WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

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

"To Enrich Lives Through Effective And Caring Service""

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

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MICHAEL D. ANTONOVICH
Fifth District

September 16, 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 AMENDMENT
CHILD SUPPORT SERVICES DEPARTMENT
5500 SOUTH EASTERN AVENUE, COMMERCE
(FIRST DISTRICT)
(3 VOTES)

SUBJECT

An eight-year lease amendment for the Child Support Services Department to provide continued use of the facility and expand from 31,832 square feet to 48,794 square feet of office space, with 195 parking spaces.

IT IS RECOMMENDED THAT THE BOARD:

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

2. Approve and instruct the Chairman to sign the eight-year lease amendment with Omninet Commerce, LP (Landlord) for the Child Support Services Department to occupy 48,794 square feet of office space and 195 parking spaces located at 5500 South Eastern Avenue, Commerce, at an initial annual rental cost of $1,809,317. The program costs are approximately 34 percent subvened by State funds and 66 percent subvened by federal funds.

3. Authorize the Internal Services Department, or the Landlord, at the direction of the Chief Executive Office, to acquire and install telephone, data, and low voltage systems at a cost not to exceed $1,400,000. All or part of the telephone, data and low–voltage systems may be paid either in a lump sum, or financed over a five year term, with the financed portion not to exceed $318,000 per year, in addition to other tenant improvement allowances provided under the lease.

4. Authorize the Chief Executive Officer and the Directors of Child Support Services and Internal Services, to implement the project. The lease will be effective upon approval by the Board, however, the term extension and new rent will commence upon completion of the improvements by the Landlord and acceptance by the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Child Support Services Department (CSSD) plans to implement a service model designed to be more efficient by consolidating services among three buildings within one business park and reduce the overall total square footage. The first phase of this service model will be to acquire the entire 48,794 square feet of office space within this building in order to relocate their Commerce Public Contact Office from 5770 South Eastern Avenue and their Intergovernmental Division, currently located across the street at 5701 South Eastern Avenue into the redesigned facility. CSSD currently occupies another building in the Commerce Office Park at 5770 South Eastern Avenue, and will be proposing a new lease at 5801 East Slauson Boulevard.

The County has occupied the subject facility since October 1999. CSSD originally occupied 42,250 square feet, and in January 2004, expanded into more space, occupying the entire building consisting of 48,794 square feet. Subsequently, CSSD restructured various programs housed at the facility and reduced its leased premises to 39,991 square feet. The facility is currently used for administrative programs including customer financial services, communications and marketing, policy, staff development, technology and analysis, as well as the Ombudsperson office. The current term of the lease expires on March 8, 2017, and will be extended for an additional eight years through 2025, concurrent with two other County facilities, one to be re-leased, and one proposed new lease, for use by CSSD in the same Business Park under separate agreements.

CSSD has undertaken a restructuring of various programs to reduce the amount of office space required and related rental costs. The proposed lease amendment will allow CSSD to vacate 58,019 square feet at 5701 South Eastern Avenue, and relocate staff into this and two other facilities in the Commerce Office Park. CSSD plans to have 250 staff housed at this location. The lease consolidation will provide cost-saving benefits to the County by efficiently re-configuring existing space design with new furniture, carpet, and other tenant improvements. The reduction in cumulative rentable square feet proposed from the consolidation would approximate 18,889 square feet, which would provide a potential base rent cost savings of approximately $582,537 per annum.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. The proposed lease amendment supports this goal by consolidating operations, improving efficiencies to provide quality information and services to families in the region. The lease is in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed lease will provide the County 48,794 square feet of office space and 195 parking spaces for an initial base rent of $102,468 per month, or $1,229,609 annually, i.e., $2.10/$25.20 per square foot per month/year. A Tenant Improvement (TI) allowance of $975,880 is included in the base rent, and an additional TI allowance of $2,439,700 is available for improvement of the premises. If all the additional TI allowance is expended and amortized over five years at 7 percent interest, the annual reimbursable payments would amount to $579,708.

This is a full-service gross lease whereby the Landlord is responsible for all operating costs associated with the County's occupancy. The rent is subject to consumer price index (CPI) increases capped at 3 percent annually. Parking is included in the rental rate.

Sufficient funding for the proposed lease costs is included in the Fiscal Year (FY) 2014-15 Rent Expense budget and will be billed back to CSSD. CSSD has sufficient funding in its FY 2014-15 operating budget to cover the projected lease costs. Attachment B is an overview of the lease costs associated with the lease amendment.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease amendment wil provide the use of 48,794 square feet of office space and 195 on-site parking spaces. The proposed lease amendment contains the following provisions:

- An eight-year lease amendment for a total of ten years, effective upon approval by the Board, and commencing upon completion of TIs.

- A full-service gross basis whereby the Landlord is responsible for the operational and maintenance costs of the facility.

- A base TI allowance of $975,880, or $20 per square foot, is included in the base rental rate for improvement of the premises.

- A reimbursable TI allowance of $2,439,700, or $50 per square foot, may be paid in a lump-sum or amortized over five years at 7 percent interest.

- Annual rental adjustments based upon the CPI with a maximum increase of 3 percent per annum.

The Chief Executive Office (CEO), Real Estate staff conducted a survey within the service area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the survey area that could suitably accommodate this requirement more economically, nor are there any County-owned or leased facilities available for this program. Based upon said survey, staff has established that the rental range for similar space is between $18.00 and $25.80 per square foot per year on a full-service gross basis. Thus, the base annual rental rate of $25.20 per square foot per year on a full-service gross basis for the proposed lease, including parking, represents a rate within the market range for the area. Attachment C shows County-owned or leased facilities available for the program.

The Department of Public Works inspected this facility and found it suitable for County occupancy. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402. Construction of the TIs will be completed in compliance with building codes and the Americans with Disabilities Act.

A child care center is not feasible for the proposed leased premises. There is an existing center within close proximity of the Commerce Office Park.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this project is exempt from the California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will adequately provide the necessary office space for this County requirement, and CSSD concurs with the recommendation.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors, return three originals of the executed lease amendment, two certified copies of the Minute Order, and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:CMM
CEM:TS:FC:gw

Enclosures

c: Executive Office, Board of Supervisors
Auditor-Controller
County Counsel
Child Support Services
Internal Services

ATTACHMENT A

CHILD SUPPORT SERVICES DEPARTMENT
5500 SOUTH EASTERN AVENUE, COMMERCE
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] **195 square feet per person.**	X		
2.	**Capital**				
	A	Is it a substantial net County cost (NCC) program? **34% State and 66% federal funding.**		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? **Not at this time.**		X	
	D	Why was this program not co-located?			X
		1. ____ The program clientele requires a "stand alone" facility**.**			
		2. _X_ No suitable County occupied properties in project area.			
		3**.** ____ No County-owned facilities available for the project.			
		4. ___ Could not get City clearance or approval.			
		5. ___ 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?

ATTACHMENT B

FISCAL IMPACT/FINANCING
OVERVIEW OF LEASE CHANGES

5500 South Eastern Avenue, Commerce	**Existing Lease**	**Proposed Amendment**	**Change**
Area (square feet)	39,991	48,794	+ 8,803
Term	Seven years (3/09/2010-3/08/2017)	Eight years upon completion of TIs. (3/08/2017 –* 2025)	+ Eight years
Annual Rent	$954,985 ($23.88/sq.ft.)	$1,229,609 ($25.20/sq.ft.)	+$274,624 (+$1.32/sq.ft.)
Base TI Allowance	$399,910 ($10.00/sq.ft.)	$975,880 ($20.00/sq.ft.)	+$575,970 ($10.00/sq.ft.)
Additional TI Allowance	None	$2,439,700 (1) ($50.00 per sq.ft.)	+$2,439,700 (+$50.00 per sq.ft.)
Annual TI Reimbursement	None	$579,708 ($11.88 per sq.ft.)	+$579,708 (+$11.88 per sq.ft.)
Maximum Annual Rent	$954,985 ($23.88/sq.ft.)	$1,809,317 (2) ($37.08 per sq.ft.)	+$854,332 ($17.51 per sq.ft.)
Cancellation	After the 42nd month, with 6 months notice	None	No cancellation
Parking (included)	160 spaces	195 spaces	+35 spaces
Option to Renew	One-five year option	One-five year option	None
Rental Adjustment	Consumer Price Index (CPI) capped at 5 percent	CPI capped at 3 percent	-2 percent

(1) $2,439,700 represents the maximum amount of reimbursable TI funds available for this project. If this entire amount is expended and amortized over 60 months at the proposed rate of 7 percent, the annual TI reimbursement amount will be $579,708 ($0.99/$11.88 per sq.ft. per month/annually).

(2) Includes the annual base rent and the annual reimbursement of the Additional TI allowance.

*Estimated Date of Completion (EDOC) of TIs to occur in the Spring of 2015. The proposed eight -year lease extension term will commence from the EDOC of TIs.

ATTACHMENT C

CHILD SUPPORT SERVICES DEPARTMENT
5500 SOUTH EASTERN AVENUE, COMMERCE
SPACE SEARCH-THREE MILE RADIUS

LACO	Facility Name	Address	Ownership	Gross SQFT	Net SQFT	SQFT Available
A600	CENTRAL CIVIL WEST COURTHOUSE	600 S COMMONWEALTH AVE, LOS ANGELES 90005	LEASED	35,452	33,679	NONE
A600	CENTRAL CIVIL WEST COURTHOUSE	600 S COMMONWEALTH AVE, LOS ANGELES 90005	LEASED	54,005	51,146	NONE
B922	DPSS-WILSHIRE SPECIAL DISTRICT OFFICE	2415 W 6TH ST, LOS ANGELES 90057	LEASED	46,228	42,065	NONE
0144	EL PUEBLO REDEVELOPMENT - OLD BRUNSWIG	510 NEW HIGH ST, LOS ANGELES 90012	OWNED	35,683	22,753	NONE
X317	DCSS-LE SAGE COMPLEX 4 STORY BUILDING	3175 W 6TH ST, LOS ANGELES 90020	OWNED	52,230	42,341	NONE
Y013	DPSS-CIVIC CENTER DISTRICT/GROW CENTER OFFICE	813 E 4TH PL, LOS ANGELES 90013	OWNED	39,956	25,158	NONE
A423	SHERIFF-PERSONNEL AND RECRUITMENT CENTER	101 CENTRE PLAZA DR, MONTEREY PARK 91754	LEASED	37,590	33,831	NONE
3100	NORTHEAST JUVENILE JUSTICE CENTER BLDG-1	1601 EASTLAKE AVE, LOS ANGELES 90033	OWNED	47,579	34,727	NONE
3542	FIRE-ADMINISTRATIVE HEADQUARTERS BUILDING	1320 N EASTERN AVE, LOS ANGELES 90063-3294	OWNED	39,015	24,288	NONE
5870	ISD-EASTERN AVE COMPLEX TELECOM BRANCH BLDG	1110 N EASTERN AVE, LOS ANGELES 90063	OWNED	37,742	28,973	NONE
A497	DPSS-SAN GABRIEL VALLEY GAIN PROGRAM REG III	3216 ROSEMEAD BLVD, EL MONTE 91731	LEASED	41,836	39,744	NONE
A157	DCFS-BELVEDERE (SPA 7)	5835 S EASTERN AVE, CITY OF COMMERCE 90040	LEASED	38,814	36,873	NONE
A188	SHERIFF-INTERNAL AFFAIRS BUREAU/RISK MANAGEMT	4900 S EASTERN AVE, CITY OF COMMERCE 90040	LEASED	38,936	33,247	NONE
A332	CHILD SUPPORT SERVICES-TRAINING/IT DIVISION	5500 S EASTERN AVE, CITY OF COMMERCE 90040	LEASED	39,991	37,991	NONE
5395	PUBLIC LIBRARY-MONTEBELLO LIBRARY	1550 W BEVERLY BLVD, MONTEBELLO 90640	OWNED	50,530	23,989	NONE
5721	DPSS-SOUTH CENTRAL AP DISTRICT OFFICE	10728 S CENTRAL AVE, LOS ANGELES 90002	OWNED	51,991	32,463	NONE
X998	LOS PADRINOS JUVENILE COURTHOUSE-1	7281 E QUILL DR, DOWNEY 90242	OWNED	47,232	23,148	NONE
A176	HEALTH SERVICES-EMS	10100 PIONEER BLVD, SANTA FE SPRINGS 90670	LEASED	41,720	39,634	NONE

AMENDMENT NO. 1 TO LEASE NO. 77248
CHILD SUPPORT SERVICES DEPARTMENT
5500 SOUTH EASTERN AVENUE, COMMERCE

This **AMENDMENT NO. 1 to LEASE No. 77248** ("**Amendment**" or "**Amendment No. 1**") is made, entered into and effective as of this _____ day of _____, 2014, by and between **OMNINET COMMERCE, LP**, a Delaware limited partnership ("**OMNINET**" or "**Landlord**"), and the **COUNTY OF LOS ANGELES**, a body corporate and politic ("**Tenant**").

RECITALS:

WHEREAS, OMNINET is successor in interest to ARI COMMERCE OFFICE PARK, LLC, a Limited Liability Corporation ("**ARI**"), and as such has assumed all obligations of ARI pertaining to Lease No. 77248 (the "**Lease**" or "**Original Lease**")) dated as of March 9, 2010, whereby ARI leased to Tenant approximately 39,991 rentable square feet of office space (the "**Existing Premises**") commonly known as Suites 150 and 200 in the building located at 5500 South Eastern Avenue, Commerce, CA (the "**Building**"), for a term of seven (7) years, and;

WHEREAS, Landlord and Tenant desire to amend the Lease for the purpose of (i) extending the term of the Lease, (ii) expand the Existing Premises by adding the space depicted on **Exhibit A** attached hereto, said space commonly known as suite 110 and located on the first floor of the Building containing approximately 8,803 rentable square feet (the "**Expansion Space")**, and (iii) modify certain provisions of the Lease as set forth in this Amendment No, 1; and

WHEREAS, the terms of this Amendment No. 1 shall not become effective until such time that said Amendment is executed by all the parties herein,

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements herein contained, and are intended to be legally bound, Landlord and Tenant hereby covenant and agree to amend Lease No. 77248 as follows:

1. LANDLORD'S ADDRESS FOR NOTICE: Paragraph 1.1 (a) Landlord's Address for Notice: is hereby deleted in its entirety and replaced with the following:

   OMNINET COMMERCE, LP
   9420 Wilshire Boulevard, Suite 400
   Beverly Hills, CA 90212
   Attn: Michael Danielpour

   With a copy to:

OMNINET COMMERCE, LP
c/o Omninet Property Management
9420 Wilshire Boulevard, Suite 400
Beverly Hills, CA 90212
Attn: Andrea Costantini

2. DESCRIPTION OF PREMISES: Effective as of the Expansion Space Commencement Date (as defined below), Paragraph 1.1 (c) Premises of the Lease shall be amended to establish that (the "**Premises**") shall mean and refer to the Existing Premises and the Expansion Space collectively, and shall contain a new cumulative total of approximately 48,794 rentable square feet. The Expansion Space is shown cross-hatched in **Exhibit A** of this Amendment No. 1.

   Furthermore, in Paragraph 1.1 (k) Rentable Square Feet in the Premises: 39,991 shall be deleted and replaced with 48,794.

3. TERM: Paragraph 1.1 (e) Term, of the Original Lease is hereby amended to extend the Lease Term for ten (10) years after the date of the acceptance of the Expansion Space. Paragraph 1.1 (e) Term, is hereby deleted in its entirety and replaced with the following:

   Ten (10) years commencing upon the date of delivery of the Expansion Premises to Tenant (the "**Expansion Space Commencement Date**"), which shall be the date upon which the Expansion Space has been delivered to Tenant in Ready for Occupancy condition, as defined in Paragraph 10(a) below, and terminating at midnight on the day before the tenth anniversary of the Expansion Space Commencement Date. The period of time commencing on the Expansion Space Commencement Date and terminating on the last day of the tenth year following the Expansion Space Commencement Date shall be referred to herein as the "**Expansion Space Term**." The date of acceptance of the Expansion Space shall be memorialized through a Memorandum of Commencement Date in the form attached hereto as **Exhibit C-1**.

4. RENT: Effective as of the Expansion Space Commencement Date, Paragraph 1.1 (i) Basic Rent, is hereby deleted in its entirety and replaced with the following:

   Tenant hereby agrees to pay as rent during the Expansion Space Term, $102,467.40 per month (which is based upon a rental rate of $2.10 per rentable square foot, adjustable only as provided in Paragraphs 2(b) and 5 of the Lease).

5. EARLY TERMINATION: Effective upon execution of this Amendment No. 1 by the parties hereto, Paragraph 1.1 (j) Early Termination Notice Date, is hereby deleted in its entirety and shall be of no further effect.

6. PARKING SPACES: Effective upon Expansion Space Commencement Date, Paragraph 1.1 (n) Parking Spaces, is hereby deleted in its entirety and replaced with the following:

195 (4/1000) non-exclusive parking spaces (nontandem).

7. DEFINED TERMS RELATING TO LANDLORD'S WORKLETTER: Effective upon execution of this Amendment No. 1 by the parties hereto, Paragraph 1.2 (a) Base Tenant Improvement Allowance, is hereby deleted in its entirety and replaced with the following:

   $975,880 ($20/sq.ft.)

   Furthermore, Paragraph 1.2 (b) Additional Tenant Improvement Allowance, is hereby deleted in its entirety and replaced with the following:

   $2,439,700 ($50/sq.ft.)

8. COMMENCEMENT AND EXPIRATION: the Original Lease is hereby amended to reflect the Expansion Space Term and the removal of the cancellation provision. Paragraph 4 COMMENCEMENT AND EXPIRATION DATES, (a) Term, and 4 (d) Early Termination are hereby deleted in their entirety and replaced with the following:

   Paragraph 4(a) Term. The term of this Lease shall be as defined in section 1.1 (e) herein.

   Paragraph 4(d) Early Termination. NOT APPLICABLE.

9. RENTAL ADJUSTMENT: Effective upon the Expansion Space Commencement Date and throughout the Expansion Space Term, the CPI formula is hereby modified to reflect a maximum annual rent adjustment of three (3) percent of the base year rent. Paragraph 5 RENT (c) CPI Formula and (d) General Provisions, are deleted in their entirety and replaced with the following:

   (c) CPI Formula. The method for computing the annual rental 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."

The rental adjustment for the Base Rent shall be calculated by multiplying the Landlord's Base Rent in effect immediately prior to the applicable adjustment by a fraction, the numerator being the New Index and the denominator being the Base Index. The New Index is the Index published for the month immediately preceding the month the adjustment is to be effective, and the Base Index is the Index published for the month the Lease commences.

The formula shall be illustrated as follows:

(New Index ÷ Base Index) X then current Base Rent) = New Monthly Rent

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 States 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 next 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.

(d) General Provisions.

i. In no event shall the monthly rent adjustment based upon the CPI formula result in an annual increase greater than three percent (3%) per year.

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

10. TENANT IMPROVEMENTS: Following execution of this Amendment No. 1 by the parties hereto, the Landlord shall construct Improvements (as defined below) and provide Base Tenant Improvement and Additional Tenant Improvement Allowances for the Premises. Paragraph 23 TENANT IMPROVEMENTS (a) Base Tenant Improvements, (b) Additional Tenant Improvements, and (c) Unused Allowance, are deleted in their entirety and replaced with the following:

(a) Base Tenant Improvements. Landlord, at its sole expense (subject to the provisions hereof), within a commercially reasonable period of time after Landlord's approval of the plans and specifications for the Improvements (as defined herein below), shall commence and complete work on the Improvements, and shall pay for the costs of the same up to a maximum cost of $975,880, i.e., TWENTY DOLLARS AND NO/100 ($20.00) per rentable square foot of the Premises (the "Base Tenant Improvement Allowance"). The 'Improvements' shall mean, collectively, certain improvements, alterations and/or additions to the Premises to be constructed pursuant to and in accordance with plans and specifications submitted by Tenant and approved by Landlord; Landlord acknowledges that the Improvements may include, without limitation, the purchase of new furniture, fixtures and equipment for the Expansion Space and Existing Premises. The Improvements shall be performed by and under the authority of Landlord, or its authorized agent, and approved by a designated representative of Tenant's Chief Executive Office (which approval shall not be unreasonably withheld, conditioned or delayed). For purposes of the Lease, the Premises shall be in 'Ready for Occupancy' condition upon 'substantial completion of the Expansion Space. Substantial completion shall occur upon the completion of construction of those portions of the Improvements in and for the Premises (Existing Premises and Expansion Space collectively), with the exception of any punch list items and any furniture, fixtures and equipment. Tenant shall not unreasonably

interfere with Landlord's completion of the Improvements and shall reasonably cooperate with Landlord in connection with the completion of the same . Landlord may complete the Improvements during Tenant's occupancy of the Premises, during normal business hours. Landlord shall use reasonable efforts to avoid material disturbance to Tenant's business during completion of the Improvements. Tenant hereby agrees that the completion of the Improvements shall in no way constitute a constructive eviction of Tenant, or entitle Tenant to any abatement of rent payable pursuant to the Lease.

(b) Additional Tenant Improvements. If the costs of the design, permitting and construction of the Improvements (the "**Improvement Costs**") exceed the amount of the Base Tenant Improvement Allowance, then Landlord shall apply, without notice from Tenant, up to a maximum of $2,439,700, i.e. FIFTY DOLLARS AND NO/100 ($50.00) per rentable square foot of the Premises (the "**Additional Tenant Improvement Allowance**") against such excess Improvement Costs; provided, in no event shall Landlord be obligated to pay for any portion of the Improvement Costs in excess of the sum of the Basic Tenant Improvement Allowance and the Additional Tenant Improvement Allowance.

The Landlord shall submit three bids for the architectural/engineering fees and construction of the Improvements, and furniture vendors, to Tenant for its review prior to the award of the applicable contract(s). Any Improvements shall be in compliance with all applicable laws, codes, and ordinances, including but not limited to the American with Disabilities Act (ADA).

(c) Method of Payment for Additional Tenant Improvement Allowance. The portion of the Additional Tenant Improvement Allowance used to pay for the Tenant Improvement Costs may, at Tenant's sole election, be paid to Landlord (i) in a lump sum when the Improvements are Ready for Occupancy, or (ii) in equal amortized monthly payments, on a straight-line basis, over the first sixty (60) months of the Expansion Space Term, plus interest at the rate of seven percent (7%) per annum, the amortized amounts of which (the "**Amortized Payments**") shall be paid by Tenant on a monthly basis. Tenant may at any time during the Expansion Space Term prepay Landlord in a lump sum for all or any portion of the Tenant Improvement Costs, amortizing the remaining amount in monthly payments over the sixty month period mentioned herein. The final costs of Improvements for the Premises will be memorialized through a Memorandum of Tenant Improvement Cost substantially in the form of **Exhibit G** attached hereto.

11. Representations and Warranties. Landlord represents and warrants that each of the signatories for Landlord have the power and authority to execute this Amendment No. 1 upon the terms and conditions stated herein and Landlord agrees to indemnify and hold harmless Tenant from all damages, costs, and expenses which result from a breach of this representation.

12. Original Lease in Full Force. Notwithstanding anything to the contrary herein, all of the terms and conditions contained in the Lease, which are not modified by this Amendment shall remain in full force and effect. In the event of a conflict between the Original Lease and this Amendment, the terms of this Amendment shall control.

[SIGNATURES CONTAINED ON FOLLOWING PAGE]

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

LANDLORD:

OMNINET COMMERCE, LP
a Delaware limited partnership

By: Omninet Commerce, GP, LLC
a California limited liability company,
Its general partner

By:_____
Name: Michael Danielpour
Title: Manager

TENANT:

COUNTY OF LOS ANGELES
a body politic and corporate

By_____
Supervisor Don Knabe
Chairman, Board of Supervisors

ATTEST:

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

By_____
Deputy

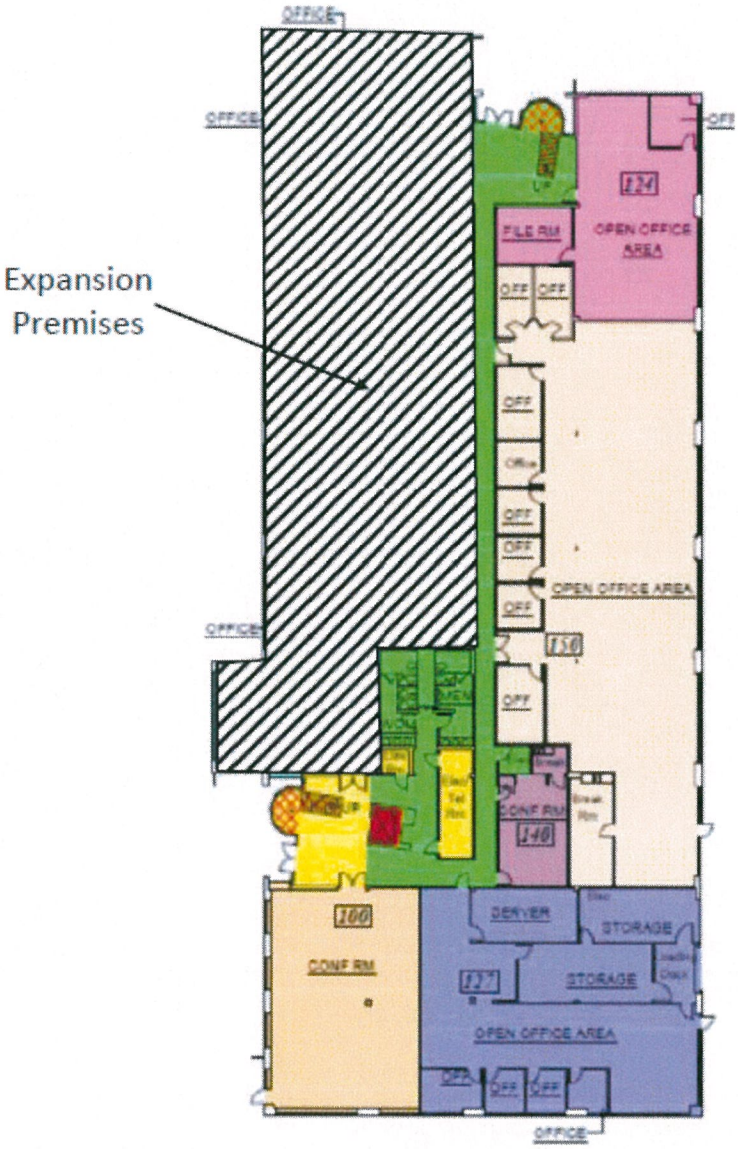
APPROVED AS TO FORM:

RICHARD D. WEISS
ACTING COUNTY COUNSEL

By_____
Deputy

EXHIBIT A

THE EXPANSION SPACE



THIS EXHIBIT "A" IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND IS INTENDED TO BE ONLY AN APPROXIMATION OF THE LAYOUT OF THE PREMISES AND SHALL NOT BE DEEMED TO CONSTITUTE ANY REPRESENTATION BY LANDLORD AS TO THE EXACT LAYOUT OR CONFIGURATION OF THE EXPANSION PREMISES.

EXHIBIT C-1

COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated _____, 2014, between **County of Los Angeles**, a body politic and corporate ("Tenant"), and _____ _____ a _____company ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at_____ _____ ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

(1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____("Possession Date");

(2) Tenant has accepted possession of the Premises and now occupies the same;

(3) The Lease commenced on _____("Commencement Date");

(4) The Premises contain _____ rentable square feet of space; and

(5) Basic Rent per Month is $_____

IN WITNESS WHEREOF, this Memorandum is executed this ___day of _____, 2014.

"Tenant"	"Landlord"
COUNTY OF LOS ANGELES, a body politic and corporate By:_____ Name:_____ Christopher M. Montana Its: Director of Real Estate	_____, a _____ By: _____ Name:_____ Its:_____

EXHIBIT G

MEMORANDUM OF TENANT IMPROVEMENT COST

Reference is made to that certain Lease ("Lease") dated the ____ day of _____, 2014, between County of Los Angeles, a body politic and corporate ("Tenant"), and _____, a _____ ("Landlord"), whereby Landlord leases to Tenant and Tenant leases from Landlord certain premises in the building located at _____ ("Premises"),

Landlord and Tenant hereby acknowledge the following:

1) Landlord represents that Tenant Improvement Work to the Premises has been in substantially complete condition as of MONTH DD, YYYY , and the Lease commenced on MONTH DD, YYYY ("Lease Commencement").

2) Landlord and Tenant hereby confirm the final total cost of the Tenant Improvement Work for the demised Premises which have been completed pursuant the Work Letter to this Lease is:_____ HUNDRED,_____THOUSAND,_____HUNDRED, _____DOLLARS AND xx/100 ($, .XX).

(a) The aforementioned final total cost is comprised of :

Lease Budget:		Actual Cost:
$	Base Tenant Improvement Allowance	$
$	Additional Tenant Improvement Allowance	$
$_____	Change Order Allowance	$_____
$	Total	$

(b) Per the terms of the Lease, Tenant shall amortize the combined total of Additional Tenant Improvement Costs and Change Order Allowance of $_____. at ____% per annum over the term of the Lease. As such, Tenant shall pay to the Landlord $_____ per month beginning upon the Lease Commencement through the initial term of the Lease. Tenant may at any time during the term prepay Landlord in a lump sum for all or any portion of the Tenant Improvement Costs.

IN WITNESS WHEREOF, this memorandum is executed this ___ day of_____, 2014.

Tenant:	Landlord:
COUNTY OF LOS ANGELES a body politic and corporate	a _____
By: _____ Name: Christopher M. Montana Its: Director of Real Estate	By: _____ Name: Its: Authorized Representative