the expiration date of each term of insurance. Such certificates or other evidence shall:

- a. Specifically identify the franchise by ordinance number.
- b. Clearly evidence all insurance required in the franchise.
- c. Include a copy of the additional insured endorsement to the

liability policies, adding the County and County's Agents as additional insureds for damages caused, in whole or in part, by Franchisee's acts or omissions in the performance of Franchisee's ongoing operations; and contain the express condition that the County is to be given written notice by mail at least ten (10) days in advance of any modification, non-renewal, cancellation, expiration, or termination of any program of liability insurance, including, but not limited to, workers' compensation insurance. However, in the event insurers are not willing or able to provide such notice, this responsibility shall be borne by Franchisee.

- d. Show Franchisee's insurance as primary to the County's insurance and self-insurance programs. This may be evidenced by adding a statement to the additional insured endorsement required in subsection 3.B.1.c., above, stating (or using equivalent wording), "It is further agreed that the insurance afforded by this policy is primary to any insurance or self-insurance programs maintained by the additional insureds, and the additional insureds' insurance and self-insurance programs are excess and non-contributing to Named Insured's insurance." Include a copy of the additional insured endorsement to the liability policies, adding the County and the County's Agents as additional insureds for all activities arising from the franchise.



2. Upon request by the County, Franchisee shall provide the County with a copy of its effective policy of insurance providing coverage pursuant to the terms of the franchise.

3. Insurance is to be provided by an insurance company with an A.M. Best rating of not less than A: VII, unless otherwise approved by the County.

4. Franchisee agrees to release the County and the County's Agents and waive Franchisee's insurers' rights of recovery against them under the insurance policies specified in the franchise.

5. Liability: Such insurance shall be endorsed naming the County and the County's Agents as additional insureds with respect to Franchisee's obligations under the franchise, and shall include, but not be limited to:

a. Commercial General Liability insurance written on a commercial general liability form (ISO policy form CG00 01, or its equivalent, [including any umbrella/excess liability policy] unless otherwise approved in writing by the County), with limits of not less than five million dollars (\$5,000,000) per occurrence, fifteen million dollars (\$15,000,000) policy aggregate, and fifteen million dollars (\$15,000,000) products/completed operations aggregate. Limits may be provided by a combination of primary and excess/umbrella liability policies.

b. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following expiration, termination, or cancellation of this franchise.

c. Comprehensive Auto Liability insurance (written on ISO policy form CA 00 01, or its equivalent, unless otherwise approved by the County), endorsed for all owned (if any), non-owned, and hired vehicles with a limit of not less than one million dollars (\$1,000,000) per occurrence.

d. Pollution Liability insurance, which insures liability for bodily injury or property damage, including cleanup cost for Sudden and Accidental contamination or pollution. Such coverage may be provided within the General Liability and Umbrella policies and have limits of five million dollars (\$5,000,000) per occurrence. Such coverage shall also be in an amount and form to meet all applicable State and federal requirements, but, in all events, such coverage shall not be less than five million dollars (\$5,000,000) per occurrence.

i. If written with an annual aggregate limit, the policy limit shall be three (3) times the above-required occurrence limit.

ii. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

6. Workers' Compensation: A program of workers' compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California. Such policy shall be endorsed to waive subrogation against the County for injury to Franchisee's employees. In all cases, the above insurance shall include Employers' Liability insurance with coverage of not less than:

- a. Each accident: one million dollars (\$1,000,000).
- b. Disease-policy limit: one million dollars (\$1,000,000).
- c. Disease-each employee: one million dollars (\$1,000,000).

C. Franchisee shall furnish the County within thirty (30) days of the adoption of this ordinance, and no less than thirty (30) days before the expiration date of each term of insurance, with evidence of insurance coverage or renewal (as applicable), as required by subsection 3.B., to the satisfaction of the County for each of said policies certified by Franchisee's insurance agent, or by the company issuing the policy.

D. The types and amounts of said insurance coverage shall be subject to review and adjustment by the County, subject to limits in the insurance market, at County's sole discretion, at any time during the term of the franchise. In the event of such adjustment, Franchisee agrees to obtain said adjusted insurance coverage, in the type(s) and amount(s) as determined by the County, within thirty (30) days' after written notice from the County.

E. Failure on the part of Franchisee to procure or maintain the required insurance, or to provide evidence of current insurance, shall constitute a material breach of the terms of the franchise upon which the County may immediately terminate or suspend the franchise, provided that Franchisee will have thirty (30) days written notice to comply with adjustments to insurance limits described in subsection 3.D., above.

F. It is the obligation of Franchisee to provide evidence of current insurance policies. No franchise operations shall commence until Franchisee has complied with

the provisions of subsection 3.B., and any operations under the franchise shall be suspended during any period that Franchisee fails to obtain or maintain the insurance required hereunder.

**SECTION 4. Security/Bond.**

A. Security Requirements/Faithful Performance Bond.

1. Within sixty (60) days following the adoption of this ordinance, Franchisee shall provide to the County a faithful performance bond in the sum of not less than two hundred fifty-two thousand five hundred dollars (\$252,500) payable to "County of Los Angeles," executed by a corporate surety licensed to transact business as a surety in the State of California, and acceptable to the County. Such bond shall be conditioned upon the faithful performance by Franchisee of the terms and conditions of the franchise and shall provide that, in case of a breach of any condition of the franchise, the whole amount of the penal sum, or any portion thereof, shall be deemed by the County to be liquidated damages, and such amount shall be payable to the County by the principal and surety(ies) of the bond.

2. For every year that the franchise is in full force and effect, the amount of the faithful performance bond for the then-current twelve (12) month period shall be increased by one and one-half percent (1.5%) on or before the Anniversary Date in advance of the next franchise year.

3. Throughout the term of the franchise, Franchisee shall maintain the faithful performance bond in the amount required herein. Within ten (10) business days after receipt of notice from the County that any amount has been withdrawn from the

bond as provided in this Section, Franchisee shall restore the bond to the full amount required herein.

4. The faithful performance bond shall be maintained in full effect for one year following the date of the County's approval pursuant to the franchise of any sale, transfer, assignment, or other change of ownership of the franchise or Franchisee or following the expiration or termination of the franchise. The County may, in its sole discretion, release said bond prior to the end of the one-year period upon satisfaction by Franchisee of all the obligations under the franchise.

B. Alternative and/or Additional Security.

1. The County, in its sole discretion, may require and accept alternative and/or additional security to meet and/or supplement the above bonding requirements, including, but not limited to, an irrevocable letter of credit, certificate of deposit, or a cash deposit in the form of a Passbook Savings Account acceptable to the County, as alternative and/or additional security to a faithful performance bond to guarantee the performance of Franchisee's obligations under the franchise. Such alternative and/or additional security shall be made payable to the County and shall be deposited to the satisfaction of the County.

2. The types and amounts of the performance bond and alternative and/or additional security shall be subject to review and adjustment by the County, at the County's sole discretion, at any time during the term of the franchise. In the event of such adjustment, Franchisee agrees to obtain said adjusted coverage and bonding, in

type(s) and amount(s) as determined by the County, within thirty (30) days after written notice from the County.

C. No franchise operations shall commence until Franchisee has complied with the requirements of this Section.

**SECTION 5. Transfers and Assignments.**

A. Franchisee shall not sell, transfer (including stock transfer), exchange, assign, lease, or divest itself of the franchise or any part thereof (each of which is hereinafter referred to as an "Assignment") to any other person or entity ("Transferee"), except with the written consent of the Director of Public Works ("Director") or their designee and after payment of a transfer fee as detailed in subsection 5.G.

No such consent shall be required for any Assignment of the franchise in trust or by way of mortgage, deed of trust, pledge, or hypothecation with all or part of Franchisee's other property for the purpose of securing any indebtedness of Franchisee, provided that Franchisee shall provide the County at least ten (10) days' prior written notice of such Assignment in trust, mortgage, deed of trust, pledge or other hypothecation, including the name and address of the assignee, pledgee, mortgagee, or otherwise benefitted party. Except as provided in subsection 5.E., a merger will not be deemed a sale, transfer, Assignment, or lease of the franchise.

B. Franchisee shall give notice to the County of any pending Assignment, except as excluded in subsection 5.E., and shall provide all documents required by the County as set forth in subsection 5.F. Consent to any such Assignment shall only be refused if the County finds that Franchisee is in noncompliance with the terms and

conditions of the franchise and/or that the proposed Transferee, as applicable, is lacking in sufficient experience and/or financial ability to meet the franchise obligations.

Consent shall be conditioned upon the terms and conditions set forth in the Assignment documents delivered to the County, the assumption by the Transferee, as applicable, of all Franchisee's covenants and obligations under the franchise, and all information provided to the County under subsection 5.F., below, being true and correct as of completion of the Assignment. Upon receipt of such consent from the County, Franchisee may proceed to consummate the Assignment.

C. Franchisee shall file with the County within thirty (30) days after the effective date of any Assignment, a certified copy of the duly executed instrument(s) that officially evidence(s) such Assignment. If such duly executed instrument(s) is (are) not filed with the County within thirty (30) days after the effective date of such proposed Assignment, or if the conditions to consent by the County have not been met, then the County may notify Franchisee and the proposed Transferee that the Assignment is not deemed approved by the County. The County may then determine that the Assignment has no force or effect or that the franchise is forfeited.

D. As a condition to granting consent to such Assignment, the County may impose, by ordinance, such additional terms and conditions upon the proposed Transferee as the Board deems to be in the public interest. Nothing contained herein shall be construed to grant Franchisee the right to complete an Assignment except in the manner aforesaid. This Section applies to any Assignment, whether by operation of law, by voluntary act of Franchisee, or otherwise.

E. Notwithstanding the foregoing, shareholders, partners, and/or any other persons or entity owning an interest in Franchisee may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, Assignment, divestment, or other change, including a merger, is effected in such a way as to give majority control of Franchisee to any person or persons, corporation, partnership, or legal entity other than the person or entity with the controlling interest in Franchisee on the effective date of the franchise or the effective date of the last approved Assignment, consent thereof shall be required as otherwise provided in this Section.

F. Except for any Assignments made pursuant to subsection 5.E., upon notice by Franchisee of any proposed Assignment, the proposed Transferee shall submit an Assignment application to the County, which shall contain at a minimum:

1. Identification of the proposed Transferee, which indicates the corporate or business entity organization, including the submission of copies of the corporate or business formation papers (e.g., articles of incorporation and by-laws, limited partnership agreements, and operating agreements), and the names and addresses of any parent or subsidiary of the proposed Transferee(s), or any other business entity owning or controlling the proposed Transferee in part or in whole.

2. A current financial statement, which has been audited by a certified public accountant, demonstrating conclusively to the satisfaction of the County that the proposed Transferee has all the financial resources necessary to carry out all the terms and conditions of the franchise. The financial statement shall include a balance sheet,



profit and loss statement for at least the three (3) most recent years, and a statement of changes in financial position; however, if the proposed Transferee has been in existence for less than three (3) years, then for such period of existence.

3. A copy of the proposed agreement of sale, letter of understanding, or other documentation that details the proposed Assignment.

4. Other information that may be required by the County to assess the capability of the proposed Transferee to operate and maintain the franchise.

G. The transfer fee shall be submitted with Franchisee's request for the County's consent to any Assignment described in subsection 5.A., and the amount of the transfer fee shall be determined as follows:

1. Consent to Assignment or any other action in which the County does not elect to modify the franchise by adoption of an amending ordinance: five thousand dollars (\$5,000).

2. Consent to Assignment or any other action in which the County elects to modify the franchise by adoption of an amending ordinance: seven thousand five hundred dollars (\$7,500).

#### **SECTION 6. Relocation of Facilities.**

A. If any of the facilities constructed, installed, or maintained by Franchisee pursuant to the franchise on, along, upon, in, under, or across the County Highway are located in a manner that prevents or interferes with the change of grade, traffic needs, operation, maintenance, improvement, repair, construction, reconstruction, widening, alteration, or relocation of the County Highway, Franchisee shall remove and relocate

any such facility at no expense to the County, or any applicable cities or other public entities, within the time required by the County, upon receipt of a written request from the County to do so.

B. If Franchisee neglects or fails to remove and relocate its facilities within the time required by the County after receipt of any such notice, Franchisee shall be solely responsible for, and shall reimburse the County, city, and other applicable public entities, any and all additional costs or expenses incurred by the County, city, and other applicable public entities, due to, or resulting from, such delay and/or failure to remove and relocate Franchisee's facilities. Failure to remove such facilities within the time required by the County may constitute a breach of the franchise in the sole discretion of the County.

C. The County reserves the right for itself, and for all cities and public entities that are now or may later be established, to lay, construct, repair, alter, relocate, and maintain subsurface or other facilities or improvements of any type or description within the highways over which the franchise is granted, subject to the relocation provisions of subsection 6.A., above. Failure of Franchisee to relocate its facilities as required by the County may constitute a breach of the franchise, at the sole discretion of the County.

#### **SECTION 7. Removing or Abandoning Facilities.**

A. Removal. Franchisee must remove all of Franchisee's facilities located within the Franchise Area within one hundred eighty (180) days of the expiration or termination of the franchise and shall, at the time such facilities are removed, restore the Franchise Area to its former state as near as is practicable, so as not to impair its

usefulness, unless the County agrees that the facilities can be abandoned in place as set forth in subsection 7.B., below.

B. Abandonment. Upon application from Franchisee given at any time during the term of the franchise, the County may, in its sole discretion, give Franchisee permission to abandon, without removing, any facility laid, constructed, operated, or maintained under the franchise. The Director shall determine whether abandonment may be effected without detriment to the public interest and under what conditions such proposed abandonment may be effected. Within thirty (30) days of the Director's determination granting the request to abandon its facilities, Franchisee shall apply for a permit in compliance with the requirements of the applicable provisions of the County Highway Ordinance, in Division 1 of Title 16 of the County Code, or any successor or amended provisions ("County Highway Ordinance") and shall commence work authorized by the permit within sixty (60) days of permit issuance.

**SECTION 8. Conditions of Franchise Grant; Suspension, Forfeiture, Termination; Grounds and Procedure.**

A. The franchise is granted upon each and every condition contained in this ordinance, including conditions as are incorporated herein by reference.

B. Any neglect, failure, or refusal to comply with any of the conditions of the franchise shall constitute grounds for suspension, forfeiture, termination, or any combination thereof. The County, prior to any suspension or termination of the franchise, shall give to Franchisee not less than thirty (30) days' written notice of any default. If Franchisee does not, within the noticed period, commence to cure the

default, or if after such commencement, Franchisee fails to diligently prosecute said cure, the County may hold a hearing at which Franchisee shall have the right to appear and be heard and, thereupon, the County may determine whether such conditions are material and essential to the franchise and whether Franchisee is in default with respect thereto, and the County may declare the franchise suspended or terminated. Notice of the hearing shall be given to Franchisee by certified mail not less than thirty (30) days before said hearing. The franchise may only be suspended or terminated by the County after a hearing.

**SECTION 9. Construction, Operation, and Maintenance.**

A. All facilities, constructed, laid, operated, or maintained under the provisions of the franchise shall be constructed, laid, operated, or maintained in accordance with, and conforming to, all the ordinances, codes, rules, and regulations now or hereafter adopted or prescribed by the County and all applicable local, State, and federal laws and regulations.

B. Franchisee shall not commence any construction, excavation, or encroachment work under the franchise until it has obtained any permit or authorization required by the County Code, including, but not limited to, the County Highway Ordinance, except in cases of emergency affecting public health, safety, or welfare, or the preservation of life or property, in which case Franchisee shall apply for such permit not later than the next business day.

C. The work of constructing, laying, replacing, repairing, or removing facilities authorized under the provisions of the franchise on, along, upon, in, under, or across

the County Highways, in the Franchise Area, shall be conducted with as little hindrance as practicable to the use of the County Highway for purpose of travel; and, as soon as the constructing, laying, replacing, repairing, or removing of any of said facilities is completed, all portions of the County Highway that have been excavated or otherwise injured thereby shall be placed in as good condition as the same was in before the constructing, laying, replacing, repairing, or removing of the facilities, to the satisfaction of the County.

D. The County reserves the right for itself, and for all cities and public entities that are now or may be later established, to improve the surface of any highway over which the franchise is granted.

E. If the County constructs or maintains any storm drain, sewer structure, or other facility or improvement, under or across any facility of Franchisee maintained pursuant to the franchise, Franchisee shall provide, at no expense to the County, such support as shall be reasonably required to support, maintain, and protect Franchisee's facility.

F. Within twenty-one (21) days of a request by the County, Franchisee shall provide information, at no cost to the County, cities, or other applicable public entities, identifying the location of the facilities laid or constructed under the franchise by potholing or other method approved by the County. Franchisee shall maintain a membership and participate in Underground Service Alert – Southern California, in compliance with Government Code section 4216 et seq.

G. If any portion of any highway is damaged by reason of defective facilities laid or constructed by Franchisee under the franchise, Franchisee shall, at its own expense, repair any such defect and put such highway in as good condition as it was in before such damage was incurred, to the satisfaction of the County. If Franchisee neglects or fails to repair such damage after receipt of any such notice, or if such damage constitutes an immediate danger to public health and safety requiring the immediate repair thereof, Franchisee shall be solely responsible for, and shall reimburse the County, city, and other applicable public entities, any and all additional costs or expenses incurred by the County, city, and other applicable public entities, due to, or resulting from, the repair of such damage.

**SECTION 10. Notices.**

Unless stated otherwise herein, any notices to be given or other documents to be delivered by either party may be delivered in person, by private courier, or deposited in the United States registered or certified mail to the party for whom it was intended as follows:

To County:                   Attention: Survey/Mapping & Property Management Division  
County of Los Angeles Department of Public Works  
900 South Fremont Avenue  
Alhambra, California 91802-1460  
Mailing Address:  
P.O. Box 1460  
Alhambra, California 91802-1460

AND

Attention: Executive Office of the Board of Supervisors  
County of Los Angeles Board of Supervisors  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

To Franchisee: Hecate Grid Humidor Storage 1 LLC  
Attention: Asset Manager  
621 W Randolph Street  
Chicago, Illinois 60661

Notices given by mail in accordance with this provision shall be deemed to have been given at the time and on the date actually received, or if delivery is refused, on the date of such refusal. Any party may change its address for purposes of the receipt of notices and demands by giving notice of such change in the manner provided in this provision.

#### **SECTION 11. County Franchises.**

In addition to the terms and conditions stated herein, the franchise is granted pursuant to the terms and conditions contained in Division 3, Franchises, of Title 16, Highways, of the County Code, which are incorporated herein by reference, and as may be amended hereafter and/or in any successor provisions. In the event the terms and conditions of the franchise conflict with the terms and conditions of Division 3 of Title 16, the terms and conditions herein shall control. Without limiting the generality of the foregoing, for purposes of this franchise, Section 16.44.050 of the County Code is superseded by this ordinance.

#### **SECTION 12. Franchise Operative Date.**

The operative date of the franchise shall be November 28, 2024.

**SECTION 13. Termination.**

If Franchisee fails to comply with any of the requirements of the franchise, the County may, in its sole discretion, terminate the franchise and/or seek any and all available remedies at law or in equity.

[HECATEHUMIDORFRANGCCC]



# EXHIBIT A

## ACROSS THE ANGELES FOREST HIGHWAY

FOR AN

## UNDERGROUND ELECTRIC TRANSMISSION LINE

IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

BEING LOCATED IN THE

EAST 1/2 OF SEC 27 AND THE S 1/4 OF SEC 22

TOWNSHIP 5 NORTH, RANGE 12 WEST, SAN BERNARDINO MERIDIAN

### PERMIT DESCRIPTION:

That portion of the Angeles Forest Highway located in the Southeast Quarter of Section 22 and the East Half of Section 27 all of Township 5 North, Range 12 West, San Bernardino Meridian, located in Los Angeles County, State of California described as follows:

**COMMENCING** at the North Quarter Corner of said Section 27; thence South 89°56'43" East 2139.68 feet along the north line of said Section 27; thence North 1°00'23" West 500.00 feet; thence North 50°58'55" East 24.78 feet to a point on the northwesterly ROW of said Angeles Forest Highway as shown hereon and the **POINT OF BEGINNING**; thence South 20°35'23" East 470.64 feet to the beginning of a curve concave northeasterly having a radius of 105.50 feet; thence southeasterly 72.12 feet along said curve through a central angle of 39°10'06"; thence South 59°45'29" East 32.08 feet to the beginning of a curve concave southwesterly having a radius of 105.50 feet; thence southeasterly 97.23 feet along said curve through a central angle of 52°48'16" to the centerline of said Angeles Forest Highway; thence continuing along said centerline South 06°57'13" East 384.63 feet to the beginning of a curve concave westerly having a radius of 1,000.00 feet; thence continuing along said centerline southerly 307.46 feet along said curve through a central angle of 17°36'58"; thence continuing along said centerline South 10°39'45" West 3,517.53 feet; thence departing said centerline North 79°20'15" West 40.00 feet; thence South 10°39'45" West 160.00 feet; thence South 79°20'15" East 40.00 feet to said centerline; thence along said centerline South 10°39'45" West 409.05 feet to the beginning of a curve concave northeasterly having a radius of 44.50 feet; thence departing said centerline southeasterly 65.39 feet along said curve through a central angle of 84°11'46"; thence North 10°39'45" East 11.08 feet to the beginning of a non-tangent curve concave northeasterly having a radius of 33.50 feet (a radial bearing to said point bears lies South 18°22'56" West); thence northwesterly 48.11 feet along said non-tangent curve through a central angle of 82°16'49" to a line parallel with and 11.00 feet easterly of said centerline; thence along said parallel line North 10°39'45" East 2,74.58 feet; thence South 79°20'15" East 29.00 feet; thence North 10°39'45" East 400.00 feet; thence North 79°20'15" West 29.00 feet to said parallel line; thence along said parallel line North 10°39'45" East 1,312.00 feet to the beginning of a curve concentric with said centerline and concave westerly having a radius of 1,011.00 feet; thence northerly 310.84 feet along said concentric curve through a central angle of 17°36'58"; thence along said parallel line North 06°57'13" West 390.10 feet to the beginning of a curve concave southwesterly having a radius of 105.50 feet; thence northwesterly 97.23 feet along said curve through a central angle of 52°48'16"; thence North 59°45'29" West 37.54 feet to the beginning of a curve concave northeasterly having a radius of 94.50 feet; thence northwesterly 64.60 feet along said curve through a central angle of 39°10'06"; North 20°35'23" West 474.30 feet; thence South 50°58'55" West 11.59 feet to the **POINT OF BEGINNING**.

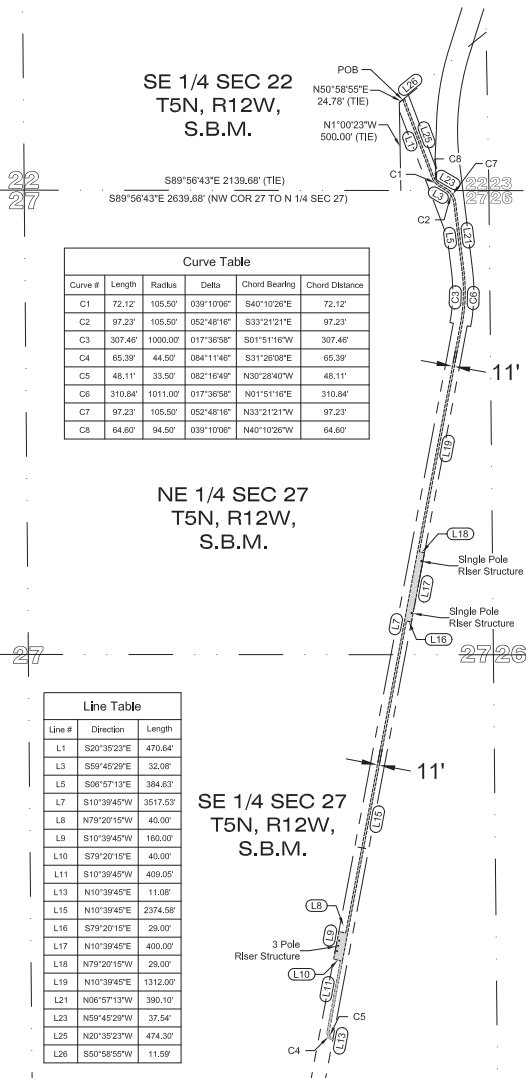
**CONTAINING:** 1.81 acres, more or less.

### SURVEYOR'S STATEMENT:

This map correctly represents a survey made by me or under my direct supervision in conformance with the requirements of the Professional Land Surveyor's Act, at the request of Hecate Grid for the purpose of obtaining a permit over a portion of the Angeles Forest Highway in May of 2022.

James J. Coutts, PLS 8360

10/5/22  
Date



SE 1/4 SEC 22  
T5N, R12W,  
S.B.M.

NE 1/4 SEC 27  
T5N, R12W,  
S.B.M.

SE 1/4 SEC 27  
T5N, R12W,  
S.B.M.

Curve #	Length	Radius	Delta	Chord Bearing	Chord Distance
C1	72.12	105.50	039°10'06"	S40°10'26"E	72.12
C2	97.23	105.50	052°48'16"	S33°21'21"E	97.23
C3	307.46	1000.00	017°36'58"	S01°51'16"W	307.46
C4	65.39	44.50	084°11'46"	S31°28'08"E	65.39
C5	48.11	33.50	082°16'49"	N30°28'40"W	48.11
C6	310.84	1011.00	017°36'58"	N01°51'16"E	310.84
C7	97.23	105.50	052°48'16"	N33°21'21"W	97.23
C8	64.60	94.50	039°10'06"	N40°10'26"W	64.60

Line #	Direction	Length
L1	S20°35'23"E	470.64
L3	S59°45'29"E	32.08
L5	S06°57'13"E	384.63
L7	S10°39'45"W	3517.53
L8	N79°20'15"W	40.00
L9	S10°39'45"W	160.00
L10	S79°20'15"E	40.00
L11	S10°39'45"W	409.05
L13	N10°39'45"E	11.08
L15	N10°39'45"E	2374.58
L16	S79°20'15"E	29.00
L17	N10°39'45"E	400.00
L18	N79°20'15"W	29.00
L19	N10°39'45"E	1312.00
L21	N06°57'13"W	390.10
L23	N59°45'29"W	37.54
L25	N20°35'23"W	474.30
L26	S50°58'55"W	11.59

**SURVEYOR'S NOTE:**  
This description was prepared from record information only for the purpose of creating a preliminary permit area description. No field surveying has been yet completed. A final survey of the Angeles Forest Highway Right-of-Way and the permitted area will be completed in the field once the final permit location has been determined. Records used to establish the right-of-way shown hereon include: ROS 72/30; ROS 79/80; & ROS 98/30.

# **Enclosure B**

## ANALYSIS

This ordinance grants an electrical transmission franchise to Hecate Grid Humidor Storage 1 LLC, a Delaware limited liability company ("Franchisee"), to conduct and transmit electricity for a period of thirty-five years, beginning on November 28, 2024, and expiring on November 27, 2059. The base annual fee payable to the County of Los Angeles by Franchisee will be determined according to a formula contained in Section 2 of this ordinance. Franchisee will also pay a granting fee of ten thousand dollars.

DAWYN R. HARRISON  
County Counsel



By

GRACE V. CHANG  
Principal Deputy County Counsel  
Public Works Division

GVC:lm

Requested: 08/01/24  
Revised: 09/10/24

**ORDINANCE NO. \_\_\_\_\_**

An ordinance granting an electrical transmission franchise to Hecate Grid Humidor Storage 1 LLC, a Delaware limited liability company, for a period of thirty-five years, beginning on November 28, 2024, and expiring on November 27, 2059.

The Board of Supervisors of the County of Los Angeles ordains as follows:

**SECTION 1. Franchise Term; Grant.**

The right, privilege, and franchise is granted to Hecate Grid Humidor Storage 1 LLC, a Delaware limited liability company ("Franchisee"), and its successors and assigns, for a period of thirty-five (35) years, beginning on November 28, 2024, and expiring on November 27, 2059, to construct, operate, maintain, renew, repair, change the size of, remove or abandon in place, and use an electrical transmission system consisting of conduits, manholes, vaults, cables, wires, switches, communications circuits, poles, other equipment, appliances, and appurtenances necessary and appropriate for underground electrical transmission lines and interconnections for the purpose of conducting and transmitting electricity and electrical energy for light, heat, and power purposes, and for any and all other purposes for which electricity can be used for Franchisee's operations in connection with its battery energy storage facility, in, on, along, upon, under, or across highways, as defined in Section 16.36.080 of the Los Angeles County Code ("County Code"), now or hereafter dedicated to public use within the unincorporated territory of the County of Los Angeles, State of California ("County Highway"), specifically, Vincent View Road between West Carson Mesa Road and Angeles Forest Highway, and Angeles Forest Highway between Vincent View Road

and Hillside Drive, as more particularly shown on Exhibit A, attached hereto and made a part hereof ("Franchise Area"). The Franchise Area is generally bounded by West Carson Mesa Road, Vincent View Road, and Angeles Forest Highway.

**SECTION 2. Consideration; Payments of Fees.**

A. All fees set forth in this ordinance shall be made payable to the County of Los Angeles ("County"), c/o Department of Public Works, P.O. Box 1460, Alhambra, California 91802-1460.

B. Granting Fee. As consideration for the franchise granted, transferred, extended, or otherwise amended, Franchisee shall pay the County a granting fee of ten thousand dollars (\$10,000) within thirty (30) days after the adoption of this ordinance.

C. Annual Franchise Fee. As additional consideration for the franchise granted or extended, Franchisee shall pay within thirty (30) days prior to commencement of construction of Franchisee's facilities within the Franchise Area, and thereafter shall pay annually, a franchise fee computed annually ("Annual Franchise Fee"), which shall be paid on or before November 28 ("Anniversary Date") of each calendar year during the term of the franchise, to the County in lawful money of the United States. The Annual Franchise Fee shall be calculated based on the County Highway space occupied by Franchisee's facilities at the rate of four dollars and three cents (\$4.03) per linear foot, or five thousand dollars (\$5,000), whichever is greater. For purposes of calculating the Annual Franchise Fee, it is agreed that Franchisee's facilities initially occupy a total of five thousand five hundred ten (5,510) linear feet of

County Highway. The Annual Franchise Fee for the first year shall be twenty-two thousand two hundred five dollars (\$22,205).

1. Annual Adjustments Based on Consumer Price Index. For every year that the franchise is in full force and effect, the Annual Franchise Fee for the then-current twelve (12) month period shall be increased based on changes in the Consumer Price Index for All Urban Consumers for the Los Angeles-Long Beach-Anaheim California region (1982-84=100), All Items, as published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), to determine the Annual Franchise Fee for the next twelve (12) months.

2. The Annual Franchise Fee for each subsequent year ("New Annual Franchise Fee") shall be calculated by multiplying the then-current Annual Franchise Fee by a fraction, the numerator of which shall be the Index for the month ending ninety (90) days prior to the upcoming Anniversary Date ("Current Index"), and the denominator of which shall be the Index for the month ending ninety (90) days prior to the previous Anniversary Date ("Previous Index"). The formula for calculation is shown below:

Current Annual Franchise Fee x [Current Index/Previous Index] = New Annual Franchise Fee.

3. If the described Index is no longer published and a substitute index is adopted by the Bureau of Labor Statistics, then Franchisee and the County shall accept such substituted index for future Annual Franchise Fee calculations. If no such government index is offered as a replacement, the County shall, at its sole discretion,

determine the index to be used. In all events, a New Annual Franchise Fee shall not be less than the previous year's Annual Franchise Fee.

D. Additional Fees and Assessments. In addition to the Annual Franchise Fee, Franchisee shall also pay all applicable County fees and assessments related to construction and operation in the Franchise Area. Franchisee shall also pay any applicable fees provided in the County Code, including, but not limited to, administrative fees, processing fees, permit fees, late charges, accrued interest, and penalties required in connection with the franchise. These fees shall be charged at the then-current applicable rates.

E. The County reserves the right to change its method of calculating fees and the amount thereof, not more frequently than once every five (5) years, if the Board of Supervisors ("Board") determines after a public hearing that good cause exists for such change, and such change is not in conflict with the laws of the State of California.

F. Late Payments. In the event Franchisee fails to make full payment of any of the payments provided for herein on or before the dates they are due, Franchisee shall pay a late charge of ten percent (10%) of the amount due, said ten percent (10%) being due thirty (30) days after the date the payment is originally due. The late charge in the amount of ten percent (10%) has been set by both parties hereto as liquidated damages in recognition of the difficulty in affixing actual damages from a breach of said time of performance requirement.

In the event full payment of any rate, payment, or fee, including the ten percent (10%) late charge, is not received within sixty (60) days after the due date, an assessment of interest shall accrue on the unpaid balance at one percent (1%) per month, beginning on the sixty-first (61st) day after the due date.

### **SECTION 3. Indemnification and Insurance.**

Franchisee shall meet the following indemnification and insurance requirements:

A. Indemnification. Franchisee shall indemnify, defend, and hold harmless, the County and County's special districts, elected and appointed officers, employees, and agents (collectively "County's Agents") from and against any and all expenses, costs, fees, damages, claims, liabilities, and lawsuits of any nature, including, without limitation, those involving, relating to, or asserting, bodily injury, personal injury, death, property damage, encroachment, encumbrance, or infringement upon property rights or interests and any loss of property value related thereto or arising therefrom, defense costs, attorneys' fees, and workers' compensation benefits, expenses, and damages of any other type (collectively "Claims") that relate to or arise from: (1) County's grant and/or extension of the franchise; and/or (2) Franchisee's use or exercise of the franchise and/or the operations or the services provided by Franchisee, its employees, agents, servants, receivers, contractors, subcontractors, successors, or assignees (collectively "Franchisee's Agents") in connection with the franchise; and/or (3) any acts or omissions of Franchisee, Franchisee's Agents, or any person in connection with activities or work conducted or performed pursuant to the franchise and/or arising out of such activities or work. In furtherance of, and in no way limiting, the foregoing,



Franchisee shall indemnify, defend, and hold harmless, the County and the County's Agents from and against any and all Claims that relate to, arise from, or involve pollution, contamination, degradation, and/or environmental compliance, relating to, arising from, or involving the franchise, or Franchisee's use or exercise thereof, including, but not limited to, Claims arising from or relating to any threatened, actual, or alleged discharge, dispersal, release, or escape of any substance, including, but not limited to, any pollutant or contaminant of any kind, into or upon any person, thing, or place, including the land, soil, atmosphere, man-made structure, and/or any above or below ground watercourse or body of water. Notwithstanding anything to the contrary herein, Franchisee shall not be obligated to indemnify the County and the County's Agents for liability and expense arising from or relating to the active negligence or willful misconduct of the County or the County's Agents.

B. Insurance. Without limiting Franchisee's indemnification of the County or County's Agents, or provision of bonding or additional security required under the franchise, Franchisee shall provide and maintain at its own expense, during the term of the franchise, the following programs of insurance. Such programs and evidence of insurance shall be satisfactory to the County and shall be primary to, and not contributing with, any other insurance or self-insurance programs maintained by the County.

1. Certificate(s), Declaration page(s), specified Endorsement(s) and/or other evidence of coverage satisfactory to the County shall be delivered to the County

on or before the effective date of the franchise, and on or before the expiration date of each term of insurance. Such certificates or other evidence shall:

- a. Specifically identify the franchise by ordinance number.
- b. Clearly evidence all insurance required in the franchise.
- c. Include a copy of the additional insured endorsement to the

liability policies, adding the County and County's Agents as additional insureds for damages caused, in whole or in part, by Franchisee's acts or omissions in the performance of Franchisee's ongoing operations; and contain the express condition that the County is to be given written notice by mail at least ten (10) days in advance of any modification, non-renewal, cancellation, expiration, or termination of any program of liability insurance, including, but not limited to, workers' compensation insurance. However, in the event insurers are not willing or able to provide such notice, this responsibility shall be borne by Franchisee.

- d. Show Franchisee's insurance as primary to the County's insurance and self-insurance programs. This may be evidenced by adding a statement to the additional insured endorsement required in subsection 3.B.1.c., above, stating (or using equivalent wording), "It is further agreed that the insurance afforded by this policy is primary to any insurance or self-insurance programs maintained by the additional insureds, and the additional insureds' insurance and self-insurance programs are excess and non-contributing to Named Insured's insurance." Include a copy of the additional insured endorsement to the liability policies, adding the County and the County's Agents as additional insureds for all activities arising from the franchise.

2. Upon request by the County, Franchisee shall provide the County with a copy of its effective policy of insurance providing coverage pursuant to the terms of the franchise.

3. Insurance is to be provided by an insurance company with an A.M. Best rating of not less than A: VII, unless otherwise approved by the County.

4. Franchisee agrees to release the County and the County's Agents and waive Franchisee's insurers' rights of recovery against them under the insurance policies specified in the franchise.

5. Liability: Such insurance shall be endorsed naming the County and the County's Agents as additional insureds with respect to Franchisee's obligations under the franchise, and shall include, but not be limited to:

a. Commercial General Liability insurance written on a commercial general liability form (ISO policy form CG00 01, or its equivalent, [including any umbrella/excess liability policy] unless otherwise approved in writing by the County), with limits of not less than five million dollars (\$5,000,000) per occurrence, fifteen million dollars (\$15,000,000) policy aggregate, and fifteen million dollars (\$15,000,000) products/completed operations aggregate. Limits may be provided by a combination of primary and excess/umbrella liability policies.

b. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following expiration, termination, or cancellation of this franchise.

c. Comprehensive Auto Liability insurance (written on ISO policy form CA 00 01, or its equivalent, unless otherwise approved by the County), endorsed for all owned (if any), non-owned, and hired vehicles with a limit of not less than one million dollars (\$1,000,000) per occurrence.

d. Pollution Liability insurance, which insures liability for bodily injury or property damage, including cleanup cost for Sudden and Accidental contamination or pollution. Such coverage may be provided within the General Liability and Umbrella policies and have limits of five million dollars (\$5,000,000) per occurrence. Such coverage shall also be in an amount and form to meet all applicable State and federal requirements, but, in all events, such coverage shall not be less than five million dollars (\$5,000,000) per occurrence.

i. If written with an annual aggregate limit, the policy limit shall be three (3) times the above-required occurrence limit.

ii. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

6. Workers' Compensation: A program of workers' compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California. Such policy shall be endorsed to waive subrogation against the County for injury to Franchisee's employees. In all cases, the above insurance shall include Employers' Liability insurance with coverage of not less than:

- a. Each accident: one million dollars (\$1,000,000).
- b. Disease-policy limit: one million dollars (\$1,000,000).
- c. Disease-each employee: one million dollars (\$1,000,000).

C. Franchisee shall furnish the County within thirty (30) days of the adoption of this ordinance, and no less than thirty (30) days before the expiration date of each term of insurance, with evidence of insurance coverage or renewal (as applicable), as required by subsection 3.B., to the satisfaction of the County for each of said policies certified by Franchisee's insurance agent, or by the company issuing the policy.

D. The types and amounts of said insurance coverage shall be subject to review and adjustment by the County, subject to limits in the insurance market, at County's sole discretion, at any time during the term of the franchise. In the event of such adjustment, Franchisee agrees to obtain said adjusted insurance coverage, in the type(s) and amount(s) as determined by the County, within thirty (30) days' after written notice from the County.

E. Failure on the part of Franchisee to procure or maintain the required insurance, or to provide evidence of current insurance, shall constitute a material breach of the terms of the franchise upon which the County may immediately terminate or suspend the franchise, provided that Franchisee will have thirty (30) days written notice to comply with adjustments to insurance limits described in subsection 3.D., above.

F. It is the obligation of Franchisee to provide evidence of current insurance policies. No franchise operations shall commence until Franchisee has complied with

the provisions of subsection 3.B., and any operations under the franchise shall be suspended during any period that Franchisee fails to obtain or maintain the insurance required hereunder.

**SECTION 4. Security/Bond.**

A. Security Requirements/Faithful Performance Bond.

1. Within sixty (60) days following the adoption of this ordinance, Franchisee shall provide to the County a faithful performance bond in the sum of not less than two hundred fifty-two thousand five hundred dollars (\$252,500) payable to "County of Los Angeles," executed by a corporate surety licensed to transact business as a surety in the State of California, and acceptable to the County. Such bond shall be conditioned upon the faithful performance by Franchisee of the terms and conditions of the franchise and shall provide that, in case of a breach of any condition of the franchise, the whole amount of the penal sum, or any portion thereof, shall be deemed by the County to be liquidated damages, and such amount shall be payable to the County by the principal and surety(ies) of the bond.

2. For every year that the franchise is in full force and effect, the amount of the faithful performance bond for the then-current twelve (12) month period shall be increased by one and one-half percent (1.5%) on or before the Anniversary Date in advance of the next franchise year.

3. Throughout the term of the franchise, Franchisee shall maintain the faithful performance bond in the amount required herein. Within ten (10) business days after receipt of notice from the County that any amount has been withdrawn from the

bond as provided in this Section, Franchisee shall restore the bond to the full amount required herein.

4. The faithful performance bond shall be maintained in full effect for one year following the date of the County's approval pursuant to the franchise of any sale, transfer, assignment, or other change of ownership of the franchise or Franchisee or following the expiration or termination of the franchise. The County may, in its sole discretion, release said bond prior to the end of the one-year period upon satisfaction by Franchisee of all the obligations under the franchise.

B. Alternative and/or Additional Security.

1. The County, in its sole discretion, may require and accept alternative and/or additional security to meet and/or supplement the above bonding requirements, including, but not limited to, an irrevocable letter of credit, certificate of deposit, or a cash deposit in the form of a Passbook Savings Account acceptable to the County, as alternative and/or additional security to a faithful performance bond to guarantee the performance of Franchisee's obligations under the franchise. Such alternative and/or additional security shall be made payable to the County and shall be deposited to the satisfaction of the County.

2. The types and amounts of the performance bond and alternative and/or additional security shall be subject to review and adjustment by the County, at the County's sole discretion, at any time during the term of the franchise. In the event of such adjustment, Franchisee agrees to obtain said adjusted coverage and bonding, in

type(s) and amount(s) as determined by the County, within thirty (30) days after written notice from the County.

C. No franchise operations shall commence until Franchisee has complied with the requirements of this Section.

**SECTION 5. Transfers and Assignments.**

A. Franchisee shall not sell, transfer (including stock transfer), exchange, assign, lease, or divest itself of the franchise or any part thereof (each of which is hereinafter referred to as an "Assignment") to any other person or entity ("Transferee"), except with the written consent of the Director of Public Works ("Director") or their designee and after payment of a transfer fee as detailed in subsection 5.G.

No such consent shall be required for any Assignment of the franchise in trust or by way of mortgage, deed of trust, pledge, or hypothecation with all or part of Franchisee's other property for the purpose of securing any indebtedness of Franchisee, provided that Franchisee shall provide the County at least ten (10) days' prior written notice of such Assignment in trust, mortgage, deed of trust, pledge or other hypothecation, including the name and address of the assignee, pledgee, mortgagee, or otherwise benefitted party. Except as provided in subsection 5.E., a merger will not be deemed a sale, transfer, Assignment, or lease of the franchise.

B. Franchisee shall give notice to the County of any pending Assignment, except as excluded in subsection 5.E., and shall provide all documents required by the County as set forth in subsection 5.F. Consent to any such Assignment shall only be refused if the County finds that Franchisee is in noncompliance with the terms and



conditions of the franchise and/or that the proposed Transferee, as applicable, is lacking in sufficient experience and/or financial ability to meet the franchise obligations.

Consent shall be conditioned upon the terms and conditions set forth in the Assignment documents delivered to the County, the assumption by the Transferee, as applicable, of all Franchisee's covenants and obligations under the franchise, and all information provided to the County under subsection 5.F., below, being true and correct as of completion of the Assignment. Upon receipt of such consent from the County, Franchisee may proceed to consummate the Assignment.

C. Franchisee shall file with the County within thirty (30) days after the effective date of any Assignment, a certified copy of the duly executed instrument(s) that officially evidence(s) such Assignment. If such duly executed instrument(s) is (are) not filed with the County within thirty (30) days after the effective date of such proposed Assignment, or if the conditions to consent by the County have not been met, then the County may notify Franchisee and the proposed Transferee that the Assignment is not deemed approved by the County. The County may then determine that the Assignment has no force or effect or that the franchise is forfeited.

D. As a condition to granting consent to such Assignment, the County may impose, by ordinance, such additional terms and conditions upon the proposed Transferee as the Board deems to be in the public interest. Nothing contained herein shall be construed to grant Franchisee the right to complete an Assignment except in the manner aforesaid. This Section applies to any Assignment, whether by operation of law, by voluntary act of Franchisee, or otherwise.

E. Notwithstanding the foregoing, shareholders, partners, and/or any other persons or entity owning an interest in Franchisee may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, Assignment, divestment, or other change, including a merger, is effected in such a way as to give majority control of Franchisee to any person or persons, corporation, partnership, or legal entity other than the person or entity with the controlling interest in Franchisee on the effective date of the franchise or the effective date of the last approved Assignment, consent thereof shall be required as otherwise provided in this Section.

F. Except for any Assignments made pursuant to subsection 5.E., upon notice by Franchisee of any proposed Assignment, the proposed Transferee shall submit an Assignment application to the County, which shall contain at a minimum:

1. Identification of the proposed Transferee, which indicates the corporate or business entity organization, including the submission of copies of the corporate or business formation papers (e.g., articles of incorporation and by-laws, limited partnership agreements, and operating agreements), and the names and addresses of any parent or subsidiary of the proposed Transferee(s), or any other business entity owning or controlling the proposed Transferee in part or in whole.

2. A current financial statement, which has been audited by a certified public accountant, demonstrating conclusively to the satisfaction of the County that the proposed Transferee has all the financial resources necessary to carry out all the terms and conditions of the franchise. The financial statement shall include a balance sheet,

profit and loss statement for at least the three (3) most recent years, and a statement of changes in financial position; however, if the proposed Transferee has been in existence for less than three (3) years, then for such period of existence.

3. A copy of the proposed agreement of sale, letter of understanding, or other documentation that details the proposed Assignment.

4. Other information that may be required by the County to assess the capability of the proposed Transferee to operate and maintain the franchise.

G. The transfer fee shall be submitted with Franchisee's request for the County's consent to any Assignment described in subsection 5.A., and the amount of the transfer fee shall be determined as follows:

1. Consent to Assignment or any other action in which the County does not elect to modify the franchise by adoption of an amending ordinance: five thousand dollars (\$5,000).

2. Consent to Assignment or any other action in which the County elects to modify the franchise by adoption of an amending ordinance: seven thousand five hundred dollars (\$7,500).

#### **SECTION 6. Relocation of Facilities.**

A. If any of the facilities constructed, installed, or maintained by Franchisee pursuant to the franchise on, along, upon, in, under, or across the County Highway are located in a manner that prevents or interferes with the change of grade, traffic needs, operation, maintenance, improvement, repair, construction, reconstruction, widening, alteration, or relocation of the County Highway, Franchisee shall remove and relocate

any such facility at no expense to the County, or any applicable cities or other public entities, within the time required by the County, upon receipt of a written request from the County to do so.

B. If Franchisee neglects or fails to remove and relocate its facilities within the time required by the County after receipt of any such notice, Franchisee shall be solely responsible for, and shall reimburse the County, city, and other applicable public entities, any and all additional costs or expenses incurred by the County, city, and other applicable public entities, due to, or resulting from, such delay and/or failure to remove and relocate Franchisee's facilities. Failure to remove such facilities within the time required by the County may constitute a breach of the franchise in the sole discretion of the County.

C. The County reserves the right for itself, and for all cities and public entities that are now or may later be established, to lay, construct, repair, alter, relocate, and maintain subsurface or other facilities or improvements of any type or description within the highways over which the franchise is granted, subject to the relocation provisions of subsection 6.A., above. Failure of Franchisee to relocate its facilities as required by the County may constitute a breach of the franchise, at the sole discretion of the County.

#### **SECTION 7. Removing or Abandoning Facilities.**

A. Removal. Franchisee must remove all of Franchisee's facilities located within the Franchise Area within one hundred eighty (180) days of the expiration or termination of the franchise and shall, at the time such facilities are removed, restore the Franchise Area to its former state as near as is practicable, so as not to impair its

usefulness, unless the County agrees that the facilities can be abandoned in place as set forth in subsection 7.B., below.

B. Abandonment. Upon application from Franchisee given at any time during the term of the franchise, the County may, in its sole discretion, give Franchisee permission to abandon, without removing, any facility laid, constructed, operated, or maintained under the franchise. The Director shall determine whether abandonment may be effected without detriment to the public interest and under what conditions such proposed abandonment may be effected. Within thirty (30) days of the Director's determination granting the request to abandon its facilities, Franchisee shall apply for a permit in compliance with the requirements of the applicable provisions of the County Highway Ordinance, in Division 1 of Title 16 of the County Code, or any successor or amended provisions ("County Highway Ordinance") and shall commence work authorized by the permit within sixty (60) days of permit issuance.

**SECTION 8. Conditions of Franchise Grant; Suspension, Forfeiture, Termination; Grounds and Procedure.**

A. The franchise is granted upon each and every condition contained in this ordinance, including conditions as are incorporated herein by reference.

B. Any neglect, failure, or refusal to comply with any of the conditions of the franchise shall constitute grounds for suspension, forfeiture, termination, or any combination thereof. The County, prior to any suspension or termination of the franchise, shall give to Franchisee not less than thirty (30) days' written notice of any default. If Franchisee does not, within the noticed period, commence to cure the

default, or if after such commencement, Franchisee fails to diligently prosecute said cure, the County may hold a hearing at which Franchisee shall have the right to appear and be heard and, thereupon, the County may determine whether such conditions are material and essential to the franchise and whether Franchisee is in default with respect thereto, and the County may declare the franchise suspended or terminated. Notice of the hearing shall be given to Franchisee by certified mail not less than thirty (30) days before said hearing. The franchise may only be suspended or terminated by the County after a hearing.

**SECTION 9. Construction, Operation, and Maintenance.**

A. All facilities, constructed, laid, operated, or maintained under the provisions of the franchise shall be constructed, laid, operated, or maintained in accordance with, and conforming to, all the ordinances, codes, rules, and regulations now or hereafter adopted or prescribed by the County and all applicable local, State, and federal laws and regulations.

B. Franchisee shall not commence any construction, excavation, or encroachment work under the franchise until it has obtained any permit or authorization required by the County Code, including, but not limited to, the County Highway Ordinance, except in cases of emergency affecting public health, safety, or welfare, or the preservation of life or property, in which case Franchisee shall apply for such permit not later than the next business day.

C. The work of constructing, laying, replacing, repairing, or removing facilities authorized under the provisions of the franchise on, along, upon, in, under, or across

the County Highways, in the Franchise Area, shall be conducted with as little hindrance as practicable to the use of the County Highway for purpose of travel; and, as soon as the constructing, laying, replacing, repairing, or removing of any of said facilities is completed, all portions of the County Highway that have been excavated or otherwise injured thereby shall be placed in as good condition as the same was in before the constructing, laying, replacing, repairing, or removing of the facilities, to the satisfaction of the County.

D. The County reserves the right for itself, and for all cities and public entities that are now or may be later established, to improve the surface of any highway over which the franchise is granted.

E. If the County constructs or maintains any storm drain, sewer structure, or other facility or improvement, under or across any facility of Franchisee maintained pursuant to the franchise, Franchisee shall provide, at no expense to the County, such support as shall be reasonably required to support, maintain, and protect Franchisee's facility.

F. Within twenty-one (21) days of a request by the County, Franchisee shall provide information, at no cost to the County, cities, or other applicable public entities, identifying the location of the facilities laid or constructed under the franchise by potholing or other method approved by the County. Franchisee shall maintain a membership and participate in Underground Service Alert – Southern California, in compliance with Government Code section 4216 et seq.

G. If any portion of any highway is damaged by reason of defective facilities laid or constructed by Franchisee under the franchise, Franchisee shall, at its own expense, repair any such defect and put such highway in as good condition as it was in before such damage was incurred, to the satisfaction of the County. If Franchisee neglects or fails to repair such damage after receipt of any such notice, or if such damage constitutes an immediate danger to public health and safety requiring the immediate repair thereof, Franchisee shall be solely responsible for, and shall reimburse the County, city, and other applicable public entities, any and all additional costs or expenses incurred by the County, city, and other applicable public entities, due to, or resulting from, the repair of such damage.

**SECTION 10. Notices.**

Unless stated otherwise herein, any notices to be given or other documents to be delivered by either party may be delivered in person, by private courier, or deposited in the United States registered or certified mail to the party for whom it was intended as follows:

To County:                   Attention: Survey/Mapping & Property Management Division  
County of Los Angeles Department of Public Works  
900 South Fremont Avenue  
Alhambra, California 91802-1460  
Mailing Address:  
P.O. Box 1460  
Alhambra, California 91802-1460

AND



Attention: Executive Office of the Board of Supervisors  
County of Los Angeles Board of Supervisors  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

To Franchisee: Hecate Grid Humidor Storage 1 LLC  
Attention: Asset Manager  
621 W Randolph Street  
Chicago, Illinois 60661

Notices given by mail in accordance with this provision shall be deemed to have been given at the time and on the date actually received, or if delivery is refused, on the date of such refusal. Any party may change its address for purposes of the receipt of notices and demands by giving notice of such change in the manner provided in this provision.

**SECTION 11. County Franchises.**

In addition to the terms and conditions stated herein, the franchise is granted pursuant to the terms and conditions contained in Division 3, Franchises, of Title 16, Highways, of the County Code, which are incorporated herein by reference, and as may be amended hereafter and/or in any successor provisions. In the event the terms and conditions of the franchise conflict with the terms and conditions of Division 3 of Title 16, the terms and conditions herein shall control. Without limiting the generality of the foregoing, for purposes of this franchise, Section 16.44.050 of the County Code is superseded by this ordinance.

**SECTION 12. Franchise Operative Date.**

The operative date of the franchise shall be November 28, 2024.

**SECTION 13. Termination.**

If Franchisee fails to comply with any of the requirements of the franchise, the County may, in its sole discretion, terminate the franchise and/or seek any and all available remedies at law or in equity.

[HECATEHUMIDORFRANGCCC]

# EXHIBIT A

## ACROSS THE ANGELES FOREST HIGHWAY

FOR AN

## UNDERGROUND ELECTRIC TRANSMISSION LINE

IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

BEING LOCATED IN THE

EAST 1/2 OF SEC 27 AND THE S 1/4 OF SEC 22

TOWNSHIP 5 NORTH, RANGE 12 WEST, SAN BERNARDINO MERIDIAN

### PERMIT DESCRIPTION:

That portion of the Angeles Forest Highway located in the Southeast Quarter of Section 22 and the East Half of Section 27 all of Township 5 North, Range 12 West, San Bernardino Meridian, located in Los Angeles County, State of California described as follows:

**COMMENCING** at the North Quarter Corner of said Section 27; thence South 89°56'43" East 2139.68 feet along the north line of said Section 27; thence North 1°00'23" West 500.00 feet; thence North 50°58'55" East 24.78 feet to a point on the northwesterly ROW of said Angeles Forest Highway as shown hereon and the **POINT OF BEGINNING**; thence South 20°35'23" East 470.64 feet to the beginning of a curve concave northeasterly having a radius of 105.50 feet; thence southeasterly 72.12 feet along said curve through a central angle of 39°10'06"; thence South 59°45'29" East 32.08 feet to the beginning of a curve concave southwesterly having a radius of 105.50 feet; thence southeasterly 97.23 feet along said curve through a central angle of 52°48'16" to the centerline of said Angeles Forest Highway; thence continuing along said centerline South 06°57'13" East 384.63 feet to the beginning of a curve concave westerly having a radius of 1,000.00 feet; thence continuing along said centerline southerly 307.46 feet along said curve through a central angle of 17°36'58"; thence continuing along said centerline South 10°39'45" West 3,517.53 feet; thence departing said centerline North 79°20'15" West 40.00 feet; thence South 10°39'45" West 160.00 feet; thence South 79°20'15" East 40.00 feet to said centerline; thence along said centerline South 10°39'45" West 409.05 feet to the beginning of a curve concave northeasterly having a radius of 44.50 feet; thence departing said centerline southeasterly 65.39 feet along said curve through a central angle of 84°11'46"; thence North 10°39'45" East 11.08 feet to the beginning of a non-tangent curve concave northeasterly having a radius of 33.50 feet (a radial bearing to said point bears lies South 18°22'56" West); thence northwesterly 48.11 feet along said non-tangent curve through a central angle of 82°16'49" to a line parallel with and 11.00 feet easterly of said centerline; thence along said parallel line North 10°39'45" East 2,74.58 feet; thence South 79°20'15" East 29.00 feet; thence North 10°39'45" East 400.00 feet; thence North 79°20'15" West 29.00 feet to said parallel line; thence along said parallel line North 10°39'45" East 1,312.00 feet to the beginning of a curve concentric with said centerline and concave westerly having a radius of 1,011.00 feet; thence northerly 310.84 feet along said concentric curve through a central angle of 17°36'58"; thence along said parallel line North 06°57'13" West 390.10 feet to the beginning of a curve concave southwesterly having a radius of 105.50 feet; thence northwesterly 97.23 feet along said curve through a central angle of 52°48'16"; thence North 59°45'29" West 37.54 feet to the beginning of a curve concave northeasterly having a radius of 94.50 feet; thence northwesterly 64.60 feet along said curve through a central angle of 39°10'06"; North 20°35'23" West 474.30 feet; thence South 50°58'55" West 11.59 feet to the **POINT OF BEGINNING**.

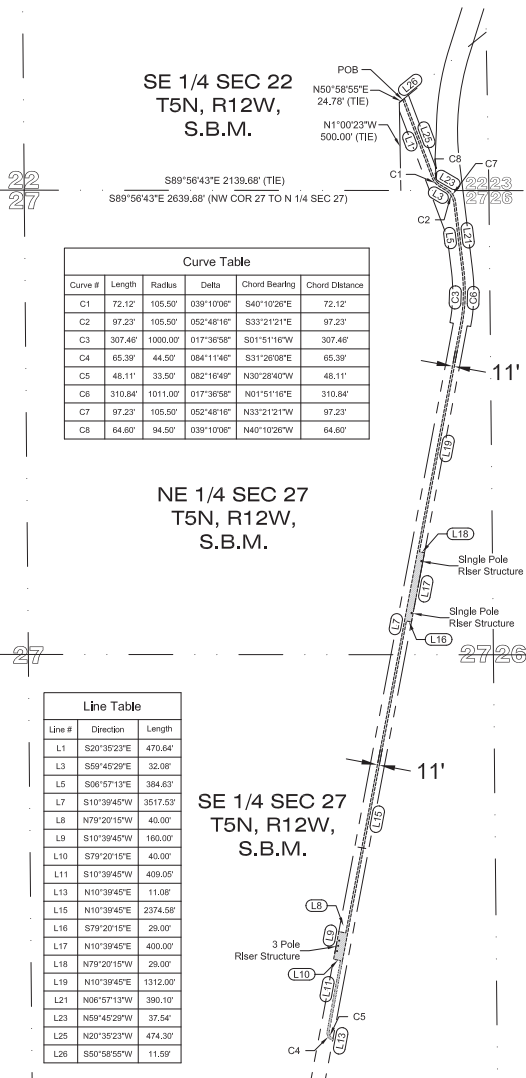
**CONTAINING:** 1.81 acres, more or less.

### SURVEYOR'S STATEMENT:

This map correctly represents a survey made by me or under my direct supervision in conformance with the requirements of the Professional Land Surveyor's Act, at the request of Hecate Grid for the purpose of obtaining a permit over a portion of the Angeles Forest Highway in May of 2022.

James J. Coutts, PLS 8360

10/5/22  
Date



SE 1/4 SEC 22  
T5N, R12W,  
S.B.M.

NE 1/4 SEC 27  
T5N, R12W,  
S.B.M.

SE 1/4 SEC 27  
T5N, R12W,  
S.B.M.

Curve #	Length	Radius	Delta	Chord Bearing	Chord Distance
C1	72.12	105.50	039°10'06"	S40°10'26"E	72.12'
C2	97.23	105.50	052°48'16"	S33°21'21"E	97.23'
C3	307.46	1000.00	017°36'58"	S01°51'16"W	307.46'
C4	65.39	44.50	084°11'46"	S31°28'08"E	65.39'
C5	48.11	33.50	082°16'49"	N30°28'40"W	48.11'
C6	310.84	1011.00	017°36'58"	N01°51'16"E	310.84'
C7	97.23	105.50	052°48'16"	N33°21'21"W	97.23'
C8	64.60	94.50	039°10'06"	N40°10'26"W	64.60'

Line #	Direction	Length
L1	S20°35'23"E	470.64'
L3	S59°45'29"E	32.08'
L5	S06°57'13"E	384.63'
L7	S10°39'45"W	3517.53'
L8	N79°20'15"W	40.00'
L9	S10°39'45"W	160.00'
L10	S79°20'15"E	40.00'
L11	S10°39'45"W	409.05'
L13	N10°39'45"E	11.08'
L15	N10°39'45"E	2374.58'
L16	S79°20'15"E	29.00'
L17	N10°39'45"E	400.00'
L18	N79°20'15"W	29.00'
L19	N10°39'45"E	1312.00'
L21	N06°57'13"W	390.10'
L23	N59°45'29"W	37.54'
L25	N20°35'23"W	474.30'
L26	S50°58'55"W	11.59'

### SURVEYOR'S NOTE:

This description was prepared from record information only for the purpose of creating a preliminary permit area description. No field surveying has been yet completed. A final survey of the Angeles Forest Highway Right-of-Way and the permitted area will be completed in the field once the final permit location has been determined. Records used to establish the right-of-way shown hereon include: ROS 72/30; ROS 79/80; & ROS 98/30.

REV: 3	DATE: 10/5/2022	DESC: HEC-001 Humboldt Permit	BY AGD	CHK GHF	APP JJC
ANGELES FOREST HIGHWAY PROPOSED UNDERGROUND ELECTRIC ROUTE LOCATED IN THE EAST 1/2 OF SEC 27 AND THE SE 1/4 OF SEC 22 TOWNSHIP 5 NORTH, RANGE 12 WEST, SAN BERNARDINO MERIDIAN LOS ANGELES COUNTY, CALIFORNIA					
ELECTRICAL CONSULTANTS, INC. SALT LAKE CITY, UTAH			Hecate Grid		
PAGE 1 OF 1			SCALE: 1" = 500'		