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
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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

September 13, 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. 2 TO LEASE NO. 72575
TO EXTEND THE LEASE TERM BY AN ADDITIONAL EIGHT YEARS
FOR THE SHERIFF'S DEPARTMENT
12440 EAST IMPERIAL HIGHWAY, NORWALK
(FOURTH DISTRICT) (3 VOTES)

SUBJECT

This recommendation is to approve Amendment No. 2, extending the term of the subject Lease by an additional eight years, and consolidating the administrative lease L-0978 into the same agreement, for use of 98,840 rentable square feet by the Sheriff's Department.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the approval of the lease amendment is exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).

2. Approve and instruct the Mayor to sign the eight-year lease amendment with Sonnenblick Del Rio Norwalk, LLC, and Norwalk SEC, LLC, for 98,840 rentable square feet, at an annual rental rate of $1,939,298 for the first year, and authorize the Sheriff and the Chief Executive Office to implement the project. The rental costs are net County cost.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since February 2001, the County of Los Angeles (County) has leased the subject premises for use by the Sheriff's Department (Sheriff) as office and data center space. Under the lease proposed to be amended, the facility houses the following programs/functions:

- Record and Identification Bureau, including its Public Service Unit, which collects, inputs, and stores for future retrieval of documents and electronic records on arrest, booking records, case investigations, etc.;

- Data System Bureau (DSB), which plans, develops, coordinates, and manages automated systems and data connections for the Sheriff's interface with the County, State, and Federal criminal justice agencies;

- Crime Analysis Program, which is responsible for the preparation of all State and federally mandated reports and maintaining the quality control of crime and arrest statistics;

- Advanced Surveillance and Protection (ASAP) Unit, which implements new and emerging technologies in the areas of intelligence gathering capabilities, crime deterrence, evidence collection, and crime prevention and intervention; and

- A portion of these programs; namely the ASAP portion, comprising 3,577 square feet was accommodated via a separate administrative agreement for Suite 130, and is now being included in the proposed amendment. Additionally, the building houses the Sheriff's Technical Services Division and the Departments of Public Social Services, Children and Family Services, Animal Care and Control, Registrar-Recorder/County Clerk, and Public Health under separate leases.

The recommendations herein are intended to provide a temporary housing accommodation for the programs. These programs are anticipated to be relocated to a future Countywide data center in Downey, the STARS Center, and other County-owned facilities, including the Hall of Justice upon completion of the restoration project.

The DSB operations must expand to meet federally mandated requirements. This expansion requires the addition of new servers and will bring the electrical load well above the load capacity currently provided by the facility. The lease amendment has been negotiated to provide $800,000 in funding for the required electrical upgrades which will be paid by the Sheriff.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of the County's process and operations to support timely delivery of public services, and the Plan Goal of Public Safety (Goal 5) requires the committed efforts of the public safety partners to maintain and improve the safety of the residents of Los Angeles. The proposed lease amendment supports these goals by securing the current facility for an additional term of up to eight years, with a reduction and cancellation right after four years, pending the completion of the restoration project for the Hall of Justice, the construction of the data center in Downey, while providing the public with easy access.

FISCAL IMPACT/FINANCING

Sufficient funding for the proposed lease amendment is included in the 2011-12 Rent Expense budget and will be billed back to the Sheriff. Sheriff has sufficient funds in its 2011-12 budget to cover the lease costs. All of the rental costs are net County cost.

The following chart provides a comparison between the existing lease and the proposed lease amendment.

12440 East Imperial Highway, Norwalk	Current Lease	Proposed Amendment	Change
Premises	95,263 s.f. + 3,577 s.f. (under Lease No. L-0978) = Total 98,840 s.f.	98,840 s.f.	None
Term	Lease No. 72575 - 02/26/01 to 02/25/11, then on month-to-month, + Lease No. L-0978 – 09/04/07 to 09/03/10, then on month-to-month	New eight-year term	+Eight years
Annual/Monthly Rent	$1,949,229 / $162,436	$1,939,298 / $161,608	-$9,931 / -$828*
Parking Spaces	393	393	None
Lease Basis	Premises under Lease No. 72575 are on a full-service basis, net electrical. Premises under Lease L-0978 are on a full-service basis.	All premises will be on full-service basis net electrical.	+Increase in electrical costs for the 3,577 s.f. of space.
Cancellation	Any time, upon 30 days notice	Upon 90 days notice at any time after the 48th month, subject to reimbursement of the unamortized balance of the base Tenant Improvement (TI), if any.	+Four years.
TI Allowances	Originally $863,515 base TI, and $1,794,760 in additional TI, all paid	$700,000 in base TI (paint and carpet) + $800,000 in Additional TI (electrical upgrades)	+$1,500,000

*Rent saving will be offset by new electrical costs that will be incurred by the County for Suite130.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease amendment comprises 98,840 rentable square feet, and 393 parking spaces, and will extend the term for the current premises. Ten additional parking spaces were approved for use by the Sheriff. The Chief Executive Office (CEO) will endeavor to locate and lease the additional ten spaces within 500 feet of the subject facility. The lease amendment contains the following provisions:

- It combines premises previously included in the original Lease No. 72575, with premises leased by the County pursuant to an administrative agreement, Lease No. L-0978.

- Lease No. 72575 is a full-service, net electrical, while Lease No. L-0978 is a full- service gross, whereby the Sonnenblick Del Rio Norwalk, LLC, and Norwalk SEC, LLC (Lessor) is responsible for all the operating expenses associated with the demised premises. The proposed lease amendment will convert the entire premises to full-service, net electrical. A reduction in the rental rate is provided to offset the assumption of the County's electrical costs.

- An eight-year term extension, commencing upon Board approval and ending eight years thereafter.

- A lease cancellation and/or premises reduction provision, after the fourth year, subject to reimbursement of the balance of the base TI. Cancellation or reduction after the fifth year will not require any reimbursement.

- Lessor agreed to provide a base TI allowance of $700,000 for re-carpeting and painting of the premises. The balance of this allowance is subject to reimbursement by the County in the event of a cancellation in the fifth year. When cancelled, the County will reimburse the Lessor as if this allowance has been amortized at 6 percent interest, over five years. If the leased premises are reduced in the fifth year, only the vacated portion will be subject to the reimbursement.

- Lessor also agreed to provide an additional TI allowance in the amount of $800,000 for electrical upgrades required by the Sheriff to support its data center operations. This allowance is subject to reimbursement by the County on a progress payment basis.

- All other terms and conditions will remain the same.

The CEO, Real Estate staff surveyed the area to determine the market rate of comparable sites. Based upon said survey, staff has established that the rental range for similar properties ranges from $19 to $23 per square foot per year, on a full-service net electrical basis. Thus, the annual rent indicated in the lease amendment of $19.62 is within the market range for this area. Attachment B shows County-owned and leased facilities within a five-mile radius from this facility and found none are available to house the Sheriff's programs.

The CEO, Disability Civil Rights Section has inspected the leased premises and related common areas to determine accessibility in accordance with the Americans with Disabilities Act. A report identifying barriers to accessibility has been completed, and provided to the Sheriff. Pursuant to the report, the CEO, Sheriff, and Lessor are engaged in a collaborative effort to address the removal of barriers to ensure accessibility to the programs, services, and activities.

The Department of Public Works had previously inspected the facility and indicated that the building meets the current seismic standards for the County's occupancy.

The proposed lease amendment contains all the agreements of the parties. It has been reviewed and approved as to form by County Counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will provide the Sheriff with continued use of the current space, pending construction of the Countywide data center in Downey, and the completion of the restoration project for the Hall of Justice. The Sheriff and the Chief Information Officer concur with the recommendations.

ENVIRONMENTAL DOCUMENTATION

The CEO has performed an initial study of the environmental factors and has concluded that entering into the proposed amendment is exempt from the California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return three adopted, stamped Board letters and three certified copies of the Minute Order and the executed Lease Amendment No. 2 to Lease No. 72575 to the CEO, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:CMM
CEM:MS:hd

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Chief Information Office
Public Works
Sheriff

BL.12440EastImperialHighway

Attachment A

SHERIFF'S DEPARTMENT
12440 EAST IMPERIAL HIGHWAY, NORWALK

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] **98,840 s.f./ 412 staff = 240 s.f./staff, due to the public area required and data center requirements.**		X	
2.	**Capital**				
	A	Is it a substantial net County cost (NCC) program? **100%**	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? **The proposed lease amendment will provide temporary arrangements pending completion of the Countywide data center in Downey, and restoration of the Hall of Justice.**		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?	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?			
		1. ___ The program clientele requires a "stand alone" parking area.			
		2. ___ No suitable County occupied properties in project area.			
		3. _X_ 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? **No, it is net utility. The existing lease was negotiated net utility, and the provision was not re-negotiated in the new amendment.**		X	
	F	Has growth projection been considered in space request?			X
	G	Has the Dept. of Public Works completed seismic review/approval? (previously)	X		
		[1]As approved by the Board of Supervisors 11/17/98			
		[2]If not, why not?			

Attachment B

SHERIFF'S DEPARTMENT
12440 EAST IMPERIAL HIGHWAY, NORWALK
A search within a five mile radius from the subject facility
For facilities comprising at least 10,000 gross square feet of space

LACO	FACILITY NAME	ADDRESS	SQ GROSS	FEET NET	OWNERSHIP	SQ FT AVAILABLE
3726	PUBLIC LIBRARY-SORENSEN LIBRARY	6934 BROADWAY AVE, WHITTIER 90606	10655	10122	OWNED	NONE
3331	WHITTIER COURTHOUSE (CIVIC CENTR BLDGS A & B)	7339 S PAINTER AVE, WHITTIER 90602	77538	52161	OWNED	NONE
4216	PH-WHITTIER PUBLIC HEALTH CENTER	7643 S PAINTER AVE, WHITTIER 90602	17552	7409	OWNED	NONE
1100	PUBLIC SAFETY-HEADQUARTERS/HEALTH SVCS BUREAU	7601 E IMPERIAL HWY, DOWNEY 90242	30964	18442	OWNED	NONE
1180	RANCHO-HARRIMAN BUILDING 400 - ADMINISTRATION	7601 E IMPERIAL HWY, DOWNEY 90242	85879	39682	OWNED	NONE
1189	RANCHO-GENERAL SERVICES/BLDG 201 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	14542	9336	OWNED	9336
1190	RANCHO-HOUSEKEEPING/ BUILDING 202 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	12438	9322	OWNED	9322
1198	RANCHO-NURSING EDUCATION/BLDG 210 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	12924	7910	OWNED	7910
2892	RANCHO-BUILDINGS 605/606	7601 E IMPERIAL HWY, DOWNEY 90242	15658	12249	OWNED	NONE
3385	RANCHO-HOSPITAL OFFICE BLDG 500,501,502 & 503	7601 E IMPERIAL HWY, DOWNEY 90242	88104	63850	FINANCED	NONE
X238	RANCHO-SUPPORT SERVICES ADMINISTRATION BLDG	7601 E IMPERIAL HWY, DOWNEY 90242	66200	56002	FINANCED	NONE
D600	DOWNEY COURTHOUSE	7500 E IMPERIAL HWY, DOWNEY 90242	103502	77003	FINANCED	NONE
A355	DCFS SANTA FE SPRINGS OFFICE	10355 SLUSHER DR, SANTA FE SPRINGS 90670	65568	50633	LEASED	NONE
A176	HEALTH SERVICES-EMS	10100 PIONEER BLVD, SANTA FE SPRINGS 90670	41720	39634	LEASED	NONE
6335	PROBATION-RIO HONDO AREA OFFICE	8240 S BROADWAY AVE, WHITTIER 90606	19997	12942	OWNED	NONE
Y300	PUB LIB-LOS NIETOS LIBRARY	11640 E SLAUSON AVE, WHITTIER 90606	16374	15877	OWNED	NONE
A566	SHERIFF - SO CAL HIGH TECH TASK FORCE	9900 NORWALK BLVD, SANTA FE SPRINGS 90670	22880	21736	LEASED	NONE
Y533	STAR CENTER-ACADEMY BUILDING C	11515 S COLIMA RD, WHITTIER 90604	15578	8104	FINANCED	NONE
Y534	STAR CENTER-ACADEMY BUILDING D	11515 S COLIMA RD, WHITTIER 90604	16551	10983	FINANCED	NONE
Y535	STAR CENTER-ACADEMY BUILDING E	11515 S COLIMA RD, WHITTIER 90604	19984	12864	FINANCED	NONE
6059	DOWNEY ADMIN CTR-ADMINISTRATIVE CENTER BLDG	9150 E IMPERIAL HWY, DOWNEY 90242	655944	529072	OWNED	NONE
4401	DHS-BELLFLOWER HEALTH CENTER	10005 E FLOWER ST, BELLFLOWER 90706	15524	9053	OWNED	NONE
0005	BELLFLOWER COURTHOUSE	10025 E FLOWER ST, BELLFLOWER 90706	110287	45966	OWNED	NONE
6444	PUBLIC LIBRARY-CLIFTON M BRAKENSIEK LIBRARY	9945 E FLOWER ST, BELLFLOWER 90706	20160	17078	OWNED	NONE
5368	PUBLIC LIBRARY-NORWALK LIBRARY	12350 IMPERIAL HWY, NORWALK 90650	33749	27529	OWNED	NONE
X168	HARRY HUFFORD REGISTRAR-RECORDER/CO CLERK BLD	12400 E IMPERIAL HWY, NORWALK 90650	262510	240600	FINANCED	NONE
5685	NORWALK COURTHOUSE	12720 NORWALK BLVD, NORWALK 90650	225008	137779	OWNED	NONE
A068	NORWALK IMPERIAL CENTRE (AKA BECHTEL BLDG)	12440 E IMPERIAL HWY, NORWALK 90650	216324	197823	LEASED	NONE
D221	DPSS-NORWALK WS DISTRICT OFFICE	12727 NORWALK BLVD, NORWALK 90650	40500	30928	LEASED	NONE
A358	DPSS-COMPUTER SERVICES/ LEADER PROGRAM OFFICE	14714 CARMENITA RD, NORWALK 90650	44250	42038	LEASED	NONE
6418	PUBLIC LIBRARY-LA MIRADA LIBRARY	13800 LA MIRADA BLVD, LA MIRADA 90638	15704	13061	OWNED	NONE
5867	PUBLIC LIBRARY-ANGELO M IACOBONI LIBRARY	4990 CLARK AVE, LAKEWOOD 90712	22000	20762	GROUND LEASE	NONE
A126	DA-CRIMINAL JUSTICE INFORMATION SYSTEM/ ISAB	12750 CENTER COURT DR, CERRITOS 90703	20187	19044	LEASED	NONE

AMENDMENT NO. 2 TO LEASE NO. 72575
SHERIFF'S DEPARTMENT
12440 EAST IMPERIAL HIGHWAY, NORWALK

THIS AMENDMENT ("Amendment No. 2") is entered into this day of _____ , 2011, by and between SONNENBLICK-DEL RIO NORWALK, LLC, a Delaware limited liability company, and NORWALK SEC, LLC., a Delaware limited liability company, on the one hand, (collectively "Lessor"), and the COUNTY OF LOS ANGELES, a body corporate and politic on the other hand ("County" or "Lessee").

RECITALS

A. On January 18, 2000, Starwood O.C. Portfolio V, LLC Partnership, predecessor-in-interest to Sonnenblick-Del Rio Norwalk, LLC, a Delaware limited liability company, and Norwalk SEC, LLC., a Delaware limited liability company, as Lessor, entered into Lease No. 72575 for 68,925 rentable square feet of floor space, consisting of approximately 8,351 square feet on the ground level commonly known as Suites B-170, B-175 and B-180, plus 1,932 square feet on the first floor known as Suite 120, and 58,642 comprising the entire 4th floor in the building located at 12440 E. Imperial Hwy., Norwalk, with the County of Los Angeles, as Lessee. The Lease was later amended pursuant to Amendment No.1 to Lease No 72575 entered into on June 6, 2000, to add 26,755 square feet in the ground level, known as Suites B-110, B-150 and B-190, and 5,383 square feet in the ground level known as Suite B-130, hereinafter, collectively, referred to as ("Lease", or "Lease No 72575"). Pursuant to a provision in Amendment No.1, Lessee had the right to exercise a partial cancellation of a portion of the Premises, and on January 11, 2005 Lessee elected to terminate Suite B-110 comprising 5,800 square feet. The Lease has expired at midnight on February 25, 2011 and the Lessee continued its occupancy on a month-to month basis pursuant to the Holdover provision and with the consent of the Lessor. Thus, the total Premises under Lease No. 72575 is 95,263 square feet.
B. Additionally on October 17, 2006, Sonnenblick Del Rio Norwalk LLC, entered into a Lease No. L-0978 with the County for 3,577 of floor space on the first floor commonly known as Suite 130. This Lease has expired at midnight on September 3, 2010 and the Lessee continued its occupancy on a month-to month basis pursuant to the Holdover provision and with the consent of the Lessor.

   Therefore, the total Premises subject to this Amendment No. 2 is 98,840 square feet, hereinafter referred to as "Premises".

C. Lease No. 72575, Amendment No. 1 and Lease No. L-0978 shall be referred to hereinafter collectively as the "Lease".
D. As a condition of Lessee's continued tenancy at the subject Premises, Lessee has requested the Premises be re-painted and re-carpeted at Lessor's sole cost and expense, and Lessor has agreed to provide an allowance of $700,000 for that purpose, or for other purposes as Lessee may elect to improve the appearance of the Premises. This allowance is not subject to reimbursement by Lessee, except as provided in Paragraph 5 below. Additionally, Lessee requested an Additional Tenant Improvement Allowance in the amount of $800,000 to upgrade the electrical system of the facility to meet specific requirements of the Lessee. Lessor has agreed to provide said allowance subject to reimbursement by Lessee as set forth below. Lessor may charge an administrative fee not to exceed three percent (3%) of the contract value for the proposed work to be performed as part of the Additional Tenant Improvement Allowance only.

NOW THEREFORE, in consideration of the foregoing recitals which are hereby deemed a contractual part hereof, and of the terms, conditions and covenants contained in the Lease and hereinafter provided, the parties do hereby mutually agree as follows:

1. TERM:

Lessor and Lessee hereby agree to extend the term of the Lease for an additional eight years (the "Extension Term"), commencing upon approval of this amendment No. 2 by the County's Board of Supervisors, and expiring on the eighth anniversary of such approval, unless terminated earlier pursuant to the provisions of Paragraph 5 of this Amendment No.2.

2. RENT:

The parties hereto agree that Lessee shall pay monthly as a Base Rent for the subject Premises during the first year of the Extension Term the sum of ONE HUNDRED SIXTY-ONE THOUSAND SIX HUNDRED EIGHT AND 15/100 Dollars ($161,608.15), per month. The Base Rent shall be subject to annual adjustments based on the Consumer Price Index with an annual cap of three percent (3%), calculated on the original Base Rent of $161,608.15, i.e., not to exceed $4,848.24, annually.

3. DISTRIBUTION OF $800,000 ADDITIONAL TENANT IMPROVEMENT ALLOWANCE:

Lessor shall contract with an electric contractor to perform the electrical improvements referenced in Recital D above, all of which shall be constructed according to plans and specifications approved by Lessee. Lessor and Lessee acknowledge and agree that Lessee has approved such plans and specifications prior to the execution of this Amendment No. 2, that Lessee has delivered such plans and specifications to Lessor, and that an electric contractor has reviewed such plans and specifications and prepared a bid based on such plans and specifications, and that the electrical improvements referenced in Recital D shall be paid for by Lessor; provided, however, that Lessee shall reimburse Lessor for the cost of such tenant improvements, plus a three percent (3%) administrative fee, within fifteen (15) days of contractor's written demand therefore. Progress payments by Lessee will be made, provided Lessee has inspected the work performed, accepted the work performed and the payment requested correspond the value of the work performed as it bears to the total work contemplated under the contract. Lessee shall make such reimbursement to Lessor within (15) days of contractor's request for acceptance of work. Ten percent (10%) of all progress payments shall be reserved until final completion of the work, acceptance thereof by Lessor and Lessee, and contractor provision of a release of any and all possible mechanical liens in a form acceptable to Lessor.

4. DISTRIBUTION OF $700,000 BASE TENANT IMPROVEMENT ALLOWANCE:

After such time as Lessee reimburses Lessor twenty percent (20%) of the $800,000 Additional Tenant Improvement Allowance as provided in Paragraph 3 above, Lessor shall install carpeting and paint the Premises in a manner directed by Lessee and approved by Lessor as provided in Recital D above up to a maximum of $700,000 ("Second Phase Tenant Improvements"). Lessor's obligation to provide Second Phase Tenant Improvements, or any portion thereof, shall end no later than two (2) years after Lessee's execution of this Amendment No. 2. Lessor shall have no obligation to perform Second Phase Tenant Improvements until such time as Lessee has reimbursed Lessor twenty percent (20%) of the $800,000 Additional Tenant Improvement Allowance as provided in Paragraph 3 above. Lessee shall cooperate with Lessor in the installation of such Second Phase Tenant Improvements. Lessor shall have the right to charge an administrative and supervision fee, in an amount not to exceed three percent (3%), of the total actual expenditures from this allowance, not to exceed $21,000.

the installation of such Second Phase Tenant Improvements. Lessor shall have the right to charge an administrative and supervision fee, in an amount not to exceed three percent (3%), of the total actual expenditures from this allowance, not to exceed $21,000.

5. CANCELLATION:

Lessee shall have the right to cancel this Lease or reduce the square footage of the Premises at any time after the forty-eighth (48th) month of the extended term provided herein by providing Lessor with ninety (90) days prior written notice of its intention to cancel. In the event of a partial cancellation, Lessee shall carve out an area that meets the following criteria: a) a contiguous space, b) if the space is not on the ground level, then the space must have outside windows, and c) the space must extend to the fire corridor. The above criteria may be waived by Lessor at Lessor's sole discretion. Should Lessee exercise its right to cancel the Lease or reduce the Premises, between the end of the forty-eighth month (48th) and the end of the sixtieth (60th) month, Lessee shall reimburse to Lessor, in a lump sum payment within sixty (60) days of such cancellation, the unamortized balance of the base Tenant Improvements (the $700,000 mentioned in Recital C herein) attributable to the area of the Premises cancelled, as if the same had been amortized over the term of five (5) years at six percent (6%) interest. Cancellation or early termination after the end of the fifth (5th) year shall not result in any reimbursement.

All other terms and conditions contained in said Lease No. 72575 not inconsistent herewith, are hereby reaffirmed and incorporated by reference as though fully set forth herein. In the event of a conflict between the Lease and this Amendment No. 2, the terms of Amendment No. 2 shall control.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 2 or caused it to be duly executed, and the County of Los Angeles, by order of its Board of Supervisors, has caused this Amendment No. 2 to be executed on its behalf by the Mayor of said Board, and attested to by the Clerk thereof on the day, month, and year first written above.

LESSOR
SONNENBLICK DEL RIO NORWALK, LLC
A Delaware limited liability company

By: Robert Sonnenblick
Bob Sonnenblick, Co-Manager

By: _____
Nelson Del Rio, Co-Manager

NORWALK SEC. LLC
A Delaware limited liability company

By: _____
Jill Sickle, Manager

ATTEST:
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 County Counsel