County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
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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

February 18, 2014

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

Dear Supervisors:

EIGHT-YEAR LEASE – DEPARTMENT OF MENTAL HEALTH
640 AND 646 SOUTH MAPLE AVENUE, LOS ANGELES
(SECOND DISTRICT)
(3 VOTES)

SUBJECT

The recommendation is to approve two new, eight-year leases with two separate Lessors for 8,907 and 7,437 square foot parking lots to be used by the Department of Mental Health for a temporary modular Downtown Mental Health Clinic and supplemental parking.

IT IS RECOMMENDED THAT THE BOARD:

1. Consider the Negative Declaration together with the fact that no comments were received during the public review process, find that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the County of Los Angeles to approve the Negative Declaration, find that the project will have no adverse effect on wildlife resources, and authorize the Chief Executive Office to complete and file a Certificate of Fee Exemption for the project.

2. Approve and instruct the Chairman to sign the eight-year lease with Keith Adams (Lessor) for the occupancy of an 8,907 square foot parking lot located at 640 South Maple Avenue, Los Angeles, and 646 S. Maple Holding, LLC (Lessor) for the occupancy of a 7,437 square foot parking lot located at 646 South Maple Avenue, Los Angeles, for the Department of Mental Health, for a maximum first year base rental cost of $168,000, a maximum first year modular office lease reimbursement cost of $199,104, and a maximum one-time Tenant Improvement cost of $657,194. The rent and related costs are to be funded by State and federal funds.

3. Authorize the Internal Services Department, Department of Public Works, or the Lessors, at the direction of the Chief Executive Office, to acquire telephone, data, and low voltage systems at a cost not to exceed $650,000, which will be paid by the Department of Mental Health via lump sum payment.

4. Authorize the Department of Public Works or the Lessors, at the direction of the Chief Executive Office, to provide construction management and design services at a cost not to exceed $179,000, which will be paid by the Department of Mental Health via lump sum payment.

5. Authorize the Chief Executive Officer, the Directors of Mental Health, Public Works, and Internal Services to implement the project. The leases will be effective upon approval by the Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Department of Mental Health (DMH) has occupied 640 South Maple Avenue (Premises A) and 646 South Maple Avenue (Premises B) since 2012. The properties are used as supplemental parking for DMH staff housed at its Downtown Mental Health Clinic (DMHC) located one block north at 529 South Maple Avenue. The DMHC is an adult mental health outpatient facility providing services to the highly concentrated downtown and primarily Skid Row area population of transient, homeless, indigent individuals with multiple co-occurring illnesses, mental health, substance use, and physical health issues. DMHC staff provides clients with mental health assessment, intensive case management, psychotherapy, crisis intervention, medication support, emergency shelter placement, housing assistance, benefits establishment, and other individual/group services. The DMHC is comprised of 63 DMH employees, three private security guards, two Sheriff Security Officers, and five part-time graduate student interns.

DMH proposes to temporarily relocate staff parking currently used on both Premises into the adjacent parking structure at 636 South Maple Avenue via a separate administrative agreement. The proposed relocation of parking will free up the surface lot to accommodate a temporary DMH modular office/clinic on both Premises, and will continue to provide supplemental parking after the removal of the modular office and restoration of the parking lots.

The proposed leases will allow DMH to install an approximately 9,600 square foot temporary modular office for up to 24 months to house the DMHC and supporting staff. The proposed temporary relocation of the DMHC will allow DMH to perform improvements to the DMHC facility after the County exercises the purchase option for the 529 South Maple Avenue DMHC facility. The one block proximity of both Premises to the DMHC facility allows staff to provide mental health programs without disruption of services within the service area.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of process, structure, and operations to support timely delivery of customer-oriented and efficient public services. The proposed leases support this goal by delivering a facility that supports efficient public services. The space is in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed leases will provide DMH a combined use of 16,344 square foot parking lots for the

installation of an approximately 9,600 square foot modular office for 24 months (USE A) and as supplemental parking (USE B) upon termination of USE A, and restoration of the parking lots for DMHC staff parking. The County of Los Angeles (County) currently leases the lots at an annual cost of $42,000 each, or $84,000 combined annually. The maximum first year rental cost for USE A on Premises A is $283,104 and $84,000 on Premises B, or a combined cost of $367,104. There is a one-time maximum improvement reimbursement cost of $657,194 for site preparation including sewer and electrical service installations, fencing, and furniture. The USE A cost includes the $168,000 Premises A and Premises B annual base rent, and the $199,104 maximum annual reimbursement to Premises A Lessor for the modular lease costs. The maximum first year rental cost for USE B on Premises A and B is $72,000 each, or $144,000 combined annually after the return of the Premises to full parking use. The County is responsible for all operational and building maintenance costs including utilities and trash service expenses.

Sufficient funding for the proposed leases is included in the Fiscal Year (FY) 2013-14 Rent Expense budget and will be charged back to DMH. DMH budgeted sufficient funding in its FY 2013-14 operating budget to cover the projected lease costs which are funded by State and federal funds. Attachment B is an overview of the costs of the two leases.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed leases provide temporary modular office space for the DMHC and supplemental parking for DMHC staff. The proposed leases include the following provisions:

- Two, eight-year leases, and the terms will commence upon approval by the Board.

- Modified gross leases whereby the Lessors are responsible for property taxes. The County is responsible for all operational and maintenance costs associated with the County's occupancy of the modular office and the Premises, including utilities and trash service.

- A one-time reimbursable Tenant Improvement (TI) allowance of $657,194, paid via lump sum or when construction milestones are completed to Lessor of Premises A.

- Modular office and furniture will be leased or purchased by the Lessor of Premises A with reimbursement payments made to the Lessor, as per the terms of the agreements.

- A mutual cancellation provision allowing the County and the Lessors the right to concurrently cancel the leases after the 48th month of the commencement date, upon 180 days prior written notice from the Chief Executive Office (CEO).

- One five-year option to extend both leases for USE B at fair market value by negotiation and mutual agreement, with 180 days prior written notice.

- Annual Consumer Price Index (CPI) rental increases on both leases capped at 4 percent per annum commencing on the 13th month of the USE A term and 12 months from the commencement of the USE B term.

The CEO, Real Estate staff conducted a survey within the project area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the Skid Row survey area that could suitably accommodate this requirement. Based upon said survey, staff has established that the market has appreciated substantially since the current parking lease commenced on July 31, 2012. The current combined annual lease payment is $84,000. Based on

appreciating land values for similar land within the Skid Row area, the high end value is $179 per square foot, or a rental high of $235,353 annually. Thus, the annual rent of $168,000 during USE A and $144,000 during USE B, for the proposed leases represents a rent in the mid-range for the area. In addition, the proposed facility provides a viable space to house DMH's programs within the concentrated Skid Row service area. Attachment C shows County-owned or leased facilities in the proximity of the service area and there are no suitable County-owned or leased facilities available for the program.

Construction of the TI's will be completed in compliance with building codes and the Americans with Disabilities Act.

Notification letters advising of the proposed lease have been sent to the City of Los Angeles pursuant to Government Code Sections 25352 and 65402.

ENVIRONMENTAL DOCUMENTATION

The CEO has made an initial study of environmental factors and has concluded that this Project will have no significant impact on the environment and no adverse effect on the wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act and the California Administrative Code, Section 15072. Copies of the completed Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration as posted are attached. No comments to the Negative Declaration were received. A fee must be paid to the State Department of Fish and Game when certain notices are filed with the Registrar-Recorder/County Clerk. The County is exempt from paying this fee when the Board finds that a project will have no impact on wildlife resources.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed leases will provide the necessary office space for this County requirement. DMH concurs with the proposed recommendations.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors return four originals of each executed leases, 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:CMM
CEM:MC:gw

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Internal Services
Mental Health
Public Works

ATTACHMENT A

DEPARTMENT OF MENTAL HEALTH
640 AND 646 SOUTH MAPLE AVENUE, LOS ANGELES
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] **No, due to limited temporary condensed space.**		X	
2.	Capital				
	A	Is it a substantial net County cost (NCC) program?		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 C?	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?			
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" facility.			
		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. ____ The Program is being co-located.			
	E	Is lease a full service lease?[2]	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?			

FISCAL IMPACT/FINANCING
OVERVIEW OF THE PROPOSED LEASE

Proposed Lease	**640 and 646 South Maple Avenue, Los Angeles**
Area (Square Feet)	16,344 rentable square feet
Term (years)	Eight-years, commencing upon Board approval
Annual USE A Rent	$168,000 (both leases)
Annual USE B Rent	$144,000 (both leases)
Annual modular lease Reimbursement	$199,104 (Premises A Lessor)
TI Reimbursement[1]	$657,194 (includes a $59,745 change order allowance) via progress payments when construction milestones are completed to Premises A Lessor
Maximum Annual USE A Lease Cost [2]	$367,104
Cancellation	Mutual right to cancel concurrently at any time after the 48th month upon 180 days prior written notice
Options to Renew	Two 5-year options upon mutual agreement
Rental adjustment	Annual CPI increase capped at 4 percent per annum

(1) $657,194 represents the maximum amount of reimbursable TI funds available for this project including a $59,745 change order allowance payable via a lump sum payment or when construction milestones are completed.

(2) Comprised of the annual rent and modular office lease payment reimbursement.

ATTACHMENT C

DEPARTMENT OF MENTAL HEALTH
SPACE SEARCH WITHIN A ONE-MILE PARAMETER OF
529 SOUTH SAN PEDRO STREET, LOS ANGELES

	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
A405	BOS/ARTS COMMISSION-WILSHIRE-BIXEL BUILDING	1055 WILSHIRE BLVD SUITE 800, LOS ANGELES 90017	7873	7479	LEASED	NONE
5266	METROPOLITAN COURTHOUSE	1945 S HILL ST, LOS ANGELES 90007	303433	136422	STATE OF CALIFORNIA	NONE
A675	DA-METRO COURT/DCFS METRO NORTH/ERCP/CALL CTR	1933 S BROADWAY, LOS ANGELES 90007	148483	141059	LEASED	NONE
A216	DPSS-APPEALS & STATE HEARINGS	811 WILSHIRE BLVD, LOS ANGELES 90017	4512	4286	LEASED	NONE
5546	PH-CENTRAL PUBLIC HEALTH CENTER	241 N FIGUEROA ST, LOS ANGELES 90012	60924	34748	OWNED	NONE
5456	HEALTH SERVICES ADMINISTRATION BUILDING	313 N FIGUEROA ST, LOS ANGELES 90012	221359	134851	OWNED	NONE
3155	PERFORMING ARTS CTR-DE LISA BLDG/THE ANNEX	301 N GRAND AVE, LOS ANGELES 90012	27582	17978	OWNED	NONE
0155	STANLEY MOSK COURTHOUSE	111 N HILL ST, LOS ANGELES 90012	794459	489254	STATE OF CALIFORNIA	NONE
0181	KENNETH HAHN HALL OF ADMINISTRATION	500 W TEMPLE ST, LOS ANGELES 90012-2713	958090	557268	OWNED	NONE
A159	DISTRICT ATTORNEY-FIGUEROA PLAZA	201 N FIGUEROA ST, LOS ANGELES 90012	87810	83420	LEASED	NONE
A429	CAO-REAL ESTATE DIVISION/ SERVICE INTEGRATION	222 S HILL ST, LOS ANGELES 90012	30905	27158	LEASED	NONE
A627	COUNTY ADMIN OFFICES-LA WORLD TRADE CTR	350 S FIGUEROA ST, LOS ANGELES 90071	52516	49890	LEASED	NONE
A632	PUBLIC DEFENDER-PIAS ET. AL.	312 S HILL ST GRAND CENTRAL MARKET, LOS ANGELES 90012-3503	9782	9293	LEASED	NONE
0156	HALL OF RECORDS	320 W TEMPLE ST, LOS ANGELES 90012	438096	254220	OWNED	NONE
3154	CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTR	210 W TEMPLE ST, LOS ANGELES 90012	1036283	516275	STATE OF CALIFORNIA	NONE
A588	SHERIFF'S AB 109 PAROLE COMPLIANCE TEAM	301 S CENTRAL AVE, LOS ANGELES 90013	3100	2945	LEASED	NONE
Y013	DPSS-CIVIC CENTER DISTRICT/GROW CENTER OFFICE	813 E 4TH PL, LOS ANGELES 90013	39956	25158	OWNED	NONE
A218	MENTAL HEALTH-SKID ROW MANAGEMENT TEAM	420 S SAN PEDRO ST, LOS ANGELES 90013	3516	3340	LEASED	NONE
B426	DMH-ADULT SYSTEMS OF CARE-FSP	426 S SAN PEDRO ST, LOS ANGELES 90013	6500	6175	LEASED	NONE
B446	DHS-SKID ROW CLINIC	512 S SAN PEDRO ST, LOS ANGELES 90013	20628	19597	LEASED	NONE
B447	DMH-PROJECT 50 (OFFICE ONLY)	521 S SAN PEDRO ST, LOS ANGELES 90013	2540	2413	LEASED	NONE
5979	CENTRAL ARRAIGNMENT COURTHOUSE	429 BAUCHET ST, LOS ANGELES 90012	83692	46440	OWNED	NONE

ORIGINAL FILED

DATE POSTED – October 28, 2013 OCT 2 3 2013

NOTICE OF PREPARATION OF NEGATIVE DECLARATION LOS ANGELES, COUNTY CLERK

This notice is provided as required by the California Environmental quality Act and California Administrative Code Title 14 Division 6, Section 15072 (a) (2) B.

A Negative Declaration has been prepared for this site based on an Initial Study which consists of completion and signing of an Environmental Information Form showing background information as follows:

1. Name of Proponent - County of Los Angeles
   Chief Executive Office

2. Address/Phone No. - 222 South Hill Street, 3rd Floor
   Los Angeles, California 90012

Agent	Telephone
MiguelCovarrubias	(213) 974-4164

3. Date Information Form Submitted – October 28, 2013

4. Agency Requiring Information Form - Los Angeles County
   Chief Executive Office

5. Address of Facility Involved – 640 and 646 South Maple Avenue
   Los Angeles, California 90014

6. Description of Project - The County of Los Angeles currently leases the two parking lots and intends to temporarily install an approximately 9,600 square foot modular clinic for the Department of Mental Health. The temporary installation is needed while renovation work is performed to the interior of the existing clinic located at 529 South Maple Avenue, Los Angeles.

7. Finding for Negative Declaration - It has been determined that this project will not have a significant effect on the environment.

Interested parties may obtain a copy of the Negative Declaration and the completed Environmental Information Form/Initial Study by contacting the Real Property Agent indicated under 2. above and referring to the proposal by name or to the facility by address.

Si necesita informacion en espanol, por favor de comunicarse con el agente designado, para asistencia en obtener una traduccion.

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE

NEGATIVE DECLARATION

I. Location and Description of the Project

The proposed project is for the County of Los Angeles to continue leasing the parking lots at 640 and 646 South Maple Avenue, Los Angeles, California, currently used by the Department Mental Health Services and to temporarily install an approximately 9,600 square foot modular clinic. The temporary clinic installation is needed while renovations are performed to the interior of the clinic located at 529 South Maple Avenue. The lots are located in the Second Supervisorial District approximately 1 mile from the Los Angeles Civic Center in approximately 18,000 square feet of land. The County shall have use of approximately 80 off-street parking spaces for Mental Health staff and visitors within the adjacent parking structure. The Landlord has no expansion plans beyond the scope of this project.

II. Finding of No Significant Effect

Based on the attached initial study, it has been determined that the project will not have a significant effect on the environment.

III. Mitigation Measures

None required.

NEGATIVE DECLARATION

Department Name: Mental Health Services
Project: Downtown Mental Health Clinic – Temporary Space

Pursuant to Section 15072, California Environmental Quality Act and California Administrative Code Title 14, Division 6

1. Description of Project

The leasing of existing office space in an existing commercial building to be used by the County of Los Angeles, Department of Mental Health Services providing services to area residents.

2. a. Location of Project (plot plan attached)

640 and 646 South Maple Avenue
Los Angeles, CA 90014

b. Name of Project Proponent

County of Los Angeles
Chief Executive Office
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012

3. Finding for Negative Declaration

It has been determined that this project will not have a significant effect on the environment based on information shown in the attached Environmental Information Form dated October 28, 2013 which constitutes the Initial Study of this project.

4. Initial Study

An Initial Study leading to this Negative Declaration has been prepared by the Chief Executive Office and is attached hereto.

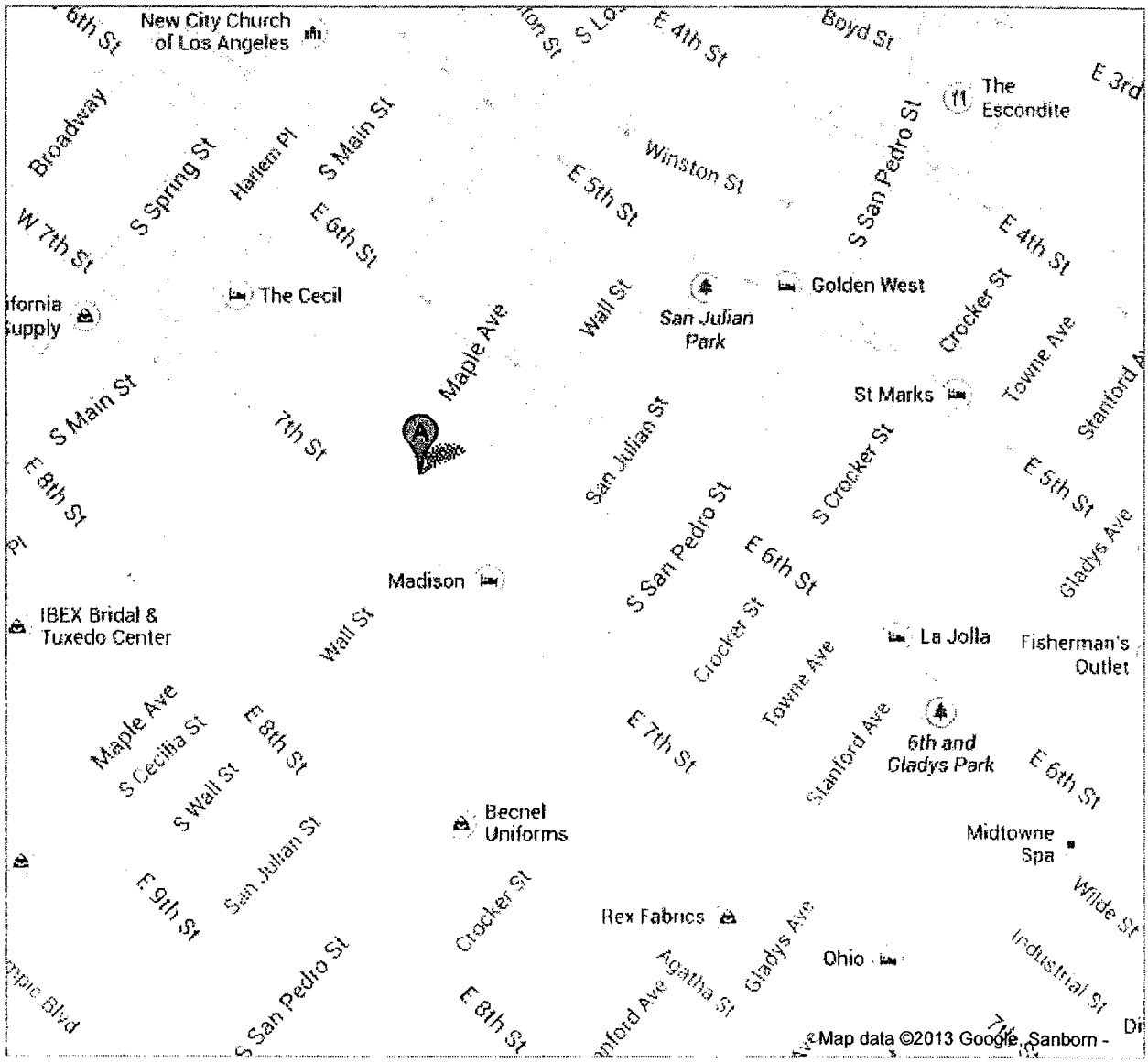
5. Mitigation Measures Included in Project

None required.

Date	Real Property Agent	Telephone
October 28, 2013	Miguel Covarrubias	(213) 974-4164

To see all the details that are visible on the screen, use the "Print" link next to the map.

Google



INITIAL STUDY

I. Location and Description of Project

The leased premises are located at 640 and 646 South Maple Avenue, Los Angeles located in the Second Supervisorial District approximately 1 mile east of the Los Angeles Civic Center. (See attached map)

The building to be used is owned by LTL, LLC and is intended for use as office space providing mental health services to area residents. Located 43 exclusive off-street parking spaces for the County's use and ample public parking located on the surface streets surrounding the area.

This project consists of leasing this facility for 8 years for occupancy by the Department of Mental Health. It is anticipated that an average of 43 employees will be occupying the premises with the maximum employee occupancy anticipated to be 40 per day. In addition to the employees, it is anticipated that an average of 220 members of the public will be visiting the facility daily. No expansion of existing premises will occur for this project and no alterations, except for interior furnishings, will be performed for this project.

II. Compatibility with General Plan

This project site is currently designated as commercial office use in the City of Los Angeles General Plan and zoned COCL. The proposed project would be consistent with these designations.

III. Environmental Setting

The project site is located in an area of commercial type facilities. The site includes approximately 18,000 square feet of developed property. The site is located on Maple Avenue between 6th Street on the north and 7th Street on the South.

IV. Identification of Environmental Effects

A. The impact of the proposed project on existing land forms will be negligible as no reshaping of the soil nor excavation nor foundations, utility lines, sewer lines or water lines will be necessary.

B. The project will not conflict with adopted environmental plans and goals of the City of Los Angeles.

C. The project will not have a substantial demonstrable negative aesthetic effect on the site. The existing facility will be continued to be maintained as part of the lease arrangement.

D. No rare or endangered species of animal or plant or the habitat of the species will be affected by the project. Nor will it interfere substantially with the movement of any resident fish or wildlife species or migratory fish or wildlife species.

E. The project will not breach published national, state or local standards relating to solid waste or litter control.

F. Development will not substantially degrade water quality, contaminate water supply, substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge.

G. There are no known archeological sites existing at the project site.

H. The proposed project will not induce substantial growth or concentration of population.

I. The project will not cause a substantial increase to existing traffic. Nor will it affect the carrying capacity of the present street system. This is a government use of private property for public benefit purposes. The County's use is in conformance with uses approved by the City of Los Angeles.

J. The project will not displace any persons from the site.

K. The project will not substantially increase the ambient noise levels to adjoining areas. Noise generated by the proposed County use does not exceed that previously experienced in the area when occupied by private tenants.

L. The proposed developed project will not cause flooding, erosion or siltation.

M. The project will not expose people or structures to major geologic hazards.

N. The project will not expend a sewer trunk line. All necessary utilities are available currently to the facility.

O. No increased energy consumption is anticipated by the County's use of the premises.

P. The project will not disrupt or divide the physical arrangement of established community; nor will it conflict with established recreational, educational, religious or scientific uses of the area.

Q. No public health or safety hazard or potential public health or safety hazard will be created by this project.

R. The project will not violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.

S. This project is exempt per CEQA Sec 15303 since the proposed temporary modular office space is less than 10,000 square feet.

V. Discussions of Ways to Mitigate Significant Effects

The proposed project is not expected to create any significant effects on the environment. To mitigate any effects upon the surrounding community the following measures will be implemented:

A. None Required.

VI. Initial Study Preparation

This study was prepared by Miguel Covarrubias of the Los Angeles County Chief Executive Office, Real Estate Division. This study was completed on October 28, 2013.

Lease:	Temporary Modular Clinic and Parking Lease
Department:	Mental Health
Lessor:	KEITH E. ADAMS
Address:	640 South Maple Avenue Los Angeles, CA

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COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AND AGREEMENT

THIS LEASE ("Lease") is made and entered into in triplicate original this ____ day of _____, 201__, by and between KEITH E. ADAMS, hereinafter referred to as the Lessor, and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as the Lessee.

1. **DESCRIPTION OF PREMISES:** The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, upon the following terms and conditions, hereby leases to the Lessee, and the Lessee hereby hires and takes of and from the Lessor, the entire Premises located at 640 South Maple Avenue, Los Angeles, in the County of Los Angeles, State of California, APN: 5148-023-011, consisting of an approximately 8,907 square foot paved lot.

2. **USE:** Lessor agrees that the Premises, together with all appurtenances thereto belonging to or in any way appertaining to the Premises, shall be used by the Lessee as follows:

   Use A: The installation of the temporary modular office, not considered a permanent fixture and to be used as the Lessee's Downtown Mental Health Clinic. Lessee hereby informs Lessor that the temporary modular office will also occupy part of the adjacent property known as 646 South Maple Avenue, Los Angeles (the "Adjacent Property") through a separate lease agreement with a different lessor (the "Adjacent Lease"). Use A must cease on or before thirty (30) months after the Commencement Date, as defined in Section 3, below, unless the parties otherwise agree to extend the term of Use A.

   Use B: Off-street parking for use by the Lessee's Department of Mental Health, after removal of Lessee's temporary modular office and restoration of the relevant lot surface of the Premises to its original condition.

3. **USE A TERM:** The term for Lessee's modular office ("Use A Term") will commence upon approval of this Lease by the County of Los Angeles Board of Supervisors (the "Commencement Date") and terminate on (i) the dates the temporary modular office are removed from the Premises and the Adjacent Property and the lot surfaces of the Premises and Adjacent Property are restored to the condition that they are on the date hereof and (ii) no later than

thirty (30) months after the Commencement Date, unless the parties otherwise agree to extend the Use A Term. In no event shall the Use A Term be less than twenty-four (24) months, even if the Lessee removes the modular office prior to that date. Lessee agrees to remove the temporary modular office from the Premises and the Adjacent Property and restore the lot surfaces of the Premises and Adjacent Property to the conditions that they are on the date hereof, at Lessee's sole expense, within thirty (30) months of the Commencement Date, unless the parties otherwise agree to extend the Use A Term. .

4. **USE B TERM:** The term for supplemental parking ("Use B Term") will commence upon the end of the Use A Term, if the Lease has not been terminated prior to that date. The Use B Term will terminate at midnight on the day before the eighth (8th) anniversary of the Commencement Date, subject to earlier termination rights provided herein.

5. **USE A RENT:** Lessee hereby agrees to pay to Lessor during the Term as rent for the Premises, the sum of twenty three thousand five hundred nighty two dollars ($23,592) per month which is based on a $7,000 per month Base Rent for the Premises and a $16,592 monthly modular office lease cost. Rental payments shall be due and payable on or prior to the first day of each month. Rent for any partial month shall be prorated in proportion to the number of days in such month. Base rent during the Use A term will be adjusted as provided in Section 15 hereof. At Lessor's request, Lessee shall pay such Use A Rent to a collection account established by Lessor to pay the rent to the Lessor of the modular office buildings (the "modular office") and other equipment being leased by Lessor for Lessee's use on the Premises and Adjacent Property (the "Leased Equipment"), pursuant to leases negotiated and approved by Lessee. If Lessor incurs any additional obligations or expenses under any lease for the Leased Equipment or modular office lease as a result of a late payment by Lessee of its Use A Rent payments, Lessee shall reimburse Lessor for such costs.

6. **USE B RENT:** Lessee hereby agrees to pay to Lessor as base rent for the Premises during the Use B Term the sum of six thousand dollars ($6,000) per month through the end of the Use B Term. Rental payments shall be due and payable on or prior to the first day of each month. Rent for any partial month shall be prorated in proportion to the number of days in such month. Base rent during the Use B term will be adjusted as provided in Section 15 hereof.

7. **ADDITIONAL RENT:** Lessee hereby agrees to pay Lessor as additional rent ("Additional Rent"), (a) Lessor's insurance costs above the costs of providing the first One Million Dollars ($1,000,000) of liability insurance (which will be paid within ten (10) days of Lessor's request with backup for the costs); and (b) all costs of operating the Premises and Lessee's occupancy and use of the Premises, including, without limitation, maintenance, utilities, trash service, management fees and any increases in taxation by the City of Los Angeles that are payable by Lessor due to the change in Lessee's use of the Premises.

8. **CANCELLATION:** Either party shall have the right to cancel this Lease at any time on or after the 48th month after the Commencement Date and at any time after the 12th month of the "Option Term", as defined in Section 30, below, upon one hundred eighty (180) days prior written notice to the other party. The termination notice may be given at any time after (i) forty-two (42) months after the Commencement Date; or (ii) the end of the 6th month of the Option Term. Lessee will not terminate this Lease unless it is simultaneously terminating the Adjacent Lease.

9. **HOLDOVER:** In case Lessee holds over beyond the end of the term or any Option Term provided with the consent express or implied of Lessor, such tenancy shall be from month-to-month only, subject to the terms and conditions of this Lease, but shall not be a renewal hereof, and the rent shall be at 100% of the rate prevailing under the terms of this Lease. Either party may during a holdover cancel this Lease by giving the other party not less than thirty (30) days prior written notice.

10. **ADJACENT LEASE:** Lessor shall have no obligation or responsibility with regard to the Adjacent Property or Adjacent Lease.

11. **DAMAGE OR DESTRUCTION:** Lessee agrees that if the Premises are damaged during the term (other than as the result of the negligent or willful actions of Lessor) then Lessee shall promptly repair the damage at Lessee's sole expense.

12. **PREPARATION OF PREMISES:** (a) Lessor agrees to lease and install on the Premises, under the direction and supervision of the Lessee's specifications, a temporary modular structures, sewer, water, electrical and telephone service connections to the temporary modular office, Americans with Disabilities Act ("ADA") ramps and other accommodations, low voltage cabling, lockable trash bin enclosure, additional security fencing, lighting restoration of

parking lot surface and the purchase or lease costs of Lessee's furniture. All such work and improvements shall be at the sole expense and risk of Lessee and Lessee shall keep the Premises free from all liens resulting from such work or improvements. All work to be done at a cost not to exceed $549,343. Such work shall commence within thirty (30) days of approval of this Lease by the County of Los Angeles Board of Supervisors. Lessee has been in possession of the Premises and has had the opportunity to make any inspections of the Premises that it deemed necessary and appropriate and is relying upon such investigations and not any representation or warranty of Lessor and, as a result, accepts the Premises in "as-is" "where-is" condition.

(b) Lessee agrees to reimburse Lessee the costs including vendor deposits for the above-mentioned work and modular lease costs, furniture costs via monthly payments, lump sum payments, or progress payments to Lessor as work progresses and as per the terms of Lessor's contracts with the vendors performing work, providing equipment, fixtures and services for the preparation of the Premises. All such payments and deposits shall be made prior to the time such costs are incurred by Lessor and become due and payable. If Lessor incurs any expenses as a result of a late payment by Lessee of these payments or deposits, Lessee shall reimburse Lessor for such costs. If the lease for the modular office or any Leased Equipment does not end prior to the end of the Use A Term, Lessee shall pay, as additional rent, all of the costs of terminating the lease or the balance of the term of such modular office lease or Leased Equipment lease as they become due.

(c) Lessee shall be responsible for overseeing and managing the installation of the modular office, furniture, infrastructure, inspections, insurance coverage and all required permits, if any. Additionally, Lessee shall provide the modular office and engineering plans, conduct the construction coordination and develop the furniture bid packages. Lessee will evaluate any and all proposals from the various vendors as to their accuracy and make the final selection. Lessee assumes full responsibility and will protect the Lessor as to the performance of the vendors, contractors and any and all liability associated with the installation of the modular office and its infrastructure, appurtenances and furniture, and the daily operation of the clinic.

(d) Lessee is responsible for securing the Premises and Adjacent Property and providing and maintaining onsite security service as needed for the protection of its agents, contractors, employees,

invitees or other persons on the Premises or Adjacent Property during Lessee's occupancy and use of the Premises.

13. **REPAIR, MAINTENANCE, REPLACEMENT:** Lessee shall maintain the temporary modular office in good repair and shall maintain the Premises in good and neat condition, reasonable wear and tear excepted, free of trash and debris and shall make any and all repairs required at Lessee's cost. Lessee shall not make any alterations to the Premises without Lessor's prior written consent. If permitted to make alterations, Lessee shall pay all expenses in connection therewith and keep the Premises free of liens from such work. Upon the termination of this Lease for any reason, Lessee shall remove the temporary modular office and all other improvements made by or on behalf of Lessee from the Premises and restore the lot surfaces of the Premises to the condition that they are on the date hereof, within thirty (30) months of the Commencement Date.

14. **UTILITIES:** Lessee agrees to pay when due all charges for utilities, including supplemental lighting service from the Department of Water and Power (DWP).

15. **RENTAL ADJUSTMENT:** Base rents for any partial month shall be prorated in proportion to the number of days in such month. Beginning on the first anniversary of the Commencement Date, and on each successive anniversary during the Use A Term, the base rent shall be adjusted as set forth in this Section 15. On the first anniversary of the commencement of the Use B Term and on each successive anniversary during the Use B Term, the base rent shall be adjusted as set forth in this Section 15. On the first anniversary of the commencement of the Option Term and on each successive anniversary during the Option Term, the base rent shall be adjusted as set forth in this Section 15.

Rental Adjustment: On each adjustment date, the base rents shall be adjusted in accordance with the CPI formula set forth in this Section 15.

CPI: The method for computing the annual base rent adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84 = 100), herein referred to as the "Index". If the Index is changed so that the base year of the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United State Department of

Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute index (if the original Index is discontinued without a replacement), then upon demand by either party, the matter shall be submitted to arbitration for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

For purposes hereof, (a) the term "New Index" shall mean the Index published for the month immediately preceding the month the adjustment is to be effective; and (b) the term "Prior Year's Index" shall mean the Index published for the month one (1) year prior to the New Index.

Use A Term. The rental adjustment for the base rent for the first anniversary of the Use A Term shall be calculated by multiplying the Landlord's initial base rent for the Use A Term of $7,000 by a fraction, the numerator being the New Index and the denominator being the Index published for the month prior to the Commencement Date ("Use A Term Base Index"). Then, on all subsequent years' anniversaries during the Use A Term, the rental adjustment for base rents shall be calculated by multiplying the prior year's adjusted base rent, by a fraction, the numerator being the New Index and the denominator being the Prior Year's Index. The formula shall be illustrated as follows:

On the first anniversary of the Commencement Date, the calculation will be (New Index ÷ Use A Term Base Index) X $7,000 (initial base rent) = adjusted base rent. On each subsequent adjustment period in the Use A Term thereafter: (New Index ÷ Prior Year's Index) X prior year's adjusted base rent = new adjusted base rent.

Use B Term. The rental adjustment for the base rent for the first anniversary of the Use B Term shall be calculated by multiplying the Landlord's initial base rent for the Use B Term of $6,000 by a fraction, the numerator being the New Index and the denominator being the Index published for the month prior to the first day in the Use B Term (the "Use B Term Base Index"). Then, on all subsequent years' anniversaries during the Use B Term, the rental adjustment for base rents shall be calculated by multiplying the prior year's adjusted base rent by a fraction, the numerator being the New Index and the denominator being the Prior Year's Index.

The formula shall be illustrated as follows:

On the first anniversary of the commencement of the Use B Term, the calculation will be (New Index ÷ Use B Term Base Index) X $6,000 (initial base rent for the Use B Term) = adjusted base rent. On each subsequent adjustment period in the Use B Term, the calculation will be (New Index ÷ Prior Year's Index) X prior year's adjusted base rent = new adjusted base rent.

Option Term. The rental adjustment for the base rent for the first anniversary of the Option Term shall be calculated by multiplying the Landlord's initial base rent for the Option Term (as agreed upon in Section 30, below) by a fraction, the numerator being the New Index and the denominator being the Index published for the month prior to the first day in the Option Term (the "Option Term Base Index"). Then, on all subsequent years' anniversaries during the Option Term, the rental adjustment for base rents shall be calculated by multiplying the prior year's adjusted base rent by a fraction, the numerator being the New Index and the denominator being the Prior Year's Index. The formula shall be illustrated as follows:

On the first anniversary of the commencement of the Option Term, the calculation will be (New Index ÷ Option Term Base Index) X the initial base rent for the Option Term = adjusted base rent. On each subsequent adjustment period in the Use B Term, the calculation will be (New Index ÷ Prior Year's Index) X prior year's adjusted base rent = new adjusted base rent.

General Provisions:

In no event shall the annual base rent based upon the CPI formula result in an annual increase greater than four percent (4%) per year of the prior year's adjusted base rent.

In no event shall the new adjusted base rent be adjusted by the CPI formula to result in a lower annual base rent than was payable during the previous year of the Lease.

16. **LESSOR'S ACCESS:** Lessee agrees to permit the Lessor or Lessor's authorized agents free access to the Premises at all reasonable times for the purpose of inspection or for making necessary improvements or repairs, if Lessor elects to cure any default by Lessee under Section 17A below.

17. **DEFAULT:** A. Default by Lessee:

Lessee agrees that if default shall be made in the payment

of rent in the manner herein provided or in any of the covenants or agreements herein contained on the part of the Lessee to be kept and performed which constitute a material breach of the Lease, it shall be lawful for the Lessor to declare said term ended and to terminate this Lease upon the giving of thirty (30) days written notice for non-monetary defaults and ten (10) days for defaults in the payment of base rent or other monetary amounts. In addition thereto, Lessor shall have such other rights or remedies as may be provided by law (including, but not limited to, the right to recover [pursuant to Civil Code Section 1951.2(a)(3) and (c)], the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the lessee proves could be reasonably avoided). Lessor may not terminate the Lease if (1) Lessee cures the default within the ten (10) or thirty (30) day period after the notice is given, or (2) if the default is a non-monetary default that cannot reasonably be cured within the thirty (30) days after notice is given, and Lessee reasonably commences to cure the default within the thirty (30) days period and diligently and in good faith continues to cure the default.

In addition, Lessor may, but shall not be required to, cure any default and Lessee shall promptly reimburse Lessor for one hundred ten percent (110%) of all amounts expended by Lessor in connection therewith.

Notwithstanding anything to the contrary set forth in this Lease, the cumulative liability of each party to this Lease for any claims made by the other party pursuant to this Lease shall not exceed $1,000,000. Such limitation shall not be deemed to limit the parties' indemnity obligations under Paragraphs 21 and 22 of this Lease to the extent such indemnity obligations are covered by the insurance required by that Paragraph. Because Lessee is not required to obtain an insurance policy from an independent insurance company under that Paragraph, Lessee shall be deemed to be required to self-insure its indemnity obligations under that Paragraph.

B. Default by Lessor:

Lessor shall not be in default in the performance of any obligation required to be performed under this Lease unless Lessor has failed to perform such obligation within thirty (30) days after the receipt of written notice of default from Lessee specifying in detail Lessor's failure to perform. Lessee may terminate this Lease upon Lessor's default of any material obligation upon giving of thirty (30) days written notice of termination. In addition thereto, Lessee shall have such other rights or remedies as may be provided by law. Lessee may not terminate the Lease if (1) Lessor performs and meets the obligation within the thirty (30) day period after notice of default is given, or (2) the obligation cannot reasonably be performed within thirty (30) days after notice of default is given, but Lessor reasonably commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default.

If Lessor or such person does not cure the default, Lessee may exercise any of its rights or remedies provided for or permitted in this Lease or pursuant to law, including the right to recover any damages proximately caused by the default.

If Lessee is permitted to cure the default under the terms of this Lease, and elects to do so, then Lessee shall be entitled to reimbursement for all of its costs incurred, as well as to recovery for all damages proximately caused to it because of the default.

Notwithstanding anything to the contrary set forth in this Lease, the cumulative liability of each party to this Lease for any claims made by the other party pursuant to this Lease shall not exceed $1,000,000. Such limitation shall not be deemed to limit the parties' indemnity obligations under Paragraphs 21 and 22 of this Lease. to the extent such indemnity obligations are covered by the insurance or self-insurance required by those Paragraphs. Because Lessee is not required to obtain an insurance policy from an independent insurance company under that Paragraph, Lessee shall be deemed to be required to self-insure its indemnity obligations under that Paragraph.

C. Receipt of Notice

Notwithstanding anything in Paragraph 14 herein to the contrary, receipt of notice under this Paragraph shall be conclusively presumed to have occurred on the earliest of:

(1) The date of personal delivery to Lessee or Lessor or to Lessor's agent or employee at Lessor's place of business, or to a resident over eighteen (18) years of age at Lessor's residence.

(2) The date of delivery shown upon the United States Postal Service's return receipt for certified or registered mail.

(3) Ten (10) days after deposit of notice to the address stipulated in Paragraph 14, sent by first class certified mail with the United States Postal Service, provided prior or concurrent notice has been attempted pursuant to Paragraph 14, but delivery has been refused or the notice otherwise returned without delivery.

18. **ASSIGNMENT; SUBLETTING :** Lessee shall have the right to assign this Lease or sub-lease the Premises to another government agency, assignee, contractor, or sub-contractor of the County with Lessor's prior written approval, which shall not be unreasonably withheld, upon the condition that the assignee or sublessee expressly assumes and agrees in writing to pay the rent and to perform each and every covenant and agreement in this Lease required by Lessee to be paid or to be performed.

Regardless of Lessor's consent, no assignment or subletting shall release Lessee of Lessee's obligations hereunder or alter the primary liability of Lessee to pay the base rent and other sums due Lessor, and to perform all other obligations to be performed by Lessee hereunder.

19. **NOTICES:** Notices desired or required to be given by this Lease or by any law now or hereinafter in effect shall be given by personal delivery or by enclosing the same in a sealed envelope with postage prepaid, certified or registered mail, return receipt requested, with the United States Postal Service.

Any such notice and the envelope containing the same shall be addressed to the Lessor as follows:

KEITH E. ADAMS
Attn: Mr. Keith E. Adams
90 White Tail Drive
Sedona, Arizona 86351-74444 R019

The notices and envelopes containing the same shall be addressed to the Lessee as follows:

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

with a copy to:

Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd floor
Los Angeles, CA 90012
Attention: Director of Real Estate

or such other place as may hereinafter be designated in writing by the Lessor or Lessee except that Lessor shall at all times maintain a mailing address in California.

20. **CONDEMNATION:** If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation") any award for the taking of all or any part of the Premises shall be the property of the Lessor, to the extent it is compensation for the taking of the fee or as severance damages. Lessee shall be entitled to that portion of the award, if any, attributable to Lessee's trade fixtures and improvements. "Trade fixtures" are agreed to include any tenant improvements installed at the Lessee's request to the extent that Lessee has reimbursed Lessor for such tenant improvements in a lump sum or through amortization included in the rent payments. This Lease shall remain in full force and effect as to the portion of the Premises remaining except that the rent shall be reduced in the proportion that the area taken bears to the total leased Premises.

If more than twenty-five percent (25%) of the leased area of the Premises is taken by condemnation, Lessee may cancel this Lease.

The parties agree that Lessor and Lessee shall each receive independently their relocation assistance. For that purpose, both parties shall enter into an agreement with the condemning authority which shall establish assistance to each party.

21. **INSURANCE:**

A. During the term of this Lease, Lessor and Lessee shall also at all times maintain in force a policy of comprehensive public liability insurance insuring against injury to persons and damage to property. This policy shall have a combined single limit coverage of not less than five-million dollars ($5,000,000) per occurrence (which may be provided, at Lessor's election, by a basic policy plus an umbrella policy, and/or by blanket policies covering more than one property). The policy coverage will be reviewed by the insurer every four (4) years to assure that this amount provides sufficient coverage. Lessee shall provide all risk insurance on the modular office to be constructed on the Premises and Adjacent Premises and all other improvements on the Premises and Adjacent Premises for the full replacement cost thereof and for at least one (1) year's rental interruption insurance.

B. Each party shall cause the other party to be named as an additional insured on each of the policies described above and each such policy shall require written notice to Lessee at least thirty (30) days prior to the expiration or other termination of the coverage. Lessor shall at all times be responsible for providing Lessee with evidence that such coverages are in effect and have not been terminated. In the event that Lessor causes or permits the insurance policy or policies to lapse or otherwise terminate, Lessee shall have the option to obtain the policy and deduct the premiums therefor from the rental payments next due or to self-insure, or Lessee, at its sole discretion, may surrender the Premises effective as of the date specified in the written notice of such surrender and Lessee shall not be liable for any further rental under the Lease and Agreement. At the sole option of the Lessee, it may self-insure by self-funding any or all of its insurance obligation required under this Lease. It is understood that if Lessee elects to self-insure as permitted above, Lessor shall have the same benefits and protections as if Lessee carried insurance with a third party insurance company satisfying the requirements of this Lease, including without limitation, the waiver of subrogation provisions hereof, and such self-insurance shall

not limit Lessee's indemnification obligations. If Lessee's self-insurance does not cover earthquake or flood insurance, Lessee shall also obtain such insurance from a licensed insurance carrier with at least the minimum coverages set forth in Section 21A, above, at Lessee's sole cost. for such risk(s).

C. Lessor agrees to indemnify, defend and hold harmless Lessee, its Special Districts, elected and appointed officers, agents and employees, from and against any and all liability, expenses (including defense costs and legal fees) and claims for damages for bodily injury, death or personal injury arising from or connected with the grossly negligent acts or omissions of Lessor or its agents or employees with regard to Lessor's use, maintenance or ownership of the Premises. Neither Lessor, nor any of its partners, agents, officers or employees, shall be responsible for property damage or bodily injury resulting from Lessee's activities, acts or omissions on or with respect to the Premises.

D. Lessee shall indemnify and hold harmless Lessor and its agents, owners and lenders, from and against any and all claims for damage to the person or property of anyone or any entity arising from Lessee's use of the Premises or Adjacent Property, or from the conduct of Lessee's business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere.

Lessee shall further indemnity and hold harmless Lessor from and against any and all claims, costs and expenses arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease, or arising from any act or omission of Lessee, or any of Lessee's agents, contractors, employees, or invitees, and from and against all costs, attorneys' fees, expenses and liabilities incurred by Lessor as the result of any such use, conduct, activity, work, things done, permitted or suffered, breach, default or negligence, and in dealing reasonably therewith, including but not limited to the defense or pursuit of any claim or any action or proceeding involved therein.

In case any action or proceeding be brought against Lessor by reason of any matter for which Lessee is to indemnify Lessor under this Section 15D, Lessee, upon notice from Lessor, shall defend the same at Lessee's expense by

counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense.

Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property of Lessee or injury to persons, in, upon or about the Premises or Adjacent Premises and Lessee hereby waives all claims in respect thereof against Lessor. Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for loss of or damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises or the Adjacent Premises. Lessor need not have first paid any such claim in order to be so indemnified.

For purposes of this section 21D, Lessee shall be understood to include all employees of the County of Los Angeles who come on to the premises for parking or any other purpose, as well as any and all guests and/or invitees said employees shall bring onto or otherwise cause to enter onto the Premises.

22. **HAZARDOUS MATERIALS:**

Definition:

For purposes of this Lease, the term "Hazardous Substances" shall be deemed to include hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316 as amended from time to time, or the same or a related defined term in any successor or companion statutes, and crude oil or byproducts of crude oil other than crude oil which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

Warranties and Representations:

1. Lessor hereby warrants and represents, without any obligation to make any inspection of the Premises, that to its knowledge, during the period since the Premises were first owned by Keith E. Adams, Hazardous Substances have not been released on the Premises; that it has no knowledge of any release of Hazardous Substances on the Premises occurring before its ownership; that it has no knowledge or reason to believe that there are Hazardous Substances on the Premises; that Lessor shall comply with all federal, state and

local laws and regulations concerning the use, release, storage and disposal of Hazardous Substances; and that Lessor shall require all other tenants, if any, of the subject property to comply with the aforementioned rules and regulations.

2. Lessor represents to Lessee that the Adjacent Property contains an abandoned underground clarifier, which has been filled in with asphalt by the Adjacent Owner during the existing term of Lessee's lease of the Adjacent Premises, with the knowledge and consent of the Lessee. The Lessee has been given the opportunity to make such inspections of the Premises and Adjacent Property as it determined to be necessary or appropriate. The Lessee acknowledges that it has conducted an on-site Hazardous Substances inspection of the Adjacent Premises and, in particular, the location of that clarifier (and the underground pipe leading to it) and has determined that there are no hazardous toxic or radioactive substances, (including but not limited to gases or fumes) coming from the location of the clarifier or the pipes leading to it that would in any way negatively impact and/or pose short or long term risk of damage to the temporary office structures or the employees, guest or invitees of the Lessee to the Premises or the Adjacent Property. The Lessee assumes any and all risk regarding any injury or damage arising from said abandoned clarifier which has been filled with asphalt and now exists below the surface level of the existing parking lot.

3. Lessee hereby warrants and represents that it shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of Hazardous Substances on the Premises.

Notice:

Lessor and Lessee agree to immediately notify each other when either party learns that Hazardous Substances have been released on the Premises and/or the Adjacent Property.

Indemnity:

1. Lessor agrees to indemnify, defend and save Lessee, its Special Districts, elected and appointed officers, agents and employees from or against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever

which arise out of the presence of Hazardous Substances (excluding the abandoned underground clarifier on the Adjacent Premises) which have been caused by Lessor or its agents, employees, or invitees (and, Lessee agrees that the owners of the Adjacent Property are not the agents, employees or invitees of Lessor). Notwithstanding the foregoing, Lessee for itself and its Special Districts, elected and appointed officers, agents and employees releases Lessor from any and all known or unknown claims for damages of any nature whatsoever which arise out of the presence of Hazardous Substances including the abandoned underground clarifier on the Premises which have not been caused by Lessor or its agents, employees, or invitees.

2. Lessee agrees to indemnify, defend and save harmless Lessor from and against all liability, expenses (including defense costs, legal fees and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of Hazardous Substances on the Premises caused by Lessee or its agents, employees or invitees. Nothing in this Lease shall be construed to waive, limit, or supersede any of Lessee's rights or immunities under the California Labor Code, including but not limited to a waiver pursuant to section 3864 of the Labor Code. Lessor need not have first paid any such claim in order to be so indemnified.

3. The indemnity provided each party by this provision shall survive the termination of this Lease.

Default:

The presence or release of Hazardous Substances on the Premises and/or subject property, which is not caused by Lessee and which threatens the health and safety of Lessee's agents, officers, employees or invitees, as determined by Lessee's sole discretion, shall entitle Lessee to immediately terminate this Lease, subject to Lessor's obligations to remove improvements and restore the Premises, as more fully set forth in Section 12, above. In the event of such termination, Lessee shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental.

Operating Costs:

Costs incurred by Lessor as a result of the presence or release of Hazardous Substances on the Premises and/or subject property which is not caused by Lessee or its agents, contractors or affiliates are extraordinary costs not considered normal operating expenses and shall not be passed through to Lessee as part of its obligation, if any, to pay operating expenses.

23. **TAXES:**

Lessor shall pay promptly all real property taxes, assessments and special assessments which may be levied or assessed against the Premises during the term of this Lease or any renewal or holdover period thereof, except to the extent of any such tax which is imposed as a result of the operations of Lessee on the Premises, which shall be the sole responsibility of Lessee.

In the event Lessor fails or refuses to pay any or all taxes or assessments when due, Lessee may give Lessor thirty (30) calendar days prior written notice and thereafter pay such taxes and assessments and deduct the payments from the installments of rent next due as a charge against the Lessor.

24. **BINDING ON SUCCESSORS:**

Each and all of the terms and agreements herein contained shall be binding upon and shall inure to the benefit of the successors in interest of the Lessor, and wherever the context permits or requires, the successors in interest to the Lessee. In the event of any transfer of such title or interest, Lessor herein named (and in case of any subsequent transfers then the grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be binding on Lessor's successors and assigns, only during their respective periods of ownership.

25. **GENERAL PROVISIONS:**

A. Waiver

The waiver by Lessor or Lessee of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained.

B. Marginal Headings

The paragraph titles in this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

C. Time

Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

D. Recordation

Either party may record a short-form memorandum of this Lease at any time without the prior written consent of the other party.

E. Quiet Possession

Upon Lessee paying the rent hereunder Lessee shall have quiet possession of the Premises for the entire term hereof subject to all the provisions in this Lease. If any underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, this Lease shall nevertheless remain in full force and effect and Lessee at all times shall be entitled to quiet possession and use of the Premises and shall, notwithstanding any subordination, and upon the request of such successor in interest to Lessor, attorn to and become the Lessee of the successor in interest to Lessor.

F. Prior Agreements

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease and no prior agreements or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement, in writing, signed by the parties hereto or their respective successors-in-interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto. Upon the Commencement Date, the existing lease for the Premises between Lessee and Lessor's predecessor-in-interest, will terminate.

G. Force Majeure

In the event that either party is delayed or hindered from the performance of any act required hereunder (other than payment of money) by reason of strikes, lock-outs, labor troubles, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations, riots, insurrection, war or other reasons of a like nature beyond the control of such party, then performance of such acts shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

H. Separability

Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

I. Cumulative Remedies

No remedy or election hereunder shall be deemed exclusive but shall wherever possible be cumulative with all other remedies at law or in equity.

J. Choice of Law

This Lease shall be governed by the laws of the State of California, exclusive of conflict of law provisions.

K. Impairment of Title

Lessor hereby covenants to notify Lessee in writing within thirty (30) days of each and every occurrence which may impair Lessor's title to the Premises. Such occurrences include, but are not limited to, default on a trust deed, transfer of any interest in any trust deed, notification of any lien recordation, notification of any foreclosure, and notification of default in the master lease. Lessor further agrees to notify Lessee, in writing, within ten (10) days of receipt of any written notice regarding redevelopment, zoning, or conditional use permits which affect the property, the subject of this Lease or real property adjacent thereto.

L. Arbitration

In the event of any dispute (other than any unlawful detainer proceeding or action for injunctive relief) regarding the terms, conditions, rights or obligations of the parties hereto, such dispute may, at the request of either party, be submitted to arbitration in accordance with the provisions of Code of Civil Procedure Section 1280 et seq as they now exist or may later be amended. In any arbitration, the Arbitrator will give each party a preliminary draft of the decision at least ten (10) days before the Arbitrator makes the decision final so that the parties may comment upon the opinion and point out errors.

M. Interpretation

The language of this Lease shall be construed according to its fair meaning and not strictly for or against Lessor or Lessee. Unless the context of this Lease clearly requires otherwise: (i) the plural and singular numbers shall be deemed to include the other, (ii) the masculine, feminine and neuter genders shall be deemed to include the others, (iii) "or" is not exclusive, and (iv) "includes" and "including" are not limiting.

N. Community Business Enterprise

Lessor is encouraged to use Community Business Enterprises (CBE) in all contracts when possible as sources for supplies, equipment, construction and services. This shall apply during any applicable tenant improvement construction, if any, and services to be provided during the Lease term.

Lessor shall submit evidence of CBE participation by providing completed copies of the Community Business Enterprise Firm Information, form attached hereto as Exhibit "A", at the time of signing this Lease and thereafter on an annual basis on or before December 30th of each year of the term of this Lease.

O. Lobbyists

Lessor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Lessor, shall fully comply with the County

Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Lessor or any County lobbyist or County lobbying firm retained by Lessor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Lease upon which County may immediately terminate or suspend this Lease.

26. **WARRANTY OF AUTHORITY:** Each of the undersigned signatories for the Lessor hereby, personally covenant warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Lease upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessee from all damages, costs, and expenses, which result from a breach of this material representation.

27. **ESTOPPEL CERTIFICATE:** Either party shall, at any time upon not less than thirty (30) days' prior written notice from the other party, execute, acknowledge and deliver to the requesting party a statement in writing in substantially the form of Exhibit B attached hereto and incorporated herein by this reference. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises or any other interested party. Failure to deliver such statement within such time shall be conclusive evidence (a) that this Lease is in full force and effect without modification except as may be represented by the requesting party in the written request for the certificate, (b) that there are no uncured defaults in either party's performance, and (c) that not more than one month's rent has been paid in advance.

28. **CONSIDERATION OF GAIN PROGRAM PARTICIPANTS:** Should Lessor require additional or replacement personnel after the effective date of this Lease, Lessor shall give consideration for any such employment participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet Lessor's minimum qualifications for the open position. The County will refer GAIN participants by job category to the Lessor.

29. **SOLICITATION OF CONSIDERATION:** It is improper for any County officer, employee or agent to solicit consideration,in any form, from a lessor with the implication, suggestion or statement that the lessor's provision of the consideration may secure more favorable treatment for the lessor in the award of the lease or that the lessor's failure to provide such consideration may negatively affect the County's consideration of the lessor's submission. A lessor shall not offer or give, either; directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the

purpose of securing favorable treatment with respect to the award of the lease.

A Lessor shall immediately report if the Lessor suspects fraud or wrong doing by a County employee, attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861 or www.lacountyfraud.org. You may remain anonymous. Failure to report such solicitation may result in the termination of the Lease.

30. **OPTION TO EXTEND:**

(a) Terms of Option. Provided that no material default has occurred and is continuing under the Lease at the time the option is exercised, Tenant shall have one option to renew this Lease for an additional period of five (5) years (the "Option Term") after the Use B Term

(b) Exercise of Option. Tenant must exercise its option to extend this Lease, if it elects to do so, by giving Landlord written notice of its intent to do so by Chief Executive Office letter no later than ninety (90) days prior to the end of the Use B Term..

(c) Terms and Conditions of Extension Term. The Option Term shall be on all the terms and conditions of this Lease, except that base rent for the Option Term shall be increased to fair market value by negotiation and mutual agreement of the parties.

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LESSOR:

KEITH E. ADAMS

By: _____
Name: _____
Its: _____

ATTEST:

Sachi A. Hamai
Executive Officer-Clerk
of the Board of Supervisors

By:_____
Deputy

COUNTY OF LOS ANGELES
a body politic and corporate

By _____
Name: _____
Chair, Board of Supervisors

APPROVED AS TO FORM:
John F. Krattli
County Counsel

By:_____
Deputy

Lease:	Temporary Modular Clinic and Parking Lease
Department:	Mental Health
Lessor:	ECD ENTERPRISES, LLC
Address:	646 South Maple Avenue Los Angeles, CA

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COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AND AGREEMENT

THIS LEASE ("Lease") is made and entered into in triplicate original this ____ day of _____, 201__, by and between 646 S. MAPLE HOLDINGS, LLC, a California limited liability company, hereinafter referred to as the Lessor, and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as the Lessee.

1. **DESCRIPTION OF PREMISES:** The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, upon the following terms and conditions, hereby leases to the Lessee, and the Lessee hereby hires and takes of and from the Lessor, the entire Premises located at 646 South Maple Avenue, Los Angeles, in the County of Los Angeles, State of California, APN: 5148-023-006, consisting of an approximately 7,437 square foot paved lot.

2. **USE:** Lessor agrees that the Premises, together with all appurtenances thereto belonging to or in any way appertaining to the Premises, shall be used by the Lessee as follows:

Use A: The installation of the temporary modular offices, not considered a permanent fixture and to be used as the Lessee's Downtown Mental Health Clinic. Lessee hereby informs Lessor that the temporary modular offices will also occupy part of the adjacent property known as 640 South Maple Avenue, Los Angeles (the "Adjacent Property") through a separate lease agreement with a different lessor (the "Adjacent Lease"). Use A must cease on or before thirty (30) months after the Commencement Date, as defined in Section 3, below, unless the parties otherwise agree to extend the term of Use A.

Use B: Off-street parking for use by the Lessee's Department of Mental Health, after removal of Lessee's temporary modular offices and restoration of the relevant lot surface of the Premises to its original condition.

3. **USE A TERM:** The term for Lessee's modular office ("Use A Term") will commence upon approval of this Lease by the County of Los Angeles Board of Supervisors (the "Commencement Date") and terminate on (i) the dates the temporary modular offices are removed from the Premises and the Adjacent Property and the lot surfaces of the Premises and Adjacent Property are restored to the condition that they are on the date hereof and (ii) no later than

thirty (30) months after the Commencement Date, unless the parties otherwise agree to extend the Use A Term. In no event shall the Use A Term be less than twenty four (24) months, even if the Lessee removes the modular office prior to that date. Lessee agrees to remove the temporary modular offices from the Premises and the Adjacent Property and restore the lot surfaces of the Premises and Adjacent Property to the conditions that they are on the date hereof, at its sole cost and expense, within thirty (30) months of the Commencement Date, unless the parties otherwise agree to extend the Use A Term.

4. **USE B TERM:** The term for supplemental parking ("Use B Term") will commence upon the end of the Use A Term, if the Lease has not been terminated prior to that date. The Use B Term will terminate at midnight on the day before the eighth (8th) anniversary of the Commencement Date, subject to earlier termination rights provided herein.

5. **USE A RENT:** Lessee hereby agrees to pay to Lessor during the Term as base rent for the Premises, the sum of seven thousand dollars ($7,000) per month. Rental payments shall be due and payable on or prior to the first day of each month. Rent for any partial month shall be prorated in proportion to the number of days in such month. Base rent during the Use A term will be adjusted as provided in Section 15 hereof.

6. **USE B RENT:** Lessee hereby agrees to pay to Lessor as base rent for the Premises during the Use B Term the sum of six thousand dollars ($6,000) per month through the end of the Use B Term. Rental payments shall be due and payable on or prior to the first day of each month. Rent for any partial month shall be prorated in proportion to the number of days in such month. Base rent during the Use B term will be adjusted as provided in Section 15 hereof.

7. **ADDITIONAL RENT:** Lessee hereby agrees to pay Lessor as additional rent ("Additional Rent"), Lessor's insurance premiums above the costs of providing the first One Million Dollars ($1,000,000) of liability insurance. Such amounts will be paid by Lessee within ten (10) days of Lessor's written request for such amounts, together with backup for the costs. In addition Lessee shall pay all costs of operating the Premises and Lessee's occupancy and use of the Premises, including, without limitation, maintenance, utilities, trash service, management fees and any increases in taxation by the City of Los Angeles that are payable by Lessor due to the change in Lessee's use of the Premises.

8. **CANCELLATION:** Either party shall have the right to cancel this Lease at any time on or after the 48th month after the Commencement Date and at any time after the 12th month of the "Option Term", as defined in Section 30, below, upon one hundred eighty (180) days prior written notice to the other party. The termination notice may be given at any time after (i) forty-two (42) months after the Commencement Date; or (ii) the end of the 6th month of the Option Term. Lessee will not terminate this Lease unless it is simultaneously terminating the Adjacent Lease.

9. **HOLDOVER:** In case Lessee holds over beyond the end of the term or any Option Term provided with the consent express or implied of Lessor, such tenancy shall be from month-to-month only, subject to the terms and conditions of this Lease, but shall not be a renewal hereof, and the rent shall be at 100% of the rate prevailing under the terms of this Lease. Either party may during a holdover cancel this Lease by giving the other party not less than thirty (30) days prior written notice.

10. **ADJACENT LEASE:** Lessor shall have no obligation or responsibility with regard to the Adjacent Property or Adjacent Lease.

11. **DAMAGE OR DESTRUCTION:** Lessee agrees that if the Premises are damaged during the term (other than as the result of the negligent or willful actions of Lessor) then Lessee shall promptly repair the damage at Lessee's sole expense.

12. **PREPARATION OF PREMISES:** Lessor agrees to Lessee's temporary modular office use on part of the Premises, which includes the installation of the temporary modular structures, sewer, water, electrical and telephone service connections to the temporary modular offices, Americans with Disabilities Act ("ADA") ramps and other accommodations, low voltage cabling, lockable trash bin enclosure, and additional security fencing and lighting. All such work and improvements shall be at the sole expense and risk of Lessee and Lessee shall keep the Premises and Adjacent Property free from all liens resulting from such work or improvements. Such work shall commence within thirty (30) days of approval of this Lease by the County of Los Angeles Board of Supervisors. Lessee has been in possession of the Premises and has had the opportunity to make any inspections of the Premises that it deemed necessary and appropriate and is relying upon such investigations and not any representation or warranty of Lessor and, as a result, accepts the Premises in "as-is" "where-is" condition.

Lessee is responsible for securing the Premises and Adjacent

Property and providing and maintaining onsite security service as needed for the protection of its agents, contractors, employees, or invitees or other persons on the Premises and Adjacent Property during Lessee's use or occupancy of the Premises or Adjacent Premises.

13. **REPAIR, MAINTENANCE, REPLACEMENT:** Lessee shall maintain the temporary modular offices in good repair and shall maintain the Premises in good and neat condition, reasonable wear and tear excepted, free of trash and debris and shall make any and all repairs required at Lessee's cost. Lessee shall not make any alterations to the Premises without Lessor's prior written consent. If permitted to make alterations, Lessee shall pay all expenses in connection therewith and keep the Premises free of liens from such work. Upon the termination of this Lease for any reason, Lessee shall remove the temporary modular offices and all other improvements made by or on behalf of Lessee from the Premises and restore the lot surfaces of the Premises to the condition that they are on the date hereof, within thirty (30) months of the Commencement Date.

14. **UTILITIES:** Lessee agrees to pay when due all charges for utilities, including supplemental lighting service from the Department of Water and Power (DWP).

15. **RENTAL ADJUSTMENT:** Base rents for any partial month shall be prorated in proportion to the number of days in such month. Beginning on the first anniversary of the Commencement Date, and on each successive anniversary during the Use A Term, the base rent shall be adjusted as set forth in this Section 15. On the first anniversary of the commencement of the Use B Term and on each successive anniversary during the Use B Term, the base rent shall be adjusted as set forth in this Section 15. On the first anniversary of the commencement of the Option Term and on each successive anniversary during the Option Term, the base rent shall be adjusted as set forth in this Section 15.

Rental Adjustment: On each adjustment date, the base rents shall be adjusted in accordance with the CPI formula set forth in this Section 15.

CPI: The method for computing the annual base rent adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84 = 100), herein referred to as the "Index". If the Index is changed so that the base year of the

Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United State Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute index (if the original Index is discontinued without a replacement), then upon demand by either party, the matter shall be submitted to arbitration for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

For purposes hereof, (a) the term "New Index" shall mean the Index published for the month immediately preceding the month the adjustment is to be effective; and (b) the term "Prior Year's Index" shall mean the Index published for the month one (1) year prior to the New Index.

Use A Term. The rental adjustment for the base rent for the first anniversary of the Use A Term shall be calculated by multiplying the Landlord's initial base rent for the Use A Term of $7,000 by a fraction, the numerator being the New Index and the denominator being the Index published for the month prior to the Commencement Date ("Use A Term Base Index"). Then, on all subsequent years' anniversaries during the Use A Term, the rental adjustment for base rents shall be calculated by multiplying the prior year's adjusted base rent, by a fraction, the numerator being the New Index and the denominator being the Prior Year's Index. The formula shall be illustrated as follows:

On the first anniversary of the Commencement Date, the calculation will be (New Index ÷ Use A Term Base Index) X $7,000 (initial base rent) = adjusted base rent. On each subsequent adjustment period in the Use A Term thereafter: (New Index ÷ Prior Year's Index) X prior year's adjusted base rent = new adjusted base rent.

Use B Term. The rental adjustment for the base rent for the first anniversary of the Use B Term shall be calculated by multiplying the Landlord's initial base rent for the Use B Term of $6,000 by a fraction, the numerator being the New Index and the denominator being the Index published for the month prior to the first day in the Use B Term (the "Use B Term Base Index"). Then, on all subsequent years' anniversaries during the Use B Term, the rental

adjustment for base rents shall be calculated by multiplying the prior year's adjusted base rent by a fraction, the numerator being the New Index and the denominator being the Prior Year's Index. The formula shall be illustrated as follows:

On the first anniversary of the commencement of the Use B Term, the calculation will be (New Index ÷ Use B Term Base Index) X $6,000 (initial base rent for the Use B Term) = adjusted base rent. On each subsequent adjustment period in the Use B Term, the calculation will be (New Index ÷ Prior Year's Index) X prior year's adjusted base rent = new adjusted base rent.

Option Term. The rental adjustment for the base rent for the first anniversary of the Option Term shall be calculated by multiplying the Landlord's initial base rent for the Option Term (as agreed upon in Section 30, below) by a fraction, the numerator being the New Index and the denominator being the Index published for the month prior to the first day in the Option Term (the "Option Term Base Index"). Then, on all subsequent years' anniversaries during the Option Term, the rental adjustment for base rents shall be calculated by multiplying the prior year's adjusted base rent by a fraction, the numerator being the New Index and the denominator being the Prior Year's Index. The formula shall be illustrated as follows:

On the first anniversary of the commencement of the Option Term, the calculation will be (New Index ÷ Option Term Base Index) X the initial base rent for the Option Term = adjusted base rent. On each subsequent adjustment period in the Use B Term, the calculation will be (New Index ÷ Prior Year's Index) X prior year's adjusted base rent = new adjusted base rent.

General Provisions:

In no event shall the annual base rent based upon the CPI formula result in an annual increase greater than four percent (4%) per year of the prior year's adjusted base rent.

In no event shall the new adjusted base rent be adjusted by the CPI formula to result in a lower annual base rent than was payable during the previous year of the Lease.

16. **LESSOR'S ACCESS:** Lessee agrees to permit the Lessor or Lessor's authorized agents free access to the Premises at all reasonable times for the purpose of inspection or for making necessary improvements or repairs, if Lessor elects to cure any default by Lessee under Section 17A below.

17. **DEFAULT:** A. Default by Lessee:

Lessee agrees that if default shall be made in the payment of rent in the manner herein provided or in any of the covenants or agreements herein contained on the part of the Lessee to be kept and performed which constitute a material breach of the Lease, it shall be lawful for the Lessor to declare said term ended and to terminate this Lease upon the giving of thirty (30) days written notice for non-monetary defaults and ten (10) days for defaults in the payment of base rent or other monetary amounts. In addition thereto, Lessor shall have such other rights or remedies as may be provided by law (including, but not limited to, the right to recover [pursuant to Civil Code Section 1951.2(a)(3) and (c)], the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the lessee proves could be reasonably avoided). Lessor may not terminate the Lease if (1) Lessee cures the default within the ten (10) or thirty (30) day period after the notice is given, or (2) if the default is a non-monetary default that cannot reasonably be cured within the thirty (30) days after notice is given, and Lessee reasonably commences to cure the default within the thirty (30) days period and diligently and in good faith continues to cure the default.

In addition, Lessor may, but shall not be required to, cure any default and Lessee shall promptly reimburse Lessor for one hundred ten percent (110%) of all amounts expended by Lessor in connection therewith.

Notwithstanding anything to the contrary set forth in this Lease, the cumulative liability of each party to this Lease for any claims made by the other party pursuant to this Lease shall not exceed $1,000,000. Such limitation shall not be deemed to limit the parties' indemnity obligations under Paragraphs 21 and 22 of this Lease to the extent such indemnity obligations are covered by the insurance required by that Paragraph. Because Lessee is not required to obtain an insurance policy from an independent insurance company under that Paragraph, Lessee shall be deemed to be required to self-insure its indemnity obligations under that Paragraph.

B. Default by Lessor:

Lessor shall not be in default in the performance of any obligation required to be performed under this Lease unless Lessor has failed to perform such obligation within thirty (30) days after the receipt of written notice of default from Lessee specifying in detail Lessor's failure to perform. Lessee may terminate this Lease upon Lessor's default of any material obligation upon giving of thirty (30) days written notice of termination. In addition thereto, Lessee shall have such other rights or remedies as may be provided by law. Lessee may not terminate the Lease if (1) Lessor performs and meets the obligation within the thirty (30) day period after notice of default is given, or (2) the obligation cannot reasonably be performed within thirty (30) days after notice of default is given, but Lessor reasonably commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default.

If Lessor or such person does not cure the default, Lessee may exercise any of its rights or remedies provided for or permitted in this Lease or pursuant to law, including the right to recover any damages proximately caused by the default.

If Lessee is permitted to cure the default under the terms of this Lease, and elects to do so, then Lessee shall be entitled to reimbursement for all of its costs incurred, as well as to recovery for all damages proximately caused to it because of the default.

Notwithstanding anything to the contrary set forth in this Lease, the cumulative liability of each party to this Lease for any claims made by the other party pursuant to this Lease shall not exceed $1,000,000. Such limitation shall not be deemed to limit the parties' indemnity obligations under Paragraphs 21 and 22 of this Lease. to the extent such indemnity obligations are covered by the insurance or self-insurance required by those Paragraphs. Because Lessee is not required to obtain an insurance policy from an independent insurance company under that Paragraph, Lessee shall be deemed to be required to self-insure its indemnity obligations under that Paragraph.

C. Receipt of Notice

Notwithstanding anything in Paragraph 14 herein to the contrary, receipt of notice under this Paragraph shall be conclusively presumed to have occurred on the earliest of:

(1) The date of personal delivery to Lessee or Lessor or to Lessor's agent or employee at Lessor's place of business, or to a resident over eighteen (18) years of age at Lessor's residence.

(2) The date of delivery shown upon the United States Postal Service's return receipt for certified or registered mail.

(3) Ten (10) days after deposit of notice to the address stipulated in Paragraph 14, sent by first class certified mail with the United States Postal Service, provided prior or concurrent notice has been attempted pursuant to Paragraph 14, but delivery has been refused or the notice otherwise returned without delivery.

18. **ASSIGNMENT; SUBLETTING:** Lessee shall have the right to assign this Lease or sub-lease the Premises to another government agency, assignee, contractor, or sub-contractor of the County with Lessor's prior written approval, which shall not be unreasonably withheld, upon the condition that the assignee or sublessee expressly assumes and agrees in writing to pay the rent and to perform each and every covenant and agreement in this Lease required by Lessee to be paid or to be performed.

Regardless of Lessor's consent, no assignment or subletting shall release Lessee of Lessee's obligations hereunder or alter the primary liability of Lessee to pay the base rent and other sums due Lessor, and to perform all other obligations to be performed by Lessee hereunder.

19. **NOTICES:** Notices desired or required to be given by this Lease or by any law now or hereinafter in effect shall be given by personal delivery or by enclosing the same in a sealed envelope with postage prepaid, certified or registered mail, return receipt requested, with the United States Postal Service.

Any such notice and the envelope containing the same shall be addressed to the Lessor as follows:

Davis Family Survivor's Trust
Attn: Mr. Loren Davis
7721 Henefer Avenue
Los Angeles, CA 90045

The notices and envelopes containing the same shall be addressed to the Lessee as follows:

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

with a copy to:

Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd floor
Los Angeles, CA 90012
Attention: Director of Real Estate

or such other place as may hereinafter be designated in writing by the Lessor or Lessee except that Lessor shall at all times maintain a mailing address in California.

20. **CONDEMNATION:** If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation") any award for the taking of all or any part of the Premises shall be the property of the Lessor, to the extent it is compensation for the taking of the fee or as severance damages. Lessee shall be entitled to that portion of the award, if any, attributable to Lessee's trade fixtures and improvements. "Trade fixtures" are agreed to include any tenant improvements installed at the Lessee's request to the extent that Lessee has reimbursed Lessor for such tenant improvements in a lump sum or through amortization included in the rent payments. This Lease shall remain in full force and effect as to the portion of the Premises remaining except that the rent shall be reduced in the proportion that the area taken bears to the total leased Premises.

If more than twenty-five percent (25%) of the leased area of the Premises is taken by condemnation, Lessee may cancel this Lease.

The parties agree that Lessor and Lessee shall each receive independently their relocation assistance. For that purpose, both parties shall enter into an agreement with the condemning authority which shall establish assistance to each party.

21. **INSURANCE:**

A. During the term of this Lease, Lessor and Lessee shall also at all times maintain in force a policy of comprehensive public liability insurance insuring against injury to persons and damage to property. This policy shall have a combined single limit coverage of not less than five-million dollars ($5,000,000) per occurrence (which may be provided, at Lessor's election, by a basic policy plus an umbrella policy, and/or by blanket policies covering more than one property). The policy coverage will be reviewed by the insurer every four (4) years to assure that this amount provides sufficient coverage. Lessee shall provide all risk insurance on the modular office to be constructed on the Premises and Adjacent Premises and all other improvements on the Premises and Adjacent Premises for the full replacement cost thereof and for at least one (1) year's rental interruption insurance.

B. Each party shall cause the other party to be named as an additional insured on each of the policies described above and each such policy shall require written notice to Lessee at least thirty (30) days prior to the expiration or other termination of the coverage. Lessor shall at all times be responsible for providing Lessee with evidence that such coverages are in effect and have not been terminated. In the event that Lessor causes or permits the insurance policy or policies to lapse or otherwise terminate, Lessee shall have the option to obtain the policy and deduct the premiums therefor from the rental payments next due or to self-insure, or Lessee, at its sole discretion, may surrender the Premises effective as of the date specified in the written notice of such surrender and Lessee shall not be liable for any further rental under the Lease and Agreement. At the sole option of the Lessee, it may self-insure by self-funding any or all of its insurance obligation required under this Lease. It is understood that if Lessee elects to self-insure as permitted above, Lessor shall have the same benefits and protections as if Lessee carried insurance with a third party insurance company satisfying the requirements of this Lease, including without limitation, the waiver of subrogation provisions hereof, and such self-insurance shall not limit Lessee's indemnification obligations. If Lessee's

self-insurance does not cover earthquake or flood insurance, Lessee shall also obtain such insurance from a licensed insurance carrier with at least the minimum coverages set forth in Section 21A, above, at Lessee's sole cost. for such risk(s).

C. Lessor agrees to indemnify, defend and hold harmless Lessee, its Special Districts, elected and appointed officers, agents and employees, from and against any and all liability, expenses (including defense costs and legal fees) and claims for damages for bodily injury, death or personal injury arising from or connected with the grossly negligent acts or omissions of Lessor or its agents or employees with regard to Lessor's use, maintenance or ownership of the Premises. Neither Lessor, nor any of its partners, agents, officers or employees, shall be responsible for property damage or bodily injury resulting from Lessee's activities, acts or omissions on or with respect to the Premises.

D. Lessee shall indemnify and hold harmless Lessor and its agents, owners and lenders, from and against any and all claims for damage to the person or property of anyone or any entity arising from Lessee's use of the Premises or Adjacent Property, or from the conduct of Lessee's business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere.

Lessee shall further indemnity and hold harmless Lessor from and against any and all claims, costs and expenses arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease, or arising from any act or omission of Lessee, or any of Lessee's agents, contractors, employees, or invitees, and from and against all costs, attorneys' fees, expenses and liabilities incurred by Lessor as the result of any such use, conduct, activity, work, things done, permitted or suffered, breach, default or negligence, and in dealing reasonably therewith, including but not limited to the defense or pursuit of any claim or any action or proceeding involved therein.

In case any action or proceeding be brought against Lessor by reason of any matter for which Lessee is to indemnify Lessor under this Section 15D, Lessee, upon notice from Lessor, shall defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall

cooperate with Lessee in such defense.

Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property of Lessee or injury to persons, in, upon or about the Premises or Adjacent Premises and Lessee hereby waives all claims in respect thereof against Lessor. Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for loss of or damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises or the Adjacent Premises. Lessor need not have first paid any such claim in order to be so indemnified.

For purposes of this section 21D, Lessee shall be understood to include all employees of the County of Los Angeles who come on to the premises for parking or any other purpose, as well as any and all guests and/or invitees said employees shall bring onto or otherwise cause to enter onto the Premises.

22. **HAZARDOUS MATERIALS:**

Definition:

For purposes of this Lease, the term "Hazardous Substances" shall be deemed to include hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316 as amended from time to time, or the same or a related defined term in any successor or companion statutes, and crude oil or byproducts of crude oil other than crude oil which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

Warranties and Representations:

1. Lessor hereby warrants and represents, without any obligation to make any inspection of the Premises, that to its knowledge, during the period since the Premises were first owned by Charlotte Davis, Hazardous Substances have not been released on the Premises; that it has no knowledge of any release of Hazardous Substances on the Premises occurring before its ownership; that it has no knowledge or reason to believe that there are Hazardous Substances on the Premises; that Lessor shall comply with all federal, state and local laws and regulations concerning the use, release, storage

and disposal of Hazardous Substances; and that Lessor shall require all other tenants, if any, of the subject property to comply with the aforementioned rules and regulations.

2. Lessor represents to Lessee that the Adjacent Property contains an abandoned underground clarifier, which has been filled in with asphalt by the Adjacent Owner during the existing term of Lessee's lease of the Adjacent Premises, with the knowledge and consent of the Lessee. The Lessee has been given the opportunity to make such inspections of the Premises and Adjacent Property as it determined to be necessary or appropriate. The Lessee acknowledges that it has conducted an on-site Hazardous Substances inspection of the Adjacent Premises and, in particular, the location of that clarifier (and the underground pipe leading to it) and has determined that there are no hazardous toxic or radioactive substances, (including but not limited to gases or fumes) coming from the location of the clarifier or the pipes leading to it that would in any way negatively impact and/or pose short or long term risk of damage to the temporary office structures or the employees, guest or invitees of the Lessee to the Premises or the Adjacent Property. The Lessee assumes any and all risk regarding any injury or damage arising from said abandoned clarifier which has been filled with asphalt and now exists below the surface level of the existing parking lot.

3. Lessee hereby warrants and represents that it shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of Hazardous Substances on the Premises.

Notice:

Lessor and Lessee agree to immediately notify each other when either party learns that Hazardous Substances have been released on the Premises and/or the Adjacent Property.

Indemnity:

1. Lessor agrees to indemnify, defend and save Lessee, its Special Districts, elected and appointed officers, agents and employees from or against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of Hazardous Substances

(excluding the abandoned underground clarifier on the Adjacent Premises) which have been caused by Lessor or its agents, employees, or invitees (and, Lessee agrees that the owners of the Adjacent Property are not the agents, employees or invitees of Lessor). Notwithstanding the foregoing, Lessee for itself and its Special Districts, elected and appointed officers, agents and employees releases Lessor from any and all known or unknown claims for damages of any nature whatsoever which arise out of the presence of Hazardous Substances including the abandoned underground clarifier on the Premises which have not been caused by Lessor or its agents, employees, or invitees.

2. Lessee agrees to indemnify, defend and save harmless Lessor from and against all liability, expenses (including defense costs, legal fees and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of Hazardous Substances on the Premises caused by Lessee or its agents, employees or invitees. Nothing in this Lease shall be construed to waive, limit, or supersede any of Lessee's rights or immunities under the California Labor Code, including but not limited to a waiver pursuant to section 3864 of the Labor Code. Lessor need not have first paid any such claim in order to be so indemnified.

3. The indemnity provided each party by this provision shall survive the termination of this Lease.

Default:

The presence or release of Hazardous Substances on the Premises and/or subject property, which is not caused by Lessee and which threatens the health and safety of Lessee's agents, officers, employees or invitees, as determined by Lessee's sole discretion, shall entitle Lessee to immediately terminate this Lease, subject to Lessor's obligations to remove improvements and restore the Premises, as more fully set forth in Section 12, above. In the event of such termination, Lessee shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental.

Operating Costs:

Costs incurred by Lessor as a result of the presence or release of

Hazardous Substances on the Premises and/or subject property which is not caused by Lessee or its agents, contractors or affiliates are extraordinary costs not considered normal operating expenses and shall not be passed through to Lessee as part of its obligation, if any, to pay operating expenses.

23. **TAXES:**

Lessor shall pay promptly all real property taxes, assessments and special assessments which may be levied or assessed against the Premises during the term of this Lease or any renewal or holdover period thereof, except to the extent of any such tax which is imposed as a result of the operations of Lessee on the Premises, which shall be the sole responsibility of Lessee.

In the event Lessor fails or refuses to pay any or all taxes or assessments when due, Lessee may give Lessor thirty (30) calendar days prior written notice and thereafter pay such taxes and assessments and deduct the payments from the installments of rent next due as a charge against the Lessor.

24. **BINDING ON SUCCESSORS:**

Each and all of the terms and agreements herein contained shall be binding upon and shall inure to the benefit of the successors in interest of the Lessor, and wherever the context permits or requires, the successors in interest to the Lessee. In the event of any transfer of such title or interest, Lessor herein named (and in case of any subsequent transfers then the grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be binding on Lessor's successors and assigns, only during their respective periods of ownership.

25. **GENERAL PROVISIONS:**

A. Waiver

The waiver by Lessor or Lessee of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained.

B. Marginal Headings

The paragraph titles in this Lease are not a part of this Lease and shall have no effect upon the construction or

interpretation of any part hereof.

C. Time

Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

D. Recordation

Either party may record a short-form memorandum of this Lease at any time without the prior written consent of the other party.

E. Quiet Possession

Upon Lessee paying the rent hereunder Lessee shall have quiet possession of the Premises for the entire term hereof subject to all the provisions in this Lease. If any underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, this Lease shall nevertheless remain in full force and effect and Lessee at all times shall be entitled to quiet possession and use of the Premises and shall, notwithstanding any subordination, and upon the request of such successor in interest to Lessor, attorn to and become the Lessee of the successor in interest to Lessor.

F. Prior Agreements

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease and no prior agreements or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement, in writing, signed by the parties hereto or their respective successors-in-interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto. Upon the Commencement Date, the existing lease for the Premises between Lessee and Lessor's predecessor-in-interest, will terminate.

G. Force Majeure

In the event that either party is delayed or hindered from the performance of any act required hereunder (other than payment of money) by reason of strikes, lock-outs, labor troubles, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations, riots, insurrection, war or other reasons of a like nature beyond the control of such party, then performance of such acts shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

H. Separability

Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

I. Cumulative Remedies

No remedy or election hereunder shall be deemed exclusive but shall wherever possible be cumulative with all other remedies at law or in equity.

J. Choice of Law

This Lease shall be governed by the laws of the State of California, exclusive of conflict of law provisions.

K. Impairment of Title

Lessor hereby covenants to notify Lessee in writing within thirty (30) days of each and every occurrence which may impair Lessor's title to the Premises. Such occurrences include, but are not limited to, default on a trust deed, transfer of any interest in any trust deed, notification of any lien recordation, notification of any foreclosure, and notification of default in the master lease. Lessor further agrees to notify Lessee, in writing, within ten (10) days of receipt of any written notice regarding redevelopment, zoning, or conditional use permits which affect the property, the subject of this Lease or real property adjacent thereto.

L. Arbitration

In the event of any dispute (other than any unlawful detainer proceeding or action for injunctive relief) regarding the terms, conditions, rights or obligations of the parties hereto, such dispute may, at the request of either party, be submitted to arbitration in accordance with the provisions of Code of Civil Procedure Section 1280 et seq as they now exist or may later be amended. In any arbitration, the Arbitrator will give each party a preliminary draft of the decision at least ten (10) days before the Arbitrator makes the decision final so that the parties may comment upon the opinion and point out errors.

M. Interpretation

The language of this Lease shall be construed according to its fair meaning and not strictly for or against Lessor or Lessee. Unless the context of this Lease clearly requires otherwise: (i) the plural and singular numbers shall be deemed to include the other, (ii) the masculine, feminine and neuter genders shall be deemed to include the others, (iii) "or" is not exclusive, and (iv) "includes" and "including" are not limiting.

N. Community Business Enterprise

Lessor is encouraged to use Community Business Enterprises (CBE) in all contracts when possible as sources for supplies, equipment, construction and services. This shall apply during any applicable tenant improvement construction, if any, and services to be provided during the Lease term.

Lessor shall submit evidence of CBE participation by providing completed copies of the Community Business Enterprise Firm Information, form attached hereto as Exhibit "A", at the time of signing this Lease and thereafter on an annual basis on or before December 30th of each year of the term of this Lease.

O. Lobbyists

Lessor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Lessor, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Lessor or any County lobbyist

or County lobbying firm retained by Lessor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Lease upon which County may immediately terminate or suspend this Lease.

26. **WARRANTY OF AUTHORITY:** Each of the undersigned signatories for the Lessor hereby, personally covenant warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Lease upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessee from all damages, costs, and expenses, which result from a breach of this material representation.

27. **ESTOPPEL CERTIFICATE:** Either party shall, at any time upon not less than thirty (30) days' prior written notice from the other party, execute, acknowledge and deliver to the requesting party a statement in writing in substantially the form of Exhibit B attached hereto and incorporated herein by this reference. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises or any other interested party. Failure to deliver such statement within such time shall be conclusive evidence (a) that this Lease is in full force and effect without modification except as may be represented by the requesting party in the written request for the certificate, (b) that there are no uncured defaults in either party's performance, and (c) that not more than one month's rent has been paid in advance.

28. **CONSIDERATION OF GAIN PROGRAM PARTICIPANTS:** Should Lessor require additional or replacement personnel after the effective date of this Lease, Lessor shall give consideration for any such employment participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet Lessor's minimum qualifications for the open position. The County will refer GAIN participants by job category to the Lessor.

29. **SOLICITATION OF CONSIDERATION:** It is improper for any County officer, employee or agent to solicit consideration,in any form, from a lessor with the implication, suggestion or statement that the lessor's provision of the consideration may secure more favorable treatment for the lessor in the award of the lease or that the lessor's failure to provide such consideration may negatively affect the County's consideration of the lessor's submission. A lessor shall not offer or give, either; directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award

of the lease.

A Lessor shall immediately report if the Lessor suspects fraud or wrong doing by a County employee, attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861 or www.lacountyfraud.org. You may remain anonymous. Failure to report such solicitation may result in the termination of the Lease.

30. **OPTION TO EXTEND:**

(a) Terms of Option. Provided that no material default has occurred and is continuing under the Lease at the time the option is exercised, Tenant shall have one option to renew this Lease for an additional period of five (5) years (the "Option Term") after the Use B Term

(b) Exercise of Option. Tenant must exercise its option to extend this Lease, if it elects to do so, by giving Landlord written notice of its intent to do so by Chief Executive Office letter no later than ninety (90) days prior to the end of the Use B Term..

(c) Terms and Conditions of Extension Term. The Option Term shall be on all the terms and conditions of this Lease, except that base rent for the Option Term shall be increased to fair market value by negotiation and mutual agreement of the parties.

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LESSOR:

646 S. MAPLE HOLDINGS, LLC, a
California limited liability company

By DAVIS FAMILY SURVIVORS TRUST,
sole Member

By:_____
Name: Loren Davis, Trustee:

By: _____
Name: Sydney Diane Julien, Trustee:

By:_____
Name: Robert D. Keijonen, Trustee:

ATTEST:

Sachi A. Hamai
Executive Officer-Clerk
of the Board of Supervisors

By:_____
Deputy

COUNTY OF LOS ANGELES
a body politic and corporate

By:_____
Name:_____
Chair, Board of Supervisors

APPROVED AS TO FORM:
John F. Krattli
County Counsel

By:_____
Deputy