County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

July 5, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

AMENDMENT NO. 1 TO LEASE NO. 73655
DEPARTMENT OF PUBLIC SOCIAL SERVICES
DEPARTMENT OF COMMUNITY AND SENIOR SERVICES
12000 HAWTHORNE BOULEVARD, HAWTHORNE
(SECOND DISTRICT) (3 VOTES)

SUBJECT

This recommendation is to exercise an option to renew the lease term for an additional five-year period and reduce the premises from 155,996 rentable square feet to 140,496 rentable square feet for the Department of Public Social Services and Department of Community and Senior Services.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the lease amendment is categorically exempt from the California Environmental Quality Act pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).

2. Approve and instruct the Mayor to sign the lease amendment with M&A Gabaee, for 132,996 rentable square feet of office space located at 12000 Hawthorne Boulevard, Hawthorne occupied by the Department of Public Social Services, and 7,500 rentable square feet of office space located at 4300 West 120th Street, Hawthorne, occupied by the Department of Community and Senior Services. Upon commencement of the extended term, the maximum first year annual rent for the Department of Public Social Services will be $3,112,104 and the maximum first year annual rent for the Department of Community and Senior Services will be $172,560. The rental cost for the Department of Public Social Services is approximately 92 percent subvened by State and Federal funds and 8 percent net County cost, whereas rental cost for the Department of Community and Senior Services is 100 percent net County cost.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to enter into a lease amendment, that allows the Department of Public Social Services (DPSS) and the Department of Community and Senior Services (DCSS) to extend the lease and continue occupancy and uninterrupted services at the buildings for an additional five years. Lease No. 73655 expires on August 31, 2012, and the tenant departments have expressed a desire to exercise the option to renew. The proposed amendment entails exercising the renewal option early, reducing the amount of leased space and rent, and restructuring the responsibility to pay for the utility obligations. Ultimately, the proposed amendment is structured to provide the County of Los Angeles (County) with significant rental cost savings, by exercising the renewal option in advance of the lease expiration date.

DPSS programs have been housed at 12000 Hawthorne Boulevard (Premises 1) since September 2002. Welfare Fraud Prevention and Investigations, In-Home Support Services South Region IV, and Medi-Cal Regional District offices occupy 132,996 square feet at Premises 1. DCSS programs have been housed in 7,500 square feet at 4300 West 120th Street (Premises 2B) since March 2004. Premises 2B houses 31 DCSS staff comprised of administrative support and 24 Adult Protective Services (APS) social workers who conduct investigations on a daily basis within their assigned service areas. APS is a State mandated direct service crisis intervention program that mandates the prompt investigation of all situations involving elders and dependent adults eighteen and over, who are reported to be endangered by abuse, neglect, exploitation, self-neglect, or unsafe or hazardous living conditions.

DPSS' child care space at 4300 West 120th Street (Premises 2A) consists of 15,500 square feet. Premises 2A will be extricated and removed from the leasehold upon Board approval of the proposed amendment, thereby reducing the total rental costs for DPSS. Although negotiations also included discussions regarding the immediate termination of the DCSS Premises 2B space, M&A Gabaee (Lessor) could not accommodate the County due to lender restrictions.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we provide the public with effective and timely delivery of customer-oriented and efficient public services through prudent fiscal policies and practices that help ensure maintenance of critical, high priority public services despite cyclical economic conditions, and the Goal of Children, Family and Adult Well-Being (Goal 2) directs that we enhance economic and social outcomes through client-centered, integrated, and cost-effective public services. The proposed lease renewal supports these goals through the provision of a central facility in the community it serves, to increase effectiveness and enhance customer service, providing responsive services to the public.

FISCAL IMPACT/FINANCING

The proposed amendment entails exercising the renewal option, reducing the amount of leased space, establishing a new monthly base rental rate, and restructuring the utility obligations. Upon Board approval of the proposed amendment, the premises will be reduced by 15,500 square feet by terminating Premises 2A resulting in rental saving for DPSS totaling $416,066 through August 31, 2012.

DPSS 12000 Hawthorne Blvd., Hawthorne Premises 1	**Existing Lease**	**Proposed Amendment (Utilities Restructured) (New Term)**	**Changes**
Area	132,996 square feet (sq. ft.)	132,996 sq. ft.	None
Term	9/1/2002 to 8/31/2012	Upon Board approval	+ 60 months
Annual Base Rent	$3,454,872 ($25.97 per sq. ft.)	$3,112,104 ($23.40 per sq. ft.)	-$342,768
Annual Electricity Costs	$0	$ 319,200 ($2.40 per sq. ft.)	+$319,200
TOTAL COST	$3,454,872 (25.97 per sq. ft.)	$3,431,304 ($25.79 per sq. ft.)	-$23,568
Annual Base Rent Adjustment	Capped at 4 percent of base year ($9,309 monthly)	Capped at 4 percent of new base year ($10,374)	+$1,065
Parking	660 spaces	660 spaces	None
Cancellation	After 84th month, upon 6 months' notice	After 48th month of the new term, upon 4 months notice	48th month of option

DCSS 4300 West 120th St., Hawthorne Premises 2B	**Existing Lease**	**Proposed Amendment (Utilities Restructured) (New Term)**	**Changes**
Area	7,500 sq. ft.	7,500 sq. ft.	None
Term	9/1/2002 to 8/31/2012	Upon Board approval	+60 months
Annual Base Rent	$172,560 ($23.00 per sq. ft.)	$172,560 ($23.00 per sq. ft.)	None
Annual Electricity Costs	$ 18,000 ($2.40 per sq ft)	$18,000 ($2.40 per sq. ft.)	None
TOTAL COST	$190,560 ($25.40 per sq. ft.)	$190,560 (25.40 per sq. ft.)	None
Annual Base Rent Adjustment	Capped at 4 percent of base year	Capped at 4 percent of new base year	None
Parking	40 spaces	40 spaces	None
Cancellation	After 84th month, upon 6 months' notice	Anytime after 8/31/2012 upon 120 days notice	Anytime after 8/31/2012

DPSS 4300 West 120th St., Hawthorne Premises 2A	**Existing Lease**	**Proposed Amendment (Remove Childcare Space)**	**Changes**
Area	15,500 sq. ft.	0 sq. ft.	-15,500 sq. ft.
Term	9/1/2002 to 8/31/2012	terminated	terminated
Annual Base Rent thru 8/31/2012	$356,628 ($23.00 per sq. ft.)	Termination upon Board approval	-$ 416,066

The maximum rental cost for all of the premises will be reduced to $3,284,664 upon Board approval of the proposed amendment. DPSS will be responsible for $3,112,104 of this maximum rental cost, and DCSS will be responsible for $172,560.

Upon Board approval, DPSS will take the responsibility for payment of electrical and gas expenses. The monthly rental rate will be reduced from $2.16 to $1.95. The reduction of $0.21 will offset the estimated utility expenses of $.20 per square foot per month.

Sufficient funding for the proposed lease amendment is included in the 2010-11 Rent Expense budget and will be billed back to DPSS and DCSS respectively. Sufficient funding is available in DPSS' and DCSS' operating budgets to cover the current proposed lease costs. The annual lease cost for DPSS is 8 percent net County cost (NCC) and DCSS is 100 percent NCC.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed amendment will allow the County to extend the term of the lease for five years for Premises 1 totaling 132,996 rentable square feet of office space housing DPSS, and Premises 2 totaling 7,500 rentable square feet of office space housing DCSS. The proposed amendment also allows the County to cancel the lease for the DCSS Premises 2B anytime after August 31, 2012, with 120 days prior written notice. The proposed amendment will also terminate a portion of the lease for 15,500 square feet of child care space in Premises 2A.

The amended lease contains the following provisions:

- The maximum base rental rate during the first year is $3,112,104 for DPSS and $172,560 for DCSS, with parking for 700 vehicles included in the rental rate.

- The lease becomes a modified full-service lease whereby the Lessor is responsible for all interior and exterior maintenance.

- Lessee is responsible for its electricity and gas usage costs, which are separately metered and has received a reduction in its cost per square foot from $2.16 per square foot currently to $1.95 per square foot which will offset its electricity and gas use costs. The landlord will provide energy management lighting upgrades to further reduce energy costs by an estimated 10 percent.

- Lessor at his sole cost shall repaint and install new carpet throughout premises.

- A cancellation provision is included in the lease allowing the County to cancel Premises 1 anytime after the 48th month of any option term upon 120 days prior written notice with reimbursement of the unamortized cost of paint and carpeting.

- The proposed amendment does allow the County to cancel the lease for the DCSS Premises 2B anytime after August 31, 2012, with 120 days prior written notice.

The Chief Executive Office (CEO) Real Estate staff surveyed the service area to determine the market rate of comparable sites. Based upon said survey, staff has established that the base rental range including parking for similar property is between $23 and $26 per square foot per year modified full-service. Thus, the base annual rent of $23.40 per square foot for the base lease cost is within market for this area. Attachment B shows County-owned and leased facilities within the search area for these programs and none are available to house these programs.

The Department of Public Works inspected this facility and has reported that the building meets the current standards for the County's occupancy.

Notices have been sent to the City of Hawthorne (City) pursuant to Government Code Sections 65402 and 25352. The City has not objected to the proposed lease extension.

ENVIRONMENTAL DOCUMENTATION

The CEO has made an initial study of environmental factors and has concluded that this project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board per Section 15301 of the State CEQA Guidelines (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed amendment to Lease No. 73655 will allow DPSS and DCSS to continue providing uninterrupted services. DPSS and DCSS concur with these recommendations.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two originals of the executed Amendment No. 1 to Lease No. 73655, two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR
CEM:TS:hd

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Public Social Services
Community and Senior Services

12000Hawthorne.b

Attachment A

DEPARTMENT OF PUBLIC SOCIAL SERVICES
DEPARTMENT OF COMMUNITY AND SENIOR SERVICES
12000 HAWTHORNE BOULEVARD, HAWTHORNE
Asset Management Principles Compliance Form[1]

			Yes	No	N/A
1.	**Occupancy**				
	A	Does lease consolidate administrative functions?[2]	X		
	B	Does lease co-locate with other functions to better serve clients?[2]	X		
	C	Does this lease centralize business support functions?[2]			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person?[2] **Lease represents approximately 178 square feet per person.**	X		
2.	**Capital**				
	A	Is it a substantial net County cost (NCC) program? **DPSS space is 92 percent state and federal subvention funded and 8 percent NCC. DCSS is 100 percent NCC.**	X		
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?			X
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered? **The rental rate negotiated during the renewal makes the cost of a capital project less cost-effective at this time.**		X	
3.	**Portfolio Management**				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?			X
	D	Why was this program not co-located?			X
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. ____ No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. _X_ The Program is being co-located.			
	E	Is lease a full service lease?[2] **Landlord negotiated a modified gross wherein the County pays for electricity and gas used by the department sin exchange for energy management upgrades.**		X	
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		

[1]As approved by the Board of Supervisors 11/17/98

[2]If not, why not?

Attachment B

DEPARTMENT OF PUBLIC SOCIALSERVICES
DEPARTMENT OF COMMUNITY AND SENIOR SERVICES
SPACE SEARCH FIVE-MILE RADIUS FROM 12000 HAWTHORNE

	FACILITY NAME	ADDRESS	SQUARE GROSS	SQUARE FEET	OWNERSHIP
A422	PH-WEST AREA ENVIRONMENTAL HEALTH SERVICES	6053 BRISTOL PKWY, CULVER CITY 90230-6601	12000	10800	LEASED
A430	ASSESSOR-WEST DISTRICT OFFICE	6120 BRISTOL, CULVER CITY 90230	30507	27456	LEASED
B006	FIRE-PREVENTION BUREAU-WEST METRO OFFICE	6167 BRISTOL PKWY, CULVER CITY 90230	3253	3090	LEASED
A533	DCFS-KINSHIP RESOURCE CENTER #2 NORTH	5035 W SLAUSON AVE, LOS ANGELES 90056	5788	5200	LEASED
A437	DCFS-REGION II SERVICES - WATERIDGE BUILDING	5100 W GOLDLEAF CIR BUILDING C, LOS ANGELES 90056	52370	46086	LEASED
1521	LADERA-RECREATION BUILDING/ OFFICE	6027 LADERA PARK AVE, LOS ANGELES 90056	2117	1941	OWNED
6722	PUBLIC LIBRARY-VIEW PARK LIBRARY	3854 W 54TH ST, LOS ANGELES 90043	6983	6130	OWNED
A436	DPSS-EXPOSITION PARK FAMILY SERVICE CENTER	3833 S VERMONT AVE AT 38TH STREET, LOS ANGELES 90037	127511	109055	LEASED
Y018	DOCKWEILER-LIFEGUARD HEADQUARTERS	8255 VISTA DEL MAR, PLAYA DEL REY 90293	5919	5647	PERMIT
0012	PW ROAD-MAINT DISTRICT 3 OFFICE	5530 W 83RD ST, WESTCHESTER 90045	1400	1260	OWNED
0013	PW ROAD-DIV #233/333/433 YARD OFFICE	5530 W 83RD ST, WESTCHESTER 90045	2400	2160	OWNED
0014	PW ROAD-DIV #233/333/433 OFFICE/ GARAGE	5530 W 83RD ST, WESTCHESTER 90045	5500	4950	OWNED
F222	PW FLOOD-83RD ST YARD OFFICE	5520 W 83RD ST, WESTCHESTER 90045	702	632	OWNED
F224	PW FLOOD-83RD ST YARD OFFICE	5520 W 83RD ST, WESTCHESTER 90045	1920	1824	OWNED
A240	DCSS-AIRPORT/VENICE ADULT PROTECTIVE SERVICES	5757 W CENTURY BLVD BUILDING 1, WESTCHESTER 90045	1792	1702	LEASED
A061	DCFS-REGION VI CENTURY SERVICES OFFICE	5767 W CENTURY BLVD BUILDING 2, WESTCHESTER 90045	27000	20955	LEASED
A415	AG COMM/WTS & MEAS-LAX INSPECTION OFFICE	5600 W CENTURY BLVD (AIR FREIGHT BUILDING #1), WESTCHESTER 90045	792	792	LEASED
A378	DPSS-AIRPORT/WESTSIDE GAIN REGION I OFFICE	5200 W CENTURY BLVD, WESTCHESTER 90045	50147	47640	LEASED
X301	LOS ANGELES AIRPORT COURTHOUSE	11701 S LA CIENEGA BLVD, LOS ANGELES 90045	292000	151981	FINANCED
3394	INGLEWOOD JUVENILE COURTHOUSE	110 E REGENT ST, INGLEWOOD 90301	21539	12024	OWNED
6330	INGLEWOOD COURTHOUSE	ONE E REGENT ST, INGLEWOOD 90301	210648	82279	OWNED
5933	PH-CURTIS TUCKER PUBLIC HEALTH CENTER	123 W MANCHESTER BLVD, INGLEWOOD 90301	28734	16828	OWNED
0316	PUBLIC LIBRARY-LENNOX LIBRARY	4359 LENNOX BLVD, LENNOX 90304	4657	3679	OWNED
2527	LENNOX-DIRECTOR'S OFFICE/ COMFORT STATION	10828 S CONDON AVE, LENNOX 90304	623	249	OWNED
B520	DPSS-SOUTHWEST FAMILY WS DISTRICT OFFICE	923 E REDONDO BLVD (905-921 REDONDO BLVD), INGLEWOOD 90302	40000	27898	OWNED
A614	DPSS-SOUTHWEST SPEC DIST (VERMONT VILLAGE)	1819 W 120TH BLVD, LOS ANGELES	88546	84119	LEASED
5374	PUBLIC LIBRARY-WOODCREST LIBRARY	1340 W 106TH ST, LOS ANGELES 90044	7254	5895	OWNED
A643	SOUTH L.A. COUNTY ADMINISTRATION BUILDING	8300 S VERMONT AVE, LOS ANGELES 90044	210000	195500	LEASED
A602	DCFS - TRANSITIONAL RESOURCE CENTER	8730 S VERMONT AVE, LOS ANGELES 90044	600	570	LEASED
A085	DPSS-SOUTHWEST SPEC DIST/ PROBATION-CENTINELA	1326 W IMPERIAL HWY, LOS ANGELES 90044	153986	127700	OWNED
A661	MENTAL HEALTH-SPECIALIZED FOSTER CARE	10421 S FIGUEROA ST, LOS ANGELES 90003	5296	5031	LEASED
Y034	EL PORTO BCH-LIFEGUARD HEADQUARTERS	3611 THE STRAND (BEACH SIDE AT ROSECRANS AVE), MANHATTAN BEACH 90266	3777	2237	OWNED
6331	PUBLIC LIBRARY-MANHATTAN BEACH LIBRARY	1320 HIGHLAND AVE, MANHATTAN BEACH 90266	12188	10129	OWNED
F387	PW FLOOD-EL SEGUNDO YARD OFFICE	2155 EL SEGUNDO BLVD, EL SEGUNDO 90245	1600	1440	OWNED
B320	PUBLIC LIBRARY-WISEBURN LIBRARY	5335 W 135TH ST, HAWTHORNE 90250	5088	4331	GRATIS USE
A170	SHERIFF-SOUTH BAY VEHICLE THEFT OPERATIONS	ONE SPACE PARK DR TRW - BUILDING S, REDONDO BEACH 90278	1053	1053	GRATIS USE
4704	PUBLIC LIBRARY-HAWTHORNE LIBRARY	12700 S GREVILLEA AVE, HAWTHORNE 90250	16949	16174	OWNED
A551	DPSS-WFP&I & SOUTH REG IV IHSS/ADULT SERVICES	12000 HAWTHORNE BLVD, HAWTHORNE 90250	132996	106397	LEASED
A557	DPSS-ADULT PROTECTIVE SERVICES/CHILD CARE CTR	4300 W 120TH ST, HAWTHORNE 90250	23000	20700	LEASED
3908	PUBLIC LIBRARY-LAWNDALE PUBLIC LIBRARY	14616 GREVILLEA AVE, LAWNDALE 90260	2695	1471	LEASED
0069	PW ROAD-DIV #232 MAINTENANCE YARD OFFICE	4055 W MARINE AVE, LAWNDALE 90260	800	720	OWNED
6721	PUBLIC LIBRARY-MASAO W SATOW LIBRARY	14433 S CRENSHAW BLVD, GARDENA 90249	6639	5884	OWNED
C112	DCSS-ASIAN SERVICE CENTER	14112 S KINGSLEY DR, GARDENA 90249	16180	11420	LEASED
5161	PUBLIC LIBRARY-GARDENA MAYME DEAR LIBRARY	1731 W GARDENA BLVD, GARDENA 90247	14122	11534	OWNED
6319	PUBLIC LIBRARY-A C BILBREW LIBRARY	150 E EL SEGUNDO BLVD, LOS ANGELES 90061	21843	18287	OWNED
1694	ATHENS-FIELD OFFICE/COMFORT STATION	12603 S BROADWAY, LOS ANGELES 90061	655	264	OWNED
4403	SOUTH SERVICES AGENCY-ADMINISTRATION BUILDING	360 W EL SEGUNDO BLVD, LOS ANGELES 90061	2584	1901	OWNED
T517	SOUTH SERVICES AGENCY-PARK RESERVATION OFFICE	360 W EL SEGUNDO BLVD, LOS ANGELES 90061	1144	687	OWNED
A552	DCSS-WILLOWBROOK ONE-STOP CAREER CENTER	12700 AVALON BLVD, LOS ANGELES 90061	24706	23471	LEASED
6465	DCSS-WILLOWBROOK SENIOR CENTER	12915 S JARVIS AVE, LOS ANGELES 90061	12858	8670	OWNED
5335	PUBLIC LIBRARY-HERMOSA BEACH LIBRARY	550 PIER AVE, HERMOSA BEACH 90254	6496	5084	OWNED

AMENDMENT NO. 1 TO LEASE NO.73655
DEPARTMENT OF PUBLIC SOCIAL SERVICES
AND COMMUNITY AND SENIOR SERVICES
12000 HAWTHORNE BOULEVARD, HAWTHORNE

This Amendment No.1 to Lease No. 73655 ("Amendment" or "Amendment No. 1") is made and entered into this _____ day of _____,2011 by and between M&A GABAEE, L.P. hereafter referred to as "Lessor" and COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as "Lessee".

RECITALS:

WHEREAS, Lessor and Lessee entered into Lease No. 73655 dated September 25, 2000, and Memorandum of Acceptance of Expansion Space to the Lease dated January 13, 2004 (collectively, the "Lease") pursuant to which Lessor leased to Lessee those certain Premises No. 1 located in the Building at 12000 Hawthorne Boulevard, Hawthorne California, ("Building") more particularly described as approximately 132,996 rentable square feet of office space consisting of the first and second floors of the Building; and Premises No. 2 located in the Building at 4300 W. 120th Street, Hawthorne, California, ("Building A") more particularly described as approximately 15,500 rentable square feet of childcare facility and ("Building B") more particularly described as approximately 7,500 rentable square feet of office space.

WHEREAS, the parties now wish to amend the Lease in certain respects.

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree the following amendments are effective upon the date first above written:

1. Paragraph 1 to the Lease is hereby amended by deleting the section entitled Option To Further Expand Premises and the following is hereby added to Lease Paragraph 1 as Description of the Premises, (Premises No. 2):

Premises No. 2:
Premises No. 2 is located in the Building at 4300 W. 120th Street, Hawthorne, California, ("Building B") more particularly described as approximately 7,500 rentable square feet of office space. Effect upon Board of Supervisors approval of amendment No1 to lease No.73655 Lessor and Lessee agree to mutually terminate the Lease as to that part of Premises No. 2 located in the Building at 4300 W. 120th Street, Hawthorne, California, ("Building A") more particularly described as approximately 15,500 rentable square feet of childcare facility.

2. Paragraph 2(B) to the Lease (Options to Renew) is hereby deleted and replaced with the following:

(B) EXTENSION TERM: The term of the Lease shall be extended for a period of five (5) years ("Extension Term") beginning September 1, 2012 upon an execution of this Amendment No.1 by Lessee and ending sixty months thereafter. The parties acknowledge that Lessee currently occupies the Premises prior to the commencement date of the Extension Term.

(C) Option to Renew: Lessee shall have the option to renew this Lease ("Option") for an additional two terms of five (5) years, each term (the "Option Term") under the same terms, conditions and rental rate as contained in the Lease, commencing upon the exercise of the Option by the Board of Supervisors. In the event that Lessee desires to exercise the Option, Lessee shall deliver to Lessor written notice of the intent to exercise the Option not less than One Hundred Eighty (180) days prior to expiration of the Extension Term. The actual exercise of the Option shall be only by the Board of Supervisors at any time prior to the expiration of the Lease or the expiration date of any holdover period pursuant to Paragraph 6 (HOLDOVER) of the Lease. During the Option Term, Lessee shall continue to pay the Base Rent as adjusted in accordance with the terms of the Lease.

3. Paragraph 3 of the Lease is hereby deleted and the following inserted:

RENT: Lessee hereby agrees to pay as rent for Premises No.1 effective upon the Board approval of the Extension Term the sum of Two Hundred Fifty Nine Thousand Three Hundred Forty-Two and 22/100 Dollars ($259,342.20) per month or $1.95 per rentable square foot. Lessee hereby agrees to pay as rent for Premises No. 2 during the Extension Term the sum of Fourteen Thousand Two Hundred Sixty-one and 00/100 Dollars ($14,380) per month or $1.92 per rentable square foot.

4. Paragraph 5 of the Lease is hereby deleted the following inserted;

Lessee shall have the right to cancel Premises No. 1 of this lease anytime after the 48th month of any renewal term under the same terms and conditions as contained in the lease, and shall have the right to cancel Premises No. 2 of this lease separately from Premises No. 1 under the same terms and conditions anytime after August 31, 2012, by giving 120 days prior written notice as contained in the lease.

5. Paragraph 10 of the Lease is hereby amended by the addition of the following;

Lessee shall be responsible to pay for the cost of electricity and gas consumed by the Lessee at Premises No. 1, provided the same are metered or sub-metered separately, and provided that the meter or sub-meter is installed at the sole cost and expense of Lessor.

6. Paragraph 19 (Rental Adjustments) shall be amended by changing the Base Rent for Premises No. 1 from $232,743 to $259,342.20 and the Base Rent for Premises No. 2 from $35,650 to $14,380 beginning upon the commencement of this Amendment. In no event shall the monthly rent adjustment based upon the CPI formula set forth in Paragraph 18 result in an annual increase greater than four (4%) percent per year of the

monthly base year rent (of $259,342.20 for Premises No.1, i.e. , $10,373.69 per month annually, and of $14,380 for premises No.2 , i.e., $575.20 per month annually). Additionally, the new rental rate shall not be adjusted until September 1, 2012 and shall be adjusted every twelve (12) months thereafter as per the Lease, Paragraph 19.

7. Paragraph 30 is hereby deleted and replaced with the following:

PERFORMANCE.:

Lessor, within sixty (60) days after receipt of a duly executed copy of this Amendment, shall at Lessor's sole expense, participate in an energy solutions program of lighting retrofit throughout the entire Premises, including without limitation the cost of which shall be approximately $5,300 monthly for a period of 24 months. Additionally, Lessor, shall be entitled to all tax deductions and abandonment credit.

Lessor, within ten (10) days after receipt of a duly executed copy of this Lease, as amended, shall at Lessor's sole expense, commence repainting and replacing the carpeting with carpet tiles throughout the entire Premises, including without limitation the cost of lifting the existing furniture for removal of old carpet and installation of new carpet tiles. Such performance of improvements will be performed one floor at a time (two floors per year). Lessee shall reimburse Lessor the unamortized cost of paint and carpet, at the rate of nine (9) percent annually, should County exercise its cancellation right.

8. New Paragraphs 31 and 32 are hereby added to the Lease as follows:

31. LIMITATION OF AUTHORITY

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Lessor understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal Board action. No County officer, employee, agent, or independent contractor has any authority to alter, add or delete the material terms of this Lease; and Lessor may not rely upon any representations to the contrary.

This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for tenant improvements or other project costs of Lessor which are subject to reimbursement by County. County shall not reimburse Lessor for any expenses which exceed this ceiling.

32. IRREVOCABLE OFFER:

In consideration for the time and expense that Lessee will invest including but not limited to preliminary space planning, legal review, and preparation and noticing for

presentation to the County Real Estate Management Commission (if applicable) in reliance on Lessor's covenant to lease to Lessee under the terms of this lease offer, the Lessor irrevocably promises to keep this offer open until December 31, 2011.

9. If there are any inconsistencies, variances or differences between any provision of the Lease and a provision of this Amendment No. 1, the provisions of this Amendment No. 1 will prevail and control. The Lease, as amended, is ratified, confirmed and approved. The terms "include" and "including" are not limiting and include the concept of "including but not limited to".

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IN WITTNESS WHEREOF, the Lessor has executed this Amendment No. 1 or caused it to be executed, and the County of Los Angeles, by order of its Board of Supervisors, has caused this Amendment No. 1 to be executed on its behalf by the Chair of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR

By: M&A Gabaee, ~~LP~~ a California limited Partnership
by: Sancam Inc, general Partner

By: _____, President

ATTESTED:

SACHI A. HAMAI
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

LESSEE

COUNTY OF LOS ANGELES

By: _____
Michael D. Antonovich, Mayor

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
COUNTY COUNSEL

By: _____
Amy M. Caves, Senior Deputy