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

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

September 30, 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:

TEN-YEAR LEASE
DEPARTMENT OF MENTAL HEALTH
4701 EAST CESAR E. CHAVEZ AVENUE, EAST LOS ANGELES
(FIRST DISTRICT)
(3 VOTES)

SUBJECT

A ten-year lease for the Department of Mental Health to provide continued use of 10,073 square feet of clinic space and 20 parking spaces.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease 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 ten-year lease with the Community Development Commission of the County of Los Angeles (Landlord) for the continued occupancy of 10,073 square feet of clinic space, and 20 parking spaces, located at 4701 East Cesar E. Chavez Avenue, East Los Angeles for the Department of Mental Health, at a maximum first year cost of $145,051. Rental costs are fully funded by State and federal funds.

3. Authorize the Chief Executive Officer and the Director of Mental Health to implement the project. The lease will be effective upon approval by the Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed lease will allow the Department of Mental Health (DMH) to continue operating its Roybal Family Mental Health Center (Center) for an additional ten years. DMH has operated the Center in 10,073 square feet of clinic space since 2003 for its Outpatient, Full Service Partnership, Prevention and Early Intervention, and CalWORKs programs. The lease is currently on a month-to-month holdover basis.

The Center allows DMH staff to provide child, adolescent, and adult mental health therapy and rehabilitation services to residents of East Los Angeles and adjoining communities. The Center currently houses 34 DMH staff servicing approximately 450 families.

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 supports this goal by delivering a facility that supports efficient public services. The lease is in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed lease will provide DMH continued use of the Center at a maximum first year cost of $145,051, or $14.40 per square foot. The rental costs consist of operating expense rent and capital improvement rent. The annual operating expense rent of $132,964 is the projected building operational costs, i.e., utilities, janitorial services, maintenance, property management, security, parking, landscaping, and insurance. The annual capital improvement rent of $12,088 is a projected reserve used to cover replacement of any structure and equipment at the facility.

Sufficient funding for the proposed lease is included in the Fiscal Year (FY) 2014-15 Rent Expense budget and will be billed back to DMH. DMH has budgeted sufficient funding in its FY 2014-15 operating budget to cover the lease costs, which are funded by Early and Periodic Screening, Diagnosis, and Treatment, a Medi-Cal benefit, Healthy Families, Mental Health Services Act, Prevention and Early Intervention, and CalWORKs funds. Attachment B is an overview of the lease costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease includes the following provisions:

- Ten-year lease term commencing upon approval by the Board.

- A cancellation provision allowing either party to terminate any time after the 84th month upon 180 days prior written notice.

- Three 5-year options to extend the lease.

- The operating expense rent is subject to rental adjustments upon completion of an audit every two years.

The Chief Executive Office (CEO), Real Estate Division staff did not survey the area for a replacement facility as DMH wanted to renew the lease at the current location for ten years. Based on the Building Owners and Managers Association International (BOMA) 2013 published survey, the average operating expense rate for comparable facilities is $13.60 per square foot. Thus, the annual operating expense rental rate of $13.20 per square foot is below the BOMA average rate. Attachment C shows all County-owned and leased facilities in the proximity of the service area.

The proposed ten-year lease between the County and the Community Development Commission, does not require Real Estate Management Commission review pursuant to County Code Section 3.58.070. Childcare services are provided by Alma Family Services on the first floor of the facility.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this lease 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 will provide the necessary clinic space for this County requirement, and DMH concurs with the proposed recommendation.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors return three originals of the executed lease, 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.

Respectfully submitted,

WILLIAM T FUJIOKA

Chief Executive Officer

WTF:RLR:CMM
CEM:MMK:gw

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Mental Health

ATTACHMENT A

DEPARTMENT OF MENTAL HEALTH
4701 EAST CESAR E. CHAVEZ AVENUE, EAST 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] **Exceeds guidelines due to the program needs for clinic space. (10,073sq.ft. / 34 staff = 296 sq. ft. / staff)**		X	
2.		**Capital**			
	A	Is it a substantial net County cost (NCC) program? **100% funded by State and federal funds.**		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? **Project was a build-to-suit project.**	X		
3.		**Portfolio Management**			
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?		X	
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" 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? **The facility was built in 2003.**			X
		[1]As approved by the Board of Supervisors 11/17/98			
		[2]If not, why not?			

ATTACHMENT B

FISCAL IMPACT/FINANCING
OVERVIEW OF THE PROPOSED LEASE

4701 East Cesar E. Chavez East Los Angeles	**Existing Lease**	**Proposed Lease**	**Changes**
Total Area	10,073 sq. ft.	10,073 sq. ft.	None
Term	12/1/2003-11/30/2013 (currently on month-to-month)	Ten-years, commencing upon Board approval.	+Ten-years
Annual Operating Expense Rent	$132,964 ($13.20 per sq. ft.)	$132,964 ($13.20 per sq. ft.)	None
Annual Capital Improvement Rent	$12,088 (1.20 per sq. ft.)	$12,088 (1.20 per sq. ft.)	None
Total Annual Rent	$145,051 ($14.40 per sq. ft.)	$145,051 ($14.40 per sq. ft.)	None
Renewal Options	Two 5-year options.	Three 5-year options	+One 5-year option
Cancellation	County may cancel after the 83rd month with 180 days prior notice.	Mutual cancellation right after the 84th year with 180 days prior notice.	+Mutual right to cancel
Parking	20 spaces	20 spaces	None
Rental adjustment	Every two years based on audit of expenses	Every two years based on audit of expenses	None

ATTACHMENT C

DEPARTMENT OF MENTAL HEALTH
SPACE SEARCH WITHIN A THREE-MILE PARAMETER OF
4701 EAST CESAR E. CHAVEZ AVENUE, EAST LOS ANGELES

LACO	FACILITY NAME	ADDRESS	OWNERSHIP	GROSS SQUARE	NET FEET	SQUARE FEET AVAILABLE
Y307	PUBLIC LIBRARY CITY TERRACE LIBRARY	4025 E CITY TERRACE DR EAST LOS ANGELES, CA 90063	OWNED	8007	6984	NONE
4526	BISCAILUZ ADMINISTRATION BUILDING	1060 N EASTERN AVENUE LOS ANGELES, CA 90063	OWNED	16571	11428	NONE
X707	PUBLIC LIBRARY ANTHONY QUINN LIBRARY	3965 E CESAR E CHAVEZ AVE CITY TERRACE, CA 90063	OWNED	7275	6077	NONE
6131	DCSS EAST LOS ANGELES SERVICE CENTER	133 N SUNOL DR EAST LOS ANGELES, CA 90063	OWNED	28514	21777	NONE
A930	PUBLIC LIBRARY EL CAMINO REAL LIBRARY(CLOSED)	4264 E WHITTIER BLVD EAST LOS ANGELE, CA 90023	OWNED	3280	2563	3280
X201	EDMUND D EDELMAN CHILDREN'S COURT	201 CENTRE PLAZA DR MONTEREY PARK, CA 91754	FINANCED	275530	205280	NONE
A423	SHERIFF-PERSONNEL AND RECRUITMENT CENTER	101 CENTRE PLAZA DR MONTEREY PARK, CA 91754	LEASED	37590	33831	NONE
3542	FIRE-ADMINISTRATIVE HEADQUARTERS BUILDING	1320 N EASTERN AVE LOS ANGELES, CA 90063	OWNED	39015	24288	NONE
X155	ISD-EASTERN AVE COMPLEX TELECOM BUTLER BLDG	1112 N EASTERN AVE LOS ANGELES, CA 90063	OWNED	4960	4638	NONE
5863	ISD ADMINISTRATIVE HEADQUARTERS	1100 N EASTERN AVE LOS ANGELES, CA 90063	OWNED	80309	58826	NONE
5870	ISD-EASTERN AVE COMPLEX TELECOM BRANCH BLDG	1110 N EASTERN AVE LOS ANGELES, CA 90063	OWNED	37742	28973	NONE
T061	ISD-EASTERN COMPLEX PROJECT MANAGEMENT TRAILR	1100 N EASTERN AVE LOS ANGELES, CA 90063	LEASED	7200	6840	NONE
X167	SHERMAN BLOCK SHERIFF'S HEADQUARTERS BUILDING	4700 W RAMONA BLVD MONTEREY PARK, CA 91754	FINANCED	125000	106250	NONE
A015	DCFS/LASD/FIRE/OPS/ISD CORPORATE PLACE	2525 CORPORATE PL MONTEREY PARK, CA 91754	LEASED	40482	35248	NONE
A324	FIRE EMPLOYEE RELATIONS OFFICE	1255 CORPORATE CENTER DR MONTEREY PARK, CA 91754	LEASED	3079	2925	NONE
A327	HS OFFICE OF MANAGED CARE	1100 CORPORATE CENTER DR MONTEREY PARK, CA 91754	LEASED	15280	14516	NONE
X514	MENTAL HEALTH FAMILY RESOURCE CENTER	4701 CESAR E CHAVEZ AVE EAST LOS ANGELES, CA 90022	LEASED	6000	5100	NONE
Y135	CENTRO MARAVILLA SERVICE CENTER-BLDG B	4716 CESAR E CHAVEZ AVENUE EAST LOS ANGELES, CA 90022	OWNED	3612	1948	NONE
Y136	CENTRO MARAVILLA SERVICE CENTER-BLDG C	4716 CESAR E CHAVEZ AVE EAST LOS ANGELES, CA 90022	OWNED	4073	3112	NONE
Z367	HSG-ASSISTED HOUSING DIVISION OFFICES	4800 CESAR E CHAVEZ AVE EAST LOS ANGELES, CA 90022	CDC-HOUSING AUTHORITY	20000	18000	NONE
0522	PUBLIC LIBRARY EAST LOS ANGELES LIBRARY	4837 E 3RD ST LOS ANGELES, CA 90022	OWNED	20000	18000	NONE
3241	EAST LOS ANGELES COURTHOUSE	4848 E CIVIC CENTER WAY EAST LOS ANGELES, CA 90022	FINANCED	253946	136006	NONE
4364	PROBATION-EAST LOS ANGELES AREA OFFICE	4849 E CIVIC CENTER WAY EAST LOS ANGELES, CA 90022	OWNED	31168	22654	NONE
5412	EAST LOS ANGELES COUNTY HALL	4801 E 3RD ST EAST LOS ANGELES, CA 90022	OWNED	14848	10741	NONE
5428	DPSS BELVEDERE AP DISTRICT OFFICE	5445 E WHITTIER BLVD EAST LOS ANGELES, CA 90022	OWNED	70493	49261	NONE
A460	DHS-FERGUSON ADMINISTRATIVE SERVICES CENTER	5555 FERGUSON DR CITY OF COMMERCE, CA 90022	OWNED	268400	246550	NONE

COUNTY OF LOS ANGELES

CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

DEPARTMENT: Mental Health, as Tenant

LANDLORD: Community Development Commission of the County of Los Angeles

4701 East Cesar E. Chavez Avenue, East Los Angeles

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COMMUNITY DEVELOPMENT COMMISSION
COUNTY OF LOS ANGELES
LEASE AGREEMENT

THIS LEASE is entered into as of the _____ day of_____, 2014 between the Community Development Commission of the County of Los Angeles, a public body politic and corporate ("Landlord"), and the County of Los Angeles, a body politic and corporate ("Tenant").

Landlord and Tenant agree:

BASIC LEASE INFORMATION The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease.

1.1 Defined Terms Relating to the Lease:

(a) Landlord's Address for Notice:	Executive Director Community Development Commission of the County of Los Angeles 700 W. Main Street Alhambra, CA 91801
(b) Tenant's Address for Notice:	Board of Supervisors Kenneth Hahn Hall of Administration, Room 383 500 West Temple Street Los Angeles, CA 90012 With a copy to: Chief Administrative Office Real Estate Division 222 South Hill Street, 3rd Floor Los Angeles, CA 90012 Attention: Director of Real Estate
(c) Premises:	Approximately 10,073 rentable square feet in the Building (defined below) as shown on Exhibit A attached hereto.
(d) Building:	The building located at 4701 East Cesar E. Chavez Avenue, East Los Angeles which is currently assessed by the County Assessor as APN 5235-020-911 and located upon the real property described more particularly in Exhibit B attached hereto (the "Property") which shall exclude the Aquatic Programs Pool Facility.
(e) Term:	Ten (10) years commencing upon execution of this Lease by the Tenant (the "Commencement Date"); and terminating at midnight on the day before the tenth (10th) anniversary of the Commencement Date (the "Termination Date"), subject to

	earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any of the three (3) additional five (5) year extensions for which an option has been validly exercised.
(f) Projected Commencement Date:	September 1, 2014
(g) Irrevocable Offer Expiration Date:	N/A
(h) Base Rent:	
I) Basic Rent	$0
II) Operating Expense Rent	$11,080.30 per month
III) Capital Improvements Rent	$1,007.30 per month
(i) Early Termination Notice Date:	Seventh (7th) Anniversary of the Commencement Date
(j) Rentable Square Feet in the Premises:	10,073
(k) Use:	General office use or for any other lawful purposes not incompatible with other uses in the Building and Redevelopment Area, as further defined in Section 6 ("USES") for the Premises.
(l) Initial Departmental Use:	Mental Health
(m) Parking Spaces:	Twenty (20) on-site parking spaces.
(n) Normal Working Hours:	7:00 a.m. to 7:00 p.m., Monday, Tuesday, Wednesday and Friday; 7:00 a.m. to 9:00 p.m. Thursday; and 7:00 a.m. to 3:00 p.m. Saturday; except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.
(o) Asbestos Report:	N/A. Building constructed in 2003.

1.2 Defined Terms Relating to Landlord's Work Letter:

(a) Base Tenant Improvement Allowance:	$0.00
(b) Additional Tenant Improvement Allowance:	$ 0.00
(c) Maximum Change Order Allowance:	$0.00
(d) Additional Tenant Improvement and Change Order Amortization Rate:	$0.00
(e) Tenant's Work Letter Representative:	N/A
(f) Landlord's Work Letter Representative:	N/A
(g) Landlord's Address for Work Letter Notice:	N/A
(h) Tenant's Address for Work Letter Notice:	N/A

1.3 Exhibits to Lease:

Exhibit A:	Floor Plan Premises
Exhibit B:	Legal Description of Property
Exhibit C:	HVAC Standards
Exhibit D:	Cleaning and Maintenance Schedule
Exhibit E:	Common Areas Rules

2. PREMISES

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

(b) Landlord represents that the demised Premises consist of a maximum of 10,073 rentable square feet, and that at no time, except by specific amendment to this Lease, will the amount of square footage as contained herein exceed the amount stated above.

3. COMMON AREAS

Tenant may use the following areas ("Common Areas") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the

Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES

(a) Term. The term shall commence upon execution of this Lease by the Tenant and Tenant's Acceptance of the Premises, and terminate ten (10) years thereafter.

(b) Termination. Tenant shall have the right to terminate this Lease at any time after the Early Termination Notice Date, as defined in Section 1, by giving Landlord not less than one hundred eighty (180) days prior written notice executed by the Chief Executive Officer of Tenant.

5. BASIC RENT

In consideration of the benefits to the community by Tenant's program to be housed in the subject facility, Landlord agrees to provide the Premises to Tenant on a gratis basis.

Notwithstanding the gratis Basic Rent, Tenant shall pay to Landlord its pro-rata share of the Operating Expenses based on a monthly Operating Expense Rent of $11,080.30, which shall be subject to audits and adjustments at the end of the initial two (2) years of the Term and every two years thereafter, or sooner as may be requested by Landlord pursuant to Section 6 herein. Additionally, Tenant shall pay to Landlord a Capital Improvements Rent in the amount of $1,007.30 per month, which shall be subject to audits and adjustments pursuant to Section 7 herein.
All rental payments shall be made within fifteen (15) calendar days for each month. Rent for any partial month shall be prorated in proportion to the number of days in such month.

6. OPERATING EXPENSE RENT AND CAPITAL IMPROVEMENTS ADJUSTMENTS

Within thirty (30) calendar days after the twenty-fourth (24th) month of the Term and every twenty-four (24) months thereafter, Landlord shall provide Tenant with full accounting statements of the beginning balance of the operating expense account, all income into the operating expense account and all operating expenses incurred and paid over the previous twenty-four (24) month period. The monthly Operating Expense Rent shall be adjusted upwards or downwards after $150,000 in operating expense reserve funds have been established. The monthly Operating Expense Rent adjustment shall be based on Tenant's proportionate share in any increases or decreases in operating expenses during the previous two (2) years.

In the event, the accounting statements indicate a surplus of total operating expense funds collected from all tenants in an amount greater than the $150,000 reserve amount based on Operating Expense Rent collected but not expended, Tenant shall have the right to apply its share of said surplus funds, based on its share of contributions to the operating expense account, to upcoming monthly operating

expense rental payments and/or monthly capital improvements rental payments, provided Tenant is not in default under the terms of this Lease.

At the end of the 120th month of the Term or at the termination of this Lease, whichever is sooner, any Operating Expense Rent funds, collected by Landlord but not expended and in excess of $150,000, shall be refunded to Tenant in a lump sum based on Tenant's proportionate share, within thirty (30) calendar days of Tenant's review of the accounting statements.

Operating expenses shall include, without limitation, all reasonable and necessary costs of any kind paid or incurred for the operation, servicing, repair, maintenance (in neat, clean, safe, good order and condition) of the Premises/ Building, which shall include the following:

a) Maintenance, repair and replacement of the Premises/Building finishes including but not limited to painting walls and replacing the floor coverings and Premises/Building finishes.

b) Maintenance, repair, and replacement of the HVAC, plumbing, electrical, and life-safety equipment and systems.

c) Trash, disposal, janitorial and security services.

d) Liability and property insurance costs as well as insurance deductible(s).

e) Property taxes and other assessments levied pursuant to recorded or official documents.

f) Utility costs including water, sewer, trash, electricity, gas, and other services mandated by local, state and/or federal regulations.

g) Property Management and administrative fees, so long as they are reasonable, competitive and customary

h) Exterior maintenance including windows, parking lot, off-site parking, lighting, fencing, landscaping, etc.

i) Any other expenses which in accordance with generally accepted accounting principles and BOMA standards, consistently applied, and normally treated as an operating expense by landlords of comparable buildings and comparable lease terms.

Capital Improvement expenses shall include, without limitation, all reasonable and necessary costs of any kind paid or incurred for the replacement of the basic structure and equipment of the Building and Premises, and any expenses Landlord may incur pursuant to Section 10 ("COMPLIANCE WITH LAW").

Notwithstanding the termination of this Lease, Capital Improvement Rent funds shall not be used to cover or fund any current or future Community Development Commission's projects, fixed or overhead costs that are not directly related to the subject Building.

Landlord shall keep at its offices full, accurate and separate books of account covering Capital Improvement expenses. The books of account shall be retained by Landlord at its offices for a period of at least thirty-six (36) months after the expiration of each calendar year. Lessee shall have the right, at all times during the term, and up to thirty-six (36) months after termination of this Lease, to inspect and audit the books of account. Capital Improvement Rent funds shall be maintained in an interest bearing account with a reputable local financial institution.

7. CAPITAL IMPROVEMENT RENT ADJUSTMENT

Within thirty (30) calendar days after the twenty-fourth (24TH) month of the term and every twenty-four (24) months thereafter, Landlord shall provide Tenant with full accounting statements of the beginning balance of the capital improvement account, all income into the capital improvement account and all capital improvement expenses incurred and paid over the previous twenty-four (24) period.

Upon a written request from Landlord enumerating and documenting the reason for the request (such as a sudden increase in the actual Capital Improvement Expenses, the depletion of the fund due to an emergency, etc.), the Capital Improvement Rent, as set forth in Paragraph 5, shall, subject to approval by the County's Chief Executive Officer, be adjusted upwards to reflect actual capital improvement expense requirements. Such approval shall not be unreasonably withheld by the Tenant. In the event, such approval is withheld, Landlord and Tenant agree to submit the matter to arbitration, whereby the arbitration ruling shall be binding.

At the end of the 120th month of the term or at the termination of this Lease, whichever is sooner, total Capital Improvement Rent funds in excess of $250,000, collected by Landlord from all tenants but not expended, shall be refunded to Tenant in a lump sum based on Tenant's proportionate share within 30 calendar days of Tenant's review of the accounting statements.

Capital improvement expenses shall include, without limitation, all reasonable and necessary costs of any kind paid or incurred for the replacement of the basic structure and equipment of the Building and Premises, and any expenses Landlord may incur pursuant to Section 10.

Notwithstanding the termination of this Lease, Capital Improvement Rent funds shall not be used to cover or fund any current or future Community Development Commission's projects, fixed or overhead costs that are not directly related to the subject Building.

Landlord shall keep at its offices full, accurate and separate books of account covering Capital Improvement expenses. The books of account shall be retained by Landlord at its offices for a period of at least thirty-six (36) months after the expiration of each calendar year. Lessee shall have the right, at all times during the term, and up to thirty-six (36) months after termination of this Lease, to inspect and audit the books of account. Capital Improvement Rent funds shall be maintained in an interest bearing account with a reputable local financial institution.

8. USES

(a) Landlord and tenant agree that the demised Premises together with all appurtenances thereto shall be used by Department of Mental Health and related uses, primarily for the service of person with disabilities throughout the term of this Lease.

(b) Non-Discrimination. The Tenant agrees to be bound by all applicable federal, state and local laws, regulations, and directives, including but not limited to 24 CFR Part 85, the Americans with Disabilities Act of 1990, the Civil Rights Act of 1964, Title VI (Non-Discrimination in Federally-Assisted Programs), the Age discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973. The Tenant herein covenants by and for itself, its officers, employees, agents, administrators and assignees that there shall be no discrimination against or segregation of any person or group of persons, on account of race, religion, creed, color, national origin, ancestry, marital status, sex or sexual orientation in the use or enjoyment of the improvements, nor shall the Tenant itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subleases, subtenants, or vendees for the improvements.

9. HOLDOVER

If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon ninety (90) days written notice from Landlord or thirty (30) days written notice from the Executive Director of Tenant at the last monthly Base Rent payable under this Lease (as such Base Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

10. COMPLIANCE WITH LAW

Tenant shall, at Tenant's expense, be bound by and promptly comply with all applicable federal, state and local laws, ordinances, rules, regulations, orders and requirements, and directives in effect hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made

necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

11. DAMAGE OR DESTRUCTION

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenantable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within ten days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material default hereunder. Base Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days for any reason, then Tenant may terminate this Lease by giving written notice within ten (10) days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Base Rent shall be abated from the date the Premises became untenantable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than thirty (30) days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is thirty (30) days after such written notice of termination.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section 11 and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may (a) declare a default hereunder, or (b) perform or cause to be performed the restoration work and deduct the cost thereof plus interest thereon at ten percent

(10%) per annum, from the Base Rent next due as a charge against the Landlord.

12. REPAIRS AND MAINTENANCE

(a) Landlord Representations. Landlord represents to Tenant that (i) the Premises, the Building and all Common Areas, (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including use the Americans With Disabilities Act; and are in reasonable good working order and condition; (ii) the Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirements; (iii) the Premises, Building and Common Areas are free of the presence of any Hazardous Materials (as hereinafter defined); and (iv) Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation.

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable; (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building; (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering (if such floor covering is carpeting it shall be replaced as needed but not less often than after five years of use); (2) interior partitions; (3) doors; (4) the interior side of demising walls (which shall be repainted as needed but not less often than every five years); and (5) signage.

(c) Tenant Obligations. Without limiting Landlord's Obligations, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors. Tenant is also responsible, at its sole expense, for the repair of low voltage electronics, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Landlord which consent shall not be unreasonably withheld or delayed; (b) be at least equal in quality, value and utility to the original work or installation; and (c) be in accordance with all laws.

(d) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause

material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of the Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than five days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. If not reimbursed by Landlord within ten days, Tenant shall be entitled to deduct from Base Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 16.

(e) Landlord's Right to Repair. If Landlord provides written notice to Tenant of an event or circumstance which requires the action of Tenant with respect to repair and/or maintenance, and Tenant fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than five days after the giving of such notice, then Landlord may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Landlord shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Tenant and was not taken by Tenant within such period (unless such notice was not required as provided above), and Landlord took such required action, then Landlord shall be entitled to prompt reimbursement by Tenant of Landlord's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. The remedies provided in this Section are in addition to the remedies provided in Section 15.

13. SERVICES AND UTILITIES

Landlord shall be responsible for providing the following services, utilities, and utility charges to the Premises, at its sole cost and expense:

(a) Heating, Ventilation and Air Conditioning. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office

purposes to a functional standard and not less than the standard set forth in Exhibit D attached hereto.

(b) Electricity. Landlord shall furnish to the Premises the amount of electric current not less than seven watts of electric current (connected load) per square foot of Rentable Square Feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing transformers or subpanels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.

(c) Elevators. Landlord shall furnish freight and passenger elevator services to the Premises during Normal Working Hours. During all other hours, Landlord shall furnish passenger elevator cab service in the elevator bank serving the Premises on an as needed basis, and, by prior arrangement with Landlord's building manager, freight elevator service.

(d) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

(e) Janitorial. Landlord shall provide janitorial services five nights per week generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

(f) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

14. LANDLORD ACCESS

Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or Premises, Base Rent shall be prorated based upon the percentage of the Premises or Building rendered uninhabitable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

15. TENANT DEFAULT

(a) Default The occurrence of any one or more of the following events (a "Tenant Default") shall constitute a material default and breach of this Lease by Tenant:

(i) The failure by Tenant to make any payment of Base Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten days after written notice to Tenant;

(ii) The failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of thirty (30) days after written notice from Landlord specifying in detail the nature of the Tenant Default; provided, however, if more than thirty (30) days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Termination. Tenant agrees that if a Tenant Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

16. LANDLORD DEFAULT

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 11, 12, 21, and 22 Landlord shall be in default ("Landlord Default") in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within five (5) days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 12(d); provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably be cured within such five day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof (including but not limited to attorneys' fees) plus interest at the rate of ten (10%) per annum from the installments of Base Rent next falling due; (ii) to pursue the remedy of specific performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Base Rent next coming due; and/or (iv) to terminate this Lease.

(b) Waiver. Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency

condition or materially and adversely affect the operation of Tenant's business in the Premises.

17. ASSIGNMENT AND SUBLETTING

Tenant may not assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent, provided, however, that no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.

18. ALTERATIONS AND ADDITIONS

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria: (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not materially affect the systems or structure of the Building; and (4) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building. If Landlord fails to respond in writing within 30 days of such request, Landlord shall be deemed to approve the Alterations.

(b) End of Term. Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

19. CONDEMNATION

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within 30 days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than 30 days nor later than 90 days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within 30 days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within 30 days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within 90 days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

Notwithstanding the provisions stipulated herein, any award for the taking of the fee or as severance damages shall be split between Landlord and Tenant whereby the Landlord shall be entitled to 75% of said award and Tenant shall be entitled to 25% of said award.

(f) Waiver of Statute. Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

20. INDEMNIFICATION

(a) Tenant's Indemnity. The Tenant shall indemnify, defend and hold harmless the Landlord, and each of its elected and appointed officers, officials, representatives, employees, and agents from and against any and all liability,

demands, damages, claims, causes of action, expenses, and fees (including reasonable attorney's fees and costs and expert witness fees), including, but not limited to, claims for bodily injury, property damage, and death (hereinafter collectively referred to as "Liabilities"), that arise out of, pertain to, or relate to this Lease, occurring in or about the Building or Premises as a result of the Tenant's acts, errors, or omissions, except to the extent caused by the sole negligence or willful misconduct of the Landlord. This indemnification provision shall remain in full force and effect and survive the termination and/or expiration of this Lease. Tenant agrees to require any and all entities with which it contracts, transfers this Lease to or sublets to agree to and abide by the above mentioned indemnification requirements in favor of the Landlord.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant and each of its special districts, elected and appointed officers, officials, representatives, employees, and agents harmless from and against all loss, cost and expense (including attorneys' fees and costs and expert witness fees) arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors, or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees. This indemnification provision shall remain in full force and effect and survive the termination and/or expiration of this Lease.

21. INSURANCE

(a) Tenant's Insurance Requirements. During the Term of this Lease, Tenant shall maintain a program of insurance coverage as described below. Tenant, at its sole option, shall use commercial insurance and/or self-insurance coverage or any combination thereof to satisfy these requirements:

The insurance policies set forth herein shall be primary insurance and non-contributory with respect to the Landlord. The insurance policies shall contain a waiver of subrogation for the benefit of the Landlord. Failure on the part of Tenant, and/or any entities with which Tenant contracts sublets or transfers lease to, to procure or maintain the insurance coverage required herein may, upon the Landlord's sole discretion, constitute a material breach of this Lease Agreement pursuant to which the Landlord may immediately terminate this Lease Agreement and exercise all other rights and remedies set forth herein, at its sole and absolute discretion, and without waiving such default or limiting the rights or remedies of the Landlord, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by the Landlord shall be immediately repaid by the Tenant to the Landlord upon demand including interest thereon at the default rate. In the event of such a breach, the Landlord shall have the right, at its sole election, to participate in and control any insurance claim, adjustment, or dispute with the insurance carrier. Tenant's failure to assert

or delay in asserting any claim shall not diminish or impair the Landlord's rights against the Tenant or the insurance carrier.

When Tenant, or any entity with which Tenant contracts, sublets or transfers lease to is naming the Landlord as an additional insured on the general liability insurance policy set forth below, then the additional insured endorsement shall contain language similar to the language contained in ISO form CG 20 10 11 85. In the alternative and in the Landlords sole and absolute discretion, it may accept both CG 20 10 10 01 and CG 20 37 10 01 in place of CG 20 10 11 85.

The following insurance policies shall be maintained by Tenant and any entity with which Tenant contracts for the duration of this Lease, unless otherwise set forth herein:

(i) General Liability Insurance (written on ISO policy form CG 00 01 or its equivalent) including coverage for bodily injury, personal injury, property damage, and contractual liability with limits of not less than the following:

General Aggregate $2,000,000
Products/Completed Operations Aggregate..... $2,000,000
Personal and Advertising Injury..... $1,000,000
Each Occurrence..... $1,000,000

This policy shall also include a sexual abuse and molestation endorsement. The Landlord and its' elected and appointed officers, officials, representatives, employees, and agents shall be named as additional insured's for Tenants work on such policy.

(ii) Automobile Liability Insurance (written on ISO policy form CA 00 01 or its equivalent) with a limit of liability of not less than $1 million for each incident. Such insurance shall include coverage of all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

(iii) Workers' Compensation and Employers' Compensation Liability insurance providing worker's compensation benefits, as required by the Labor Code of the State of California. This must include a waiver of subrogation in favor of the Public Agencies and their Agents. In all cases, the above insurance also shall include Employer's Liability coverage with limits of not less than the following:

Each Accident..... $1,000,000
Disease-policy limit..... $1,000,000
Disease-each employee..... $1,000,000

(b) Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

(i) Commercial Property Insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the

causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates); and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value. Landlord shall carry insurance on any furniture and furnishings which will become the property of Tenant at the expiration of the Term and on all modular furniture installed in the Premises. Insurance proceeds shall be payable to Landlord and Tenant as their interests may appear and be utilized for repair and restoration of the Premises.

(ii) General Liability Insurance (written on ISO policy form CG 00 01 or its equivalent) including coverage for bodily injury, personal injury, property damage, and contractual liability with limits of not less than the following:

General Aggregate	$5,000,000
Products/Completed Operations Aggregate	$2,000,000
Personal and Advertising Injury	$1,000,000
Each Occurrence	$1,000,000

(iii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease.

(c) Insurance Requirements. All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of "AVII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Landlord shall be written as primary policies, not contributing with, and not in excess of coverage which Tenant may carry.

(d) Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least 15 days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates shall include the address of the leased premises and must document that each party has named the other as an additional insured (or its equivalent) on its general liability and property insurance policy, and that Tenant has been named a loss payee on Landlord's commercial property insurance policy, as required. Further, all certificates shall expressly provide that no less than 30 days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverage's or policies evidenced by the certificates.

22. PARKING

(a) Tenant's Rights. Tenant shall have the right to the number of exclusive reserved parking stalls set forth in Section 1 without charge for the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out

privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building.

(b) Remedies. Landlord acknowledges that it is a material term of this Lease that Tenant receives all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant, (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation) Tenant may (a) terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective 30 days thereafter or (b) deduct from the Base Rent thereafter accruing hereunder an amount each month equal to the Base Rent times the percentage of Parking Spaces not so provided times 1.5 but such deduction from Base Rent shall be not less than ten percent (10%) nor more than one hundred percent (100%).

23. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards,

decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

(b) Landlord Indemnity – Environmental Matters. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fines, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

24. ESTOPPEL CERTIFICATES

Tenant shall, within thirty (30) days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of form of Exhibit "D" attached hereto and incorporated herein by this reference but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

25. LIENS

Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

26. SUBORDINATION AND MORTGAGES

(a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Exhibit "E" attached hereto and incorporated herein by

this reference, and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein.

(b) Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Exhibit "F" attached hereto and incorporated herein by this reference within thirty (30) days after the execution of this Lease.

(c) Request for Notice. Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Property in the form of Exhibit "G" attached hereto and incorporated herein by this reference.

(d) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten (10) days within which to cure such default.

27. SURRENDER OF POSSESSION

Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant may (but shall not be required to) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

28. SIGNAGE

Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances.

29. QUIET ENJOYMENT

So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

30. GENERAL

(a) Headings. Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(b) Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assignees.

(c) Entire Agreement. This Lease, it's attachment, addendums and or forms is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

(d) Severability. 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 the remaining provisions hereof shall nevertheless remain in full force and effect.

(e) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(f) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

(g) Waiver. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

(h) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) days after written request is made therefore, together with all necessary information.

31. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

(a) Consideration of Gain/Grow Program Participants. Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum

qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

(b) Solicitation of Consideration. It is improper for any Landlord officer, employee or agent to solicit consideration either directly or through an intermediary in any form and among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts from a tenant with the implication, suggestion or statement that the tenant's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's· failure to provide such consideration may negatively affect the Landlord's consideration of the tenant's offer to lease. A landlord 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.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County's 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. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.

(c) Landlord Assignment. Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments

32. OPTION TO EXTEND

(a) Terms of Options. Provided that no material Default has occurred and is continuing under the Lease at the time the option is exercised, Tenant shall have three (3) options to renew this Lease for an additional period of five (5) years each (respectively, the "First Extension Term", the "Second Extension Term" and the "Third Extension Term", and collectively, the "Extension Term(s)").

(b) Exercise of Option. Tenant must exercise its options to extend this Lease by giving Landlord written notice of its election to do so no later than One Hundred Twenty (120) calendar days prior to the end of the initial Term, or the last Extension Term, as applicable.

(c) Terms and Conditions of Extension Terms. The Extension Terms shall be based on all the prevailing terms and conditions of this Lease, including Basic Rent, Operating Expense Rent and Capital Improvement Rent, except that Landlord shall have no additional obligation for free rent, leasehold improvements or for any other tenant inducements for the Extension Terms. In no event shall Landlord be responsible for payment of any brokerage fees or commissions to any broker of finder retained by Tenant or representing Tenant.

33. RIGHT OF FIRST OFFER TO LEASE ADDITIONAL PREMISES

(a) Provided that no material Default has occurred and is continuing under the Lease, if at any time, Landlord intends to offer leasable space located contiguous to the Premises (the "Additional Premises") for lease to third parties or to accept an offer of a third party to lease the Additional Premises, Landlord shall first give written notice to Tenant thereof)"Landlord's Lease Notice"). Landlord's Lease Notice shall constitute an offer to lease the Additional Premises to Tenant at the prevailing rental rate and upon the terms and conditions contained in Landlord's Lease Notice and shall state the anticipated date of availability of the Additional Premises. Tenant shall have thirty (30) calendar days after receipt of Landlord's Lease Notice to accept such offer. Tenant shall accept such offer, if at all, only by delivery to Landlord of Tenant's irrevocable written commitment to lease the Additional Premises (the "Expansion Commitment").

(b) If Tenant delivers to Landlord the Expansion Commitment within such thirty (30) calendar day period, all (but not part) of the Additional Premises shall be leased to Tenant commencing on the date of delivery of the Expansion Commitment, and continuing for a period of time coterminous with the remaining Term, including any options to extend the Term. Tenant shall lease the Additional Premises upon the same terms, conditions and covenants as area contained in the Lease.

(c) Except as otherwise set forth in Landlord's Lease Notice, possession of the Additional Premises shall be delivered to Tenant on an "as-is" basis. Landlord shall prepare and Landlord and Tenant shall execute and deliver a written agreement modifying and supplementing the Lease and specifying that the Additional Premises are part of the Premises.

(d) Time is of the essence with respect to the exercise by Tenant of its rights granted hereunder. In the event Tenant fails to deliver to Landlord Tenant's Expansion Commitment within the thirty (30) calendar day period prescribed above, all rights of Tenant to lease the Additional Premises shall terminate and Landlord shall have no further obligation to notify Tenant of any proposed leasing of the Additional Premises, and Landlord shall thereafter have the unconditional right to lease the Additional Premises to third parties or to accept offers from third parties to lease the Additional Premises without further obligation to Tenant.

34. TERMINATION FOR CONVENIENCE

Landlord shall have the right to terminate this Lease at any time after the Early Termination Notice Date, as defined in Section 1, by giving Tenant not less than one hundred eighty (180) days prior written notice executed by the Executive Director of Landlord.

35. AUTHORIZATION WARRANTY

Each party represents and warrants that the person executing this Agreement or any amendment thereto for that party is an authorized agent of such party who has actual authority to bind the party to each and every term, condition and obligation of this Agreement, and that all requirements of each party have been fulfilled to provide such actual authority.

this Agreement, and that all requirements of each party have been fulfilled to provide such actual authority.

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

LANDLORD:

Community Development Commission of the County of Los Angeles
700 W. Main Street
Alhambra, CA 91801

By: _____
Sean Rogan
Executive Director

APPROVED AS TO FORM:

RICHARD D. WEISS
Acting County Counsel

By: _____
Deputy
Behnaz Tashakorian

TENANT:

COUNTY OF LOS ANGELES
a body politic and corporate

By: _____
Name: DON KNABE
Chairman, Board of Supervisors

ATTEST:

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

By: _____
Deputy

APPROVED AS TO FORM:

RICHARD D. WEISS
Acting County Counsel

By: _____
Deputy

EXHIBIT A

FLOOR PLAN OF PREMISES

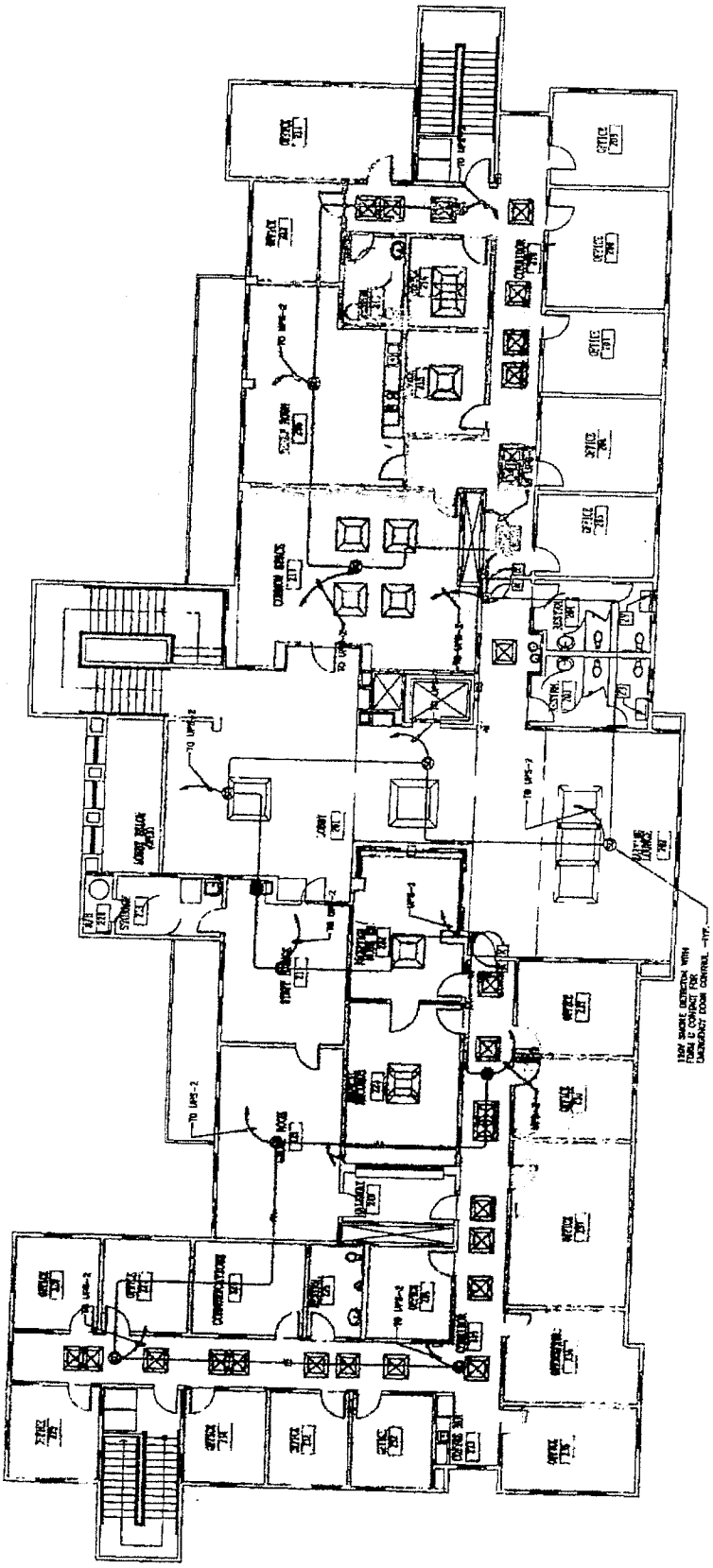

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

Lots 243 through 248 inclusive, lots 240, 241 and 242, except there from that portion lying northerly of al line parallel to and distant 150.00 feet, southerly measured at right angles from the northerly line of lots 223, 224 and 225, and lots 217 through 222 inclusive, except there from the northerly 100.00 feet all in track no. 4949 in the County of Los Angeles, State of California, as per map recorded in book 64, pages 51 and 52 of maps, in the office of the County Recorder of said County.

Except the southerly 10 feet of lot 240.

Also excepting from lot 220 there from all oil, gas, asphaltum and other hydrocarbon substances underlying said land, or that may be obtained thereon or there under, it being understood that this reservation shall give the grantor, no right to enter upon the surface of said land, as reserved by deed recorded August 26, 1929 in book 7144, page 391, official records.

Also excepting from lot 221 all oil, gas, asphaltum and other hydrocarbon substances underlying said land, or that may be obtained thereon or there under it being understood that this reservation shall give the grantor, no right to enter upon the surface of said land, as reserved by deed recorded August 26, 1929 in book 9313, page 373, official records.

Also excepting from lot 240 all oil, gas, minerals and other hydrogarbon substances lying below the surface of said property, but with no right of surface entry as provided in deed recorded in book 7462, page 35, official records.

Also excepting from lots 243 and 244 all oil, gas, asphaltum and other hydrocarbon substances underlying said lot, or that may be obtained hereon or thereunder, it being understood that this reservation shall give to said grantor, his heirs or assigns no right to enter upon the surface, as reserved in deed recorded in book 21987, page 56, official records.

Also excepting from lot 245 all oil, gas asphaltum and other hydrocarbon substances underlying said lot, or that may be obtained thereon or thereunder, it being understood that this reservation shall give to said grantor, his heirs or assigns no right to enter upon the surface, as reserved in deed recorded in book 4657, page 314, official records.

Also, excepting from lots 246, 247 and 248 and all oil, gas, asphaltum and other hydrocargon substances underlying said land, without right of surface entry as reserved in deed recorded in book 4652, page 353, official records.

EXHIBIT C

HVAC STANDARDS

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not over than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

The above HVAC Standards shall not apply to the first floor space designated as "Child Care Area".

EXHIBIT D

CLEANING AND MAINTENANCE SCHEDULE FOR THE PREMISES

1. DAILY (Monday through Friday)

   A. Carpets vacuumed.
   B. Composition floors dust-mopped.
   C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
   D. Waste baskets, other trash receptacles emptied.
   E. Chairs and waste baskets returned to proper position.
   F. Fingerprints removed from glass doors and partitions.
   G. Drinking fountains cleaned, sanitized and polished.
   H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
   I. Bulb and tube replacements, as required.
   J. Graffiti expunged as needed within two (2) working days after notice by Tenant.
   K. Floors washed as needed.
   L. Kitchen/Lunchroom supplies replenished including paper supplies and soap.

2. WEEKLY

   A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
   B. Window sills, ledges and wood paneling and molding dusted.

3. MONTHLY

   A. Floors washed and waxed in uncarpeted office area.
   B. High-reach areas, door frames and tops of partitions dusted.
   C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
   D. Picture moldings and frames dusted.
   E. Wall vents and ceiling vents vacuumed.
   F. Carpet professionally spot cleaned as required to remove stains.
   G. HVAC chiller water checked for bacteria, water conditioned.

4. QUARTERLY

   A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
   B. Wood furniture polished.
   C. Draperies or mini-blinds cleaned as required, but not less frequently than Quarterly.
   D. HVAC units serviced for preventative maintenance purposes, all filters changed.

5. SEMI-ANNUALLY

   A. Windows washed as required inside and outside but not less frequently than twice annually.
   B. All painted wall and door surfaces washed and stains removed.

C. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

A. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.
B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.
C. Touch-up paint all interior painted surfaces in a color and finish to match existing.

7. AS NEEDED

A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.
B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.
C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning: (i) heavy traffic areas as needed with a minimum frequency of six (6) times per year; (ii) moderate traffic areas cleaned as needed with a minimum of two (2) times per year; and (iii) clean light traffic areas a minimum of once per year. Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.
D. All walls repainted throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence"). The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute and Occurrence for the purpose of determining the frequency of this work.

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

EXHIBIT E

COMMON AREAS RULES

The second floor library/conference room is a common area to be shared by the tenants of the Building. The library/conference room is reserved for the exclusive us of the County from 6:30 a.m. to 1:00 p.m. Monday through Friday. The library/conference room is reserved for the exclusive use of ALMA Family Services from 1:00 p.m. to closing Monday through Friday. The library/conference room is to be left in a neat and clean condition at the end of each tenants' period exclusive use. The tenants may agree by mutual consent to change the period of exclusive use on a day by day basis or permanent basis. The Landlord must be notified in writing within five (5) days by the County and ALMA Family Services of any permanent change in the tenants' periods of exclusive use for the library/conference room.