



SACHI A. HAMAI
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
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"To Enrich Lives Through Effective And Caring Service"

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August 15, 2017

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

17 August 15, 2017

LORI GLASGOW
EXECUTIVE OFFICER

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:

**NEW LEASE
DEPARTMENT OF MENTAL HEALTH
1224 NORTH VINE STREET, LOS ANGELES
(THIRD DISTRICT)
(3 VOTES)**

SUBJECT

A ten-year lease for the Department of Mental Health for the continued use of 23,400 square feet of office space and 30 on-site parking spaces.

IT IS RECOMMENDED THAT THE BOARD:

1. Consider the Negative Declaration together with the fact that no comments were received during the public review process, find on the basis of the whole record that the project will not have a significant effect on the environment and no adverse effect on fish and wildlife resources, find that the Negative Declaration reflects the independent judgment of the Board of Supervisors to approve the Negative Declaration, adopt the Negative Declaration, and instruct the Chief Executive Officer to complete and file the appropriate determination forms as to the project.
2. Approve and instruct the Chairman to sign the ten-year lease, with Colonial Mutual, LLC (Landlord), for approximately 23,400 square feet of office space and 30 on-site parking spaces, for the continual use by the Department of Mental Health at an initial annual base rent of \$1,096,860 plus the approximate annual \$70,000 property tax cost, and a \$1,989,000 maximum additional Tenant Improvement allowance available for reconfiguration of the premises and payable in either lump sum or construction progress payments by the Department of Mental Health. The rental and related costs are funded 100 percent with Mental Health Services Act and other State and federal funds.

3. Authorize the Chief Executive Officer, or her designee, to direct the Director of Internal Services, or Landlord, and County-approved vendor, to acquire telephone, data, and low voltage systems for the Department of Mental Health at a cost not to exceed \$375,000. All of the telephone, data, and low voltage systems will be paid via lump sum by the Department of Mental Health.

4. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the proposed lease, and authorize the Chief Executive Officer, the Director of Mental Health, and the Director of Internal Services, or their designees, to take actions necessary and appropriate to implement the project. The proposed lease will be effective and commence upon approval by the Board of Supervisors.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed lease will provide continual use of the entire building consisting of 23,400 square feet of office space and 30 on-site parking spaces for the Department of Mental Health's (DMH) Hollywood Mental Health Center (HMHC) and allow DMH to reconfigure and remodel the clinical space. DMH has occupied the facility since 1995, and the lease is currently on a month-to-month basis since May 2017. Thirty-three supplemental parking spaces are leased at 1400 North Ivar Avenue, Los Angeles, at a monthly cost of \$4,250 via a separate agreement.

The proposed reconfiguration and remodeling of the clinical space is necessitated by the need of an efficient layout that incorporates additional clinical rooms that meet DMH's current safety and privacy standards. The current office was designed 22 years ago and the number of programs offered has increased, and DMH's clinical and safety protocols have changed over time. The proposed work includes the temporary relocation of support staff to the second floor, construction of temporary partitions with power and data connections, redistribution and relocation of building systems, including HVAC ducts, sprinklers, plumbing, lighting, walls and compliance with the new energy efficiencies regulations under Title 24. In addition, the remodeling needs to occur in phases after normal business hours, which increases the normal budgeted costs for construction. The office will continue to provide client services during this process.

The HMHC staff currently provide initial and ongoing psychiatric evaluations, individual and group psychotherapy, individual rehabilitation, medication evaluation and management, crisis intervention, vocational assessment and counseling, and targeted case management services.

The facility houses 80 staff, with a maximum number of 50 staff on-site daily, serving approximately 2,735 clients. The average number of clients served on-site daily is approximately 125, in addition to services provided in the field.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal 1 "Make Investments That Transform Lives" directs that we will aggressively address society's most complicated social, health, and public safety challenges. We want to be a highly responsive organization capable of responding to complex societal challenges – one person at a time.

By allowing for the execution of this lease and reconfiguration of the office, the proposed lease supports this goal by allowing DMH to continue to provide services that improve client's health in a safe environment. The proposed lease complies with the Asset Management Principles, as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed new lease has a first year rental cost of \$1,096,860 plus the approximate \$70,000 annual property tax cost and a \$1,989,000 maximum additional Tenant Improvement (TI) allowance payable in either lump sum or construction progress payments by the DMH. This Landlord does not have the ability to finance the TI. The aggregate rent comprised of the base rent, including the fixed increases, property taxes, and the maximum amount of reimbursable TI Allowance is approximately \$16,991,019 over the 10-year term of the lease.

Sufficient funding for the proposed lease and low voltage and TI reimbursement costs is included in the Fiscal Year (FY) 2017-18 Rent Expense budget and will be billed back to DMH. DMH has sufficient funding in their FY 2017-18 operating budget to cover the portion of the lease costs for the same period. Attachment B is an overview of the proposed lease costs. The rental and related costs are 100 percent funded with Mental Health Services Act and other State and federal funds received by DMH.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed new lease includes the following provisions:

- A ten-year lease term, which commences upon approval by the Board of Supervisors.
- A modified-gross lease whereby the Landlord is responsible for operational and maintenance costs of the building and County is responsible for utilities and property taxes.
- The property taxes are approximately \$70,000.
- A non-reimbursable TI allowance of \$25,000 or \$1.07 per square foot.
- A reimbursable TI allowance of \$1,989,000 or \$85 per square foot payable by DMH in either lump-sum or construction progress payments. The TI allowance is an estimated budget based on the proposed scope of work and construction costs.
- Construction costs of the proposed reconfiguration/remodeling of the existing clinical space are higher than when constructing an unoccupied space. The proposed work needs to occur in phases after normal working hours, allowing DMH to continue to provide client services without disruption. In addition, temporary work space within the building needs to be created for staff and services during construction.
- The proposed reconfiguration/remodeling construction process of the clinical space will commence upon approval of the lease by the Board of Supervisors and completed upon receiving final approval by the City of Los Angeles Department of Building and Safety.
- The Base Rent is subject to 4 percent increases per annum after the 12th month.
- Two 5-year options to extend the lease subject to 4 percent increases per annum with 24 months' prior written notice.

The Chief Executive Office (CEO), Real Estate Division, surveyed the Hollywood service area in an effort to relocate the DMH program, but available properties either were not suitable to house this program or landlords were not interested in housing the Mental Health program. The Landlord initially requested a rental increase from the current base rent of \$43 per square foot annually (\$997,564) to \$50 per square foot annually (\$1,165,320). The rental rate was negotiated to \$47 per square foot annually (\$1,096,860), and based upon a review of available industry data, staff has established that the annual rental range for similar space, including parking, is between \$42 and \$60 per square foot on a modified-gross basis. Thus, the base annual rental rate of \$47 modified-gross, including parking, for the proposed lease represents a rate within the market range for the area. Attachment C shows all County-owned and leased facilities within the surveyed areas, and there are no County-owned or leased facilities available for the program.

The Department of Public Works previously inspected this facility, and found it suitable for the County's occupancy. Notification letters have been sent to the City of Los Angeles City Clerk and Planning Department pursuant to Government Code Sections 25351 and 65402. The County has authority to enter into the lease under Government Code Section 25351. County Counsel has reviewed the attached lease and has approved it as to form. The proposed lease was presented to and approved by the Real Estate Management Commission on June 28, 2017.

The proposed lease will continue to provide an appropriate location for the program, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012, as outlined in Attachment D.

ENVIRONMENTAL DOCUMENTATION

The CEO completed an initial study of environmental factors and concluded that the project will have no significant impact on the environment and no adverse effect on wildlife resources. A Negative Declaration has been prepared and a notice posted at the facility as required by the California Environmental Quality Act (CEQA) and California Administrative Code, Section 15072. Copies of the completed initial study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration as posted are attached. CEO did not receive comments for the Negative Declaration.

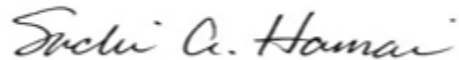
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease will continue to provide the necessary office space for the DMH requirement. DMH concurs with the proposed lease.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors, return four originals of the executed lease, two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division, 222 South Hill Street, Los Angeles, CA 90012.

Respectfully submitted,



SACHI A. HAMAI

Chief Executive Officer

SAH:DPH:CMM

TS:MAC:rp

Enclosures

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

**DEPARTMENT OF MENTAL HEALTH
1224 NORTH VINE STREET, LOS ANGELES
Asset Management Principles Compliance Form¹**

1.	<u>Occupancy</u>	Yes	No	N/A
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 250 sq. ft. of space per person? ² No, it is approximately 292 sq. ft. per person due to the program clinical space needs.		X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ² No, supplemental parking provided via a separate lease at 1400 North Ivar Avenue.		X	
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ²	X		
2.	<u>Capital</u>			
A	Is it a substantial net County cost (NCC) program? 100 percent funded with Mental Health Services Act and other 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?		X	
3.	<u>Portfolio Management</u>			
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. <u>X</u> 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 Modified-gross. County pays utilities and property taxes.		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

OVERVIEW OF THE PROPOSED LEASE COSTS

1224 N. Vine Street, Los Angeles	Existing Lease	Proposed Lease	Change
Area (Square Feet)	23,400	23,400	Not Applicable
Term (years)	Ten-years (5/04/2007) to (4/30/2017)	Ten-years, commencing upon Board of Supervisors approval.	+ Ten-years
Annual Base Rent ⁽¹⁾	\$997,563.84 (\$42.63 per sq. ft. annually)	\$1,096,860 ⁽¹⁾ (\$46.92 per sq. ft. annually)	+\$99,286.13
Base Allowance	Not Applicable	\$25,000 (\$1.07 per sq. ft.)	+\$25,000
Additional TI Allowance	Not Applicable	\$1,989,000 (\$85.00 per sq. ft.)	+\$1,989,000
Annual Property taxes	Approximately \$70,000, subject to annual Assessor increases	Approximately \$70,000, subject to annual Assessor increases ⁽²⁾	None
Parking (included)	30 spaces	30 spaces	None
Cancellation	On the 60 th , 96 th , and 98 th Months	None	No Cancellation Right
Option to Extend	Two 5-year options at fair market rent.	Two 5-year options with Base Rent subject to 4 percent annual increases with 24 months notice.	Option rent is set.
Rental adjustment	CPI capped at 4 percent.	Fixed four percent annual increases.	Set 4 percent increases rather than CPI.
Low Voltage	Not Applicable	\$375,000	+\$375,000

(1) The initial lease rate is \$3.91/sf per month or \$46.92/sf per annum, subject to annual 4 percent increases.

(2) \$1,989,000 represents the maximum amount of reimbursable TI funds available for this project payable by the department in either lump sum or construction progress payments.

	Base Rent	Tenant Improvements	Property Taxes	Total
First Year Rental Costs:	\$1,096,860	\$1,989,000	\$70,000 ⁽²⁾	\$3,155,860
Ten Year Rental Costs:	\$13,817,018.52 ⁽¹⁾	\$1,989,000	\$840,000 ⁽²⁾	\$16,616,018.52

(1) Ten year rental costs include the fixed four percent annual increases.

(2) Property taxes are subject to annual Assessor increases.

ATTACHMENT C

**DEPARTMENT OF MENTAL HEALTH
SPACE SEARCH WITHIN A THREE-MILE PARAMETER OF
1224 NORTH VINE STREET, LOS ANGELES**

LACO	FACILITY NAME	ADDRESS	SQFT GROSS	SQFT NET	STATUS	SQFT AVAILABLE
3969	HOLLYWOOD BOWL-ADMINISTRATION BUILDING	2301 N HIGHLAND AVE, HOLLYWOOD 90068	5137	4369	OWNED	NONE
A140	DMH-HOLLYWOOD FSP	947 COLE AVE, LOS ANGELES 90038	6500	6175	LEASED	NONE
B393	HOLLYWOOD COURTHOUSE	5925 HOLLYWOOD BLVD, HOLLYWOOD 90028	61571	26151	STATE	NONE
5461	PH-HOLLYWOOD/WILSHIRE PUBLIC HEALTH CENTER	5205 MELROSE AVE, LOS ANGELES 90038	27578	14811	OWNED	NONE
A674	DMH-HOLLYWOOD WELLNESS CENTER	5000 W SUNSET BLVD, LOS ANGELES 90027	5588	5309	LEASED	NONE

FACILITY LOCATION POLICY ANALYSIS

Proposed Lease: Ten-year lease –1224 North Vine Street, Los Angeles – 3rd District

A. Establish Service Function Category – Regional and local public service function.

B. Determination of the Service Area – The proposed lease will provide use of 23,400 square feet of office space for DMH.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population:
- Need for proximity to existing County facilities: The office is strategically situated within the departments Hollywood service area.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation:

The office is conveniently located near public transportation, i.e., bus service.

- Availability of affordable housing for County employees: The Hollywood area provides many housing price points.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no existing County buildings available to meet DMH's service needs.
- Compatibility with local land use plans: The site is currently zoned LAC2 and the current use as office space is consistent with the building's use, zoning and not in conflict with the goals and policies of the City of Los Angeles.

Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.

- Estimated acquisition/construction and ongoing operational costs: The rental costs consist of the initial annual base rent cost of \$1,096,860 plus the approximate annual \$70,000 property tax cost. The reimbursable TI allowance of \$1,989,000, should the entire amount be expended, is payable by DMH in either lump-sum or construction progress payments.

D. Analyze results and identify location alternatives

The Chief Executive Office (CEO), Real Estate Division, surveyed the Hollywood service area and was unable to identify any sites in the surveyed area that could accommodate this requirement more economically at this time. Based upon a review of available industry data, staff has established that the annual rental range for similar space, including parking, is between \$42 and \$60 per square foot on a modified-gross basis. Thus, the base annual rental rate of \$47 modified-gross, including parking, for the proposed lease represents a rate within the market range for the area

E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost, and other Location Selection Criteria

The facility will continue to provide proper accommodations for DMH's programs within their service area. The lease is in conformance with the Asset Management Principles, as outlined in Attachment A. The proposed facility will provide a central and appropriate location, which is consistent with the County's facility location policy, adopted by the Board of Supervisors on July 24, 2012.

DATE POSTED – June 9, 2017

NOTICE OF PREPARATION OF NEGATIVE DECLARATION

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

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

1. Name of Proponent - County of Los Angeles
Chief Executive Office
2. Address/Phone No. - 222 South Hill Street, 3rd Floor
Los Angeles, California 90012

<u>Agent</u>	<u>Telephone</u>
MiguelCovarrubias	(213) 974-4164
3. Date Information Form Submitted – June 9, 2017
4. Agency Requiring Information Form - Los Angeles County
Chief Executive Office
5. Address of Facility Involved – 1224 North Vine Street, Los Angeles, CA
90038
6. Description of Project - The leasing of office space in a commercial building for the continual use by the County of Los Angeles, Departments of Mental Health for offices currently providing services to area residents.
7. Finding for Negative Declaration - It has been determined that this project will not have a significant effect on the environment.



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

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

THIS NOTICE WAS POSTED

ON June 09 2017

UNTIL July 10 2017

REGISTRAR – RECORDER/COUNTY CLERK

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE



FILED
Jun 09 2017

Dean C. Logan, Registrar - Recorder/County Clerk

Electronically signed by DEMETRIA ATKINS

NEGATIVE DECLARATION

I. Location and Description of the Project

The proposed project is for the County of Los Angeles continual leasing of the facility located at 1224 North Vine Street, Los Angeles, California, which is currently used by the Department of Mental Health for offices providing services to area residents. The facility, located in the Third Supervisorial District approximately 7 miles from the Los Angeles Civic Center, includes approximately 23,400 square feet of office. The Landlord has no expansion plans beyond the scope of this project.

II. Finding of No Significant Effect

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

III. Mitigation Measures

None required.

NEGATIVE DECLARATION

Department Name: Mental Health
Project: Hollywood Mental Health Center

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

1. Description of Project

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

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

1224 North Vine Street, Los Angeles, CA 90038

b. Name of Project Proponent

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

3. Finding for Negative Declaration

It has been determined that this project will not have a significant effect on the environment based on information shown in the attached Environmental Information Form dated June 9, 2017 which constitutes the Initial Study of this project.

4. Initial Study

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

5. Mitigation Measures Included in Project

None required.

Date
June 9, 2017

Real Property Agent
Miguel Covarrubias

Telephone
(213) 974-4164

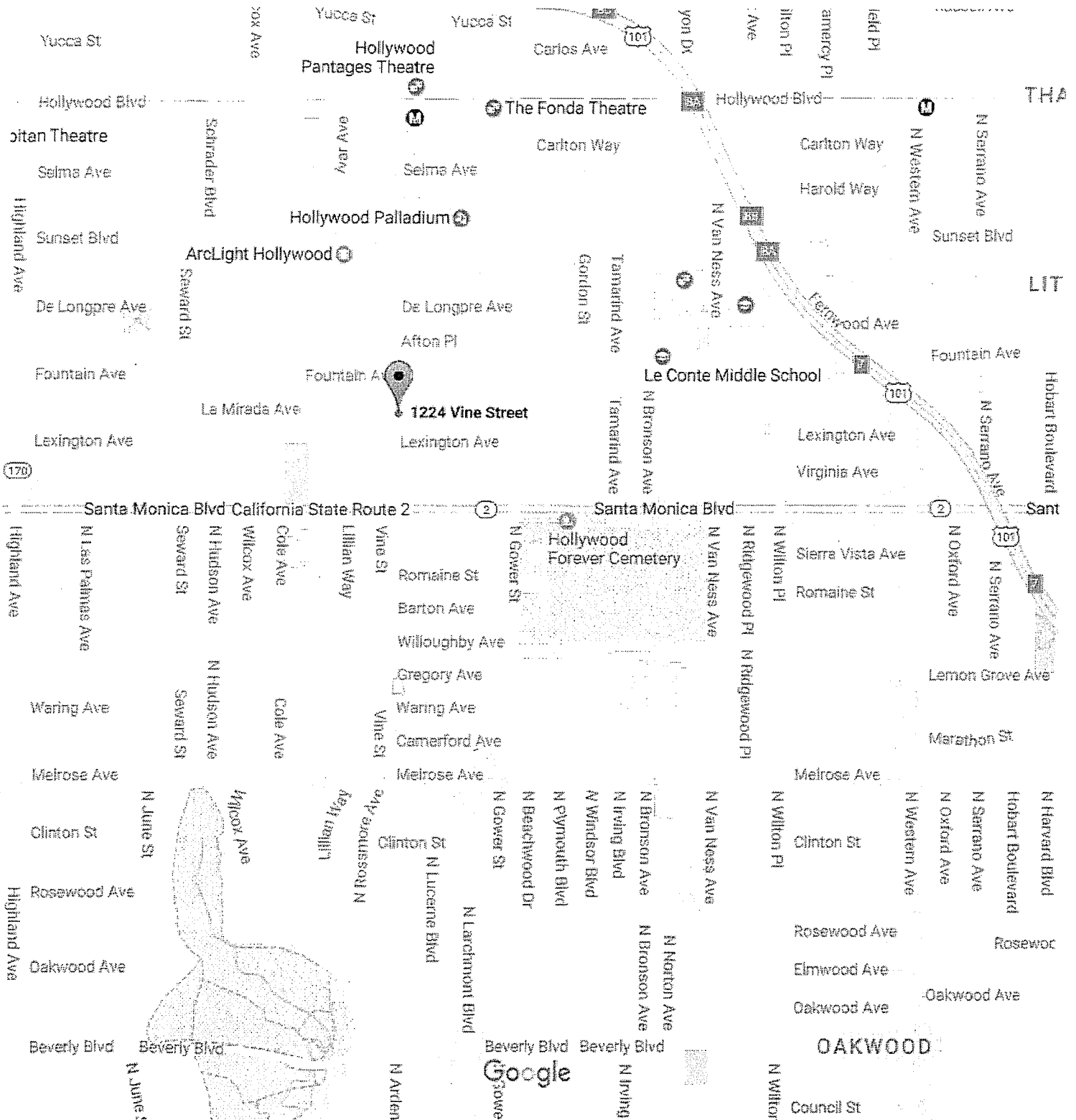
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FILED
Jun 09 2017

Dean C. Logan, Registrar - Recorder/County Clerk

Electronically signed by DEMETRIA ATKINS



Map data ©2017 Google 1000 ft

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Electronically signed by DEMETRIA ATKINS



INITIAL STUDY

I. Location and Description of Project

The proposed leased premises are located at 1224 North Vine Street, Los Angeles located in the Third Supervisorial District approximately 7 miles northwest of the Los Angeles Civic Center. (See attached map)

The building to be used is owned by Colonial Mutual LLC is intended for the continual use of office space providing mental health services to area residents. Public parking is located at the facility and surface streets surrounding the area.

This project consists of leasing approximately 23,400 square feet of office space at this facility for 10 years for occupancy by the Department of Mental Health. It is anticipated that an average of 35-50 employees will be occupying the premises with the maximum employee occupancy anticipated to be 50 per day. In addition to the employees, it is anticipated that an average of 120-130 members of the public will be visiting the daily. No expansion of existing premises will occur for this project and no alterations, except for interior furnishings, will be performed for this project.

II. Compatibility with General Plan

This project site is currently designated as commercial office use in the City of Los Angeles General Plan and zoned LAC2. The proposed project would be consistent with this designation.

III. Environmental Setting

The project site is located in an area of commercial and residential type facilities. The site includes approximately 23,400 square feet of developed property within an approximately 13,525 square foot lot. The site is located on Vine Street south of the 101 freeway and bordered by Santa Monica Boulevard on the south, Fountain Avenue on the north, Lillian Way on the west and El Centro on east.

IV. Identification of Environmental Effects

- A. The impact of the proposed project on existing land forms will be negligible as no reshaping of the soil nor excavation nor foundations, utility lines, sewer lines or water lines will be necessary.
- B. The project will not conflict with adopted environmental plans and goals of the City of Los Angeles.
- C. The project will not have a substantial demonstrable negative aesthetic effect on the site. The existing facility will be continued to be maintained as part of the lease arrangement.

- D. No rare or endangered species of animal or plant or the habitat of the species will be affected by the project. Nor will it interfere substantially with the movement of any resident fish or wildlife species or migratory fish or wildlife species.
- E. The project will not breach published national, state or local standards relating to solid waste or litter control.
- F. Development will not substantially degrade water quality, contaminate water supply, substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge.
- G. There are no known archeological sites existing at the project site.
- H. The proposed project will not induce substantial growth or concentration of population.
- I. The project will not cause a substantial increase to existing traffic. Nor will it affect the carrying capacity of the present street system. This is a government use of private property for public benefit purposes. The County's use is in conformance with uses approved by the City of Los Angeles.
- J. The project will not displace any persons from the site.
- K. The project will not substantially increase the ambient noise levels to adjoining areas. Noise generated by the proposed County use does not exceed that previously experienced in the area when occupied by private tenants.
- L. The proposed developed project will not cause flooding, erosion or siltation.
- M. The project will not expose people or structures to major geologic hazards.
- N. The project will not expend a sewer trunk line. All necessary utilities are available currently to the facility.
- O. No increased energy consumption is anticipated by the County's use of the premises.
- P. The project will not disrupt or divide the physical arrangement of established community; nor will it conflict with established recreational, educational, religious or scientific uses of the area.
- Q. No public health or safety hazard or potential public health or safety hazard will be created by this project.
- R. The project will not violate any ambient air quality standard, contribute



substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.

V. Discussions of Ways to Mitigate Significant Effects

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

A. None Required.

VI. Initial Study Preparation

This study was prepared by Miguel Covarrubias of the Los Angeles County Chief Executive Office, Real Estate Division. This study was completed on June 9, 2017.



Dean C. Logan, Registrar - Recorder/County Clerk

Electronically signed by DEMETRIA ATKINS

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT

DEPARTMENT: MENTAL HEALTH - Tenant

COLONIAL MUTUAL, LLC – Landlord

1224 NORTH VINE STREET
LOS ANGELES, CALIFORNIA 90038

78717

TABLE OF CONTENTS

<u>1.</u>	<u>BASIC LEASE INFORMATION</u>	1
1.1.	<u>TERMS</u>	1
a.	<u>Landlord's Address for Notice:</u>	1
b.	<u>Tenant's Address for Notice:</u>	1
c.	<u>Premises:</u>	1
d.	<u>Building:</u>	1
e.	<u>Term:</u>	2
f.	<u>Projected Commencement Date:</u>	2
g.	<u>Irrevocable Offer Expiration Date:</u>	2
h.	<u>Base Rent:</u>	2
i.	<u>Early Termination</u>	2
j.	<u>Rentable/gross Square Feet in the Premises:</u>	2
k.	<u>Use:</u>	2
l.	<u>Initial Departmental Use:</u>	3
m.	<u>Parking Spaces:</u>	3
n.	<u>Normal Working Hours:</u>	3
o.	<u>Asbestos Report:</u>	3
p.	<u>Disable Access Survey</u>	3
q.	<u>Seismic Report</u>	3
1.2.	<u>DEFINED TERMS RELATING TO LANDLORD'S WORK LETTER</u>	3
a.	<u>Base Tenant Improvement Allowance:</u>	3
b.	<u>Additional Tenant Improvement Allowance:</u>	3
c.	<u>Maximum Change Order Allowance:</u>	3
d.	<u>Additional Tenant Improvement and Change Order Amortization Rate:</u>	3
e.	<u>Base Rent Reduction:</u>	3
f.	<u>Tenant's Work Letter Representative:</u>	3
g.	<u>Landlord's Work Letter Representative:</u>	3
h.	<u>Landlord's Address for Work Letter Notice:</u>	3
i.	<u>Tenant's Address for Work Letter Notice:</u>	3
1.3.	<u>EXHIBITS TO LEASE:</u>	4
1.4.	<u>LANDLORD'S WORK LETTER:</u>	4
1.5.	<u>SUPPLEMENTAL LEASE DOCUMENTS:</u>	4
<u>2.</u>	<u>PREMISES</u>	4
<u>3.</u>	<u>COMMON AREAS</u>	4
<u>4.</u>	<u>COMMENCEMENT AND EXPIRATION DATES</u>	5
4.1.	<u>TERM</u>	5
4.2.	<u>TERMINATION RIGHT</u>	5
4.3.	<u>EARLY POSSESSION</u>	5
4.4.	<u>EARLY TERMINATION</u>	5
<u>5.</u>	<u>RENT</u>	5
<u>6.</u>	<u>USES</u>	5
<u>7.</u>	<u>HOLDOVER</u>	5
<u>8.</u>	<u>COMPLIANCE WITH LAW</u>	6
<u>9.</u>	<u>DAMAGE OR DESTRUCTION</u>	6

9.1.	<u>DAMAGE</u>	7
9.2.	<u>TENANT TERMINATION RIGHT</u>	7
9.3.	<u>DAMAGE IN LAST YEAR</u>	7
9.4.	<u>DEFAULT BY LANDLORD</u>	7
10.	<u>REPAIRS AND MAINTENANCE</u>	7
10.1.	<u>LANDLORD REPRESENTATIONS</u>	7
10.2.	<u>LANDLORD OBLIGATIONS</u>	8
10.3.	<u>TENANT OBLIGATIONS</u>	8
10.4.	<u>TENANT'S RIGHT TO REPAIR</u>	9
11.	<u>SERVICES AND UTILITIES</u>	9
11.1.	<u>SERVICES</u>	9
a.	<u>Heating, Ventilation and Air Conditioning (HVAC)</u>	9
b.	<u>Electricity</u>	9
c.	<u>Elevators</u>	10
d.	<u>Water</u>	10
e.	<u>Janitorial</u>	10
f.	<u>Access</u>	10
g.	<u>Pest Control</u>	10
11.2.	<u>UTILITIES</u>	10
12.	<u>TAXES</u>	10
13.	<u>LANDLORD ACCESS</u>	11
14.	<u>TENANT DEFAULT</u>	11
14.1.	<u>DEFAULT</u>	11
14.2.	<u>TERMINATION</u>	11
14.3.	<u>NO EFFECT ON INDEMNITY</u>	11
15.	<u>LANDLORD DEFAULT</u>	12
15.1.	<u>REMEDIES</u>	12
15.2.	<u>WAIVER</u>	12
15.3.	<u>EMERGENCY</u>	11
16.	<u>ASSIGNMENT AND SUBLETTING</u>	13
17.	<u>ALTERATIONS AND ADDITIONS</u>	13
17.1.	<u>LANDLORD CONSENT</u>	13
17.2.	<u>END OF TERM</u>	13
18.	<u>CONDEMNATION</u>	13
18.1.	<u>CONTROLLING TERMS</u>	13
18.2.	<u>TOTAL TAKING</u>	14
18.3.	<u>PARTIAL TAKING</u>	14
18.4.	<u>RESTORATION</u>	14
18.5.	<u>AWARD</u>	14
18.6.	<u>WAIVER OF STATUTE</u>	15
19.	<u>INDEMNIFICATION</u>	15
19.1.	<u>TENANT'S INDEMNITY</u>	15
19.2.	<u>LANDLORD'S INDEMNITY</u>	15
20.	<u>INSURANCE</u>	15

20.1.	<u>LANDLORD'S INSURANCE</u>	15
20.2.	<u>INSURANCE REQUIREMENTS</u>	15
20.3.	<u>CERTIFICATES</u>	18
20.4.	<u>WAIVER OF SUBROGATION</u>	19
21.	<u>PARKING</u>	19
21.1.	<u>TENANT'S RIGHTS</u>	19
21.2.	<u>REMEDIES</u>	19
22.	<u>ENVIRONMENTAL MATTERS</u>	19
22.1.	<u>HAZARDOUS MATERIALS</u>	19
22.2.	<u>LANDLORD INDEMNITY</u>	20
23.	<u>ESTOPPEL CERTIFICATES</u>	20
24.	<u>TENANT IMPROVEMENTS</u>	21
25.	<u>LIENS</u>	21
26.	<u>SUBORDINATION AND MORTGAGES</u>	21
26.1.	<u>SUBORDINATION AND NON-DISTURBANCE</u>	21
26.2.	<u>EXISTING DEEDS OF TRUST</u>	22
26.3.	<u>REQUEST FOR NOTICE</u>	22
26.4.	<u>NOTICE OF DEFAULT</u>	22
27.	<u>SURRENDER OF POSSESSION</u>	22
28.	<u>SIGNAGE</u>	22
29.	<u>QUIET ENJOYMENT</u>	22
30.	<u>GENERAL</u>	23
30.1.	<u>HEADINGS</u>	23
30.2.	<u>SUCCESSORS AND ASSIGNS</u>	23
30.3.	<u>BROKERS</u>	23
30.4.	<u>ENTIRE AGREEMENT</u>	23
30.5.	<u>SEVERABILITY</u>	23
30.6.	<u>NOTICES</u>	23
30.7.	<u>GOVERNING LAW AND FORUM</u>	24
30.8.	<u>WAIVERS</u>	24
30.9.	<u>TIME OF ESSENCE</u>	24
30.10.	<u>CONSENT</u>	24
30.11.	<u>COMMUNITY BUSINESS ENTERPRISES</u>	24
30.12.	<u>MEMORANDUM OF LEASE</u>	24
31.	<u>AUTHORITY</u>	24
32.	<u>ACKNOWLEDGEMENT BY LANDLORD</u>	25
32.1.	<u>CONSIDERATION OF GAIN PROGRAM PARTICIPANTS</u>	25
32.2.	<u>SOLICITATION OF CONSIDERATION</u>	25
32.3.	<u>LANDLORD ASSIGNMENT</u>	25
33.	<u>IRREVOCABLE OFFER</u>	27
33.	<u>OPTION TO EXTEND</u>	27

EXHIBITS

- Exhibit A – Floor Plan of the Premises
- Exhibit B – Legal Description of the Property
- Exhibit C – Commencement Date memorandum and Confirmation of Lease Terms
- Exhibit D – Heating, Ventilation, and Air Conditioning Standards
- Exhibit E – Cleaning and Maintenance Schedule

LANDLORD'S WORK LETTER

- Addendum A – Base Building Improvements
- Addendum B – Tenant Improvements
- Addendum C – Form of Budget
- Addendum D – Costs of Tenant Improvements

SUPPLEMENTAL LEASE DOCUMENTS:

- Document I: Subordination, Non-disturbance and Attornment Agreement
- Document II: Tenant Estoppel Certificate
- Document III: Community Business Enterprises Form
- Document IV: Memorandum of Lease Terms
- Document V: Request for Notice

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT

THIS LEASE ("Lease") is entered into as of the 15th day of August, 2017 between Colonial Mutual, LLC ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION

1.1. Terms

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

- | | |
|-----------------------------------|--|
| a. Landlord's Address for Notice: | Colonial Mutual, LLC
Attention: Kari Bloom
P.O. Box 675790
Rancho Santa Fe, California 92067 |
| b. Tenant's Address for Notice: | Board of Supervisors
Kenneth Hahn Hall of Administration
Room 383
500 West Temple Street
Los Angeles, California 90012 |

With a copy to:

Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 217-4971

- | | |
|--------------|--|
| c. Premises: | Approximately 23,400 rentable/gross square feet in the Building (defined below) as shown on Exhibit A attached hereto. |
| d. Building: | The Building located at 1224 North Vine Street, California which is currently assessed by the County Assessor as |

78717

APN 5534-002-001 and described more particularly in Exhibit B attached hereto (the "Property")

- e. Term: Ten years commencing upon approval by the Board of Supervisors, (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 additional Extension Term for which an option has been validly exercised.
- f. Projected Commencement Date: August 15, 2017
- g. Irrevocable Offer Expiration Date: August 15, 2017
- h. Base Rent: \$91,405.00 per month (which is based upon a rental rate of three dollars and ninety-one cents \$3.91) per square foot.
- i. Early Termination Not Applicable
- j. Rentable/gross Square Feet in the Premises: 23,400
- k. Use: The Premises together with all appurtenances belonging to, or in any wise appertaining, shall be used as governmental office space or for other government office and therapy purposes during normal working hours, after normal working hours, and on weekends and holidays.

- l. Initial Departmental Use: Mental Health providing counseling, therapy and dispensing medications and administrative offices.
 - m. Parking Spaces: Tenant has exclusive use of all parking.
 - n. Normal Working Hours: Subject to the right of Landlord to access the Premises as provided under the terms of this Lease, Tenant shall have exclusive use of the Building 365 days a year, 24 hours a day.
 - o. Asbestos Report: Not Applicable.
 - p. Disabled Access Survey: Not Applicable.
 - q. Seismic Report: Not Applicable.
- 1.2. Defined Terms Relating to Landlord's Work Letter
- a. Base Tenant Improvement Allowance: \$25,000 (i.e., \$1.07 per rentable square foot of the Premises).
 - b. Additional Tenant Improvement Allowance: \$1,989,000 (i.e., \$85 per rentable square foot of the Premises).
 - c. Maximum Change Order Allowance: Not Applicable
 - d. Additional Tenant Improvement and Change Order Amortization Rate: Not Applicable
 - e. Base Rent Reduction: Not Applicable
 - f. Tenant's Work Representative: Miguel A Covarrubias or an assigned staff person of the Chief Executive Office-Real Estate Division.
 - g. Landlord's Work Representative: An assigned staff person of the Landlord.
 - h. Landlord's Address for Work Letter Notice: See 1.1(a)
 - i. Tenant's Address for Work Letter Notice: See 1.1(b)

- | | |
|---|---|
| <p>1.3. Exhibits to Lease:

(Executed concurrently with this Lease and incorporated herein by this reference):</p> | <p>Exhibit A- Floor Plan of Premises
 Exhibit B- Legal Description of Property
 Exhibit C- Commencement Date Memorandum and Confirmation of Lease Terms
 Exhibit D- HVAC Standards
 Exhibit E- Cleaning and Maintenance Schedule</p> |
| <p>1.4. Landlord's Work Letter:

(Executed concurrently with this Lease and incorporated herein by this reference):</p> | <p>Not Applicable</p> |
| <p>1.5. Supplemental Lease Documents:

(Delivered to Landlord and incorporated herein by this reference):</p> | <p>Document I: Subordination, Non-Disturbance and Attornment Agreement
 Document II: Tenant Estoppel Certificate
 Document III: Community Business Enterprises Form
 Document IV: Memorandum of Lease
 Document V: Request for Notice</p> |

2. PREMISES

2.1. 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. Without limiting or modifying any of Landlord's obligations under this Lease, or waiving any of Tenant's rights hereunder, Tenant acknowledges that it is currently in possession of the Premises.

2.2. Landlord and Tenant acknowledge and agree that the stated square footage of Premises and the space in the Building is stipulated as accurate as of the date of this Lease.

3. COMMON AREAS

Tenant may use the following areas ("Common Areas") in common with Landlord: 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 Area established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES

4.1. Term

The term ("Term") of this Lease shall commence upon the (Commencement Date) (as defined above) and terminate on the Termination Date. Within 30 days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C.

5. RENT

Tenant shall pay Landlord (i) the Base Rent stated in Section 1 during the Term hereof within 15 days after a claim therefor for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "County") prior to the first day of each month. Base Rent for any partial month shall be prorated in proportion to the number of days in such month. The Base Rent is subject to annual adjustments as follows:

Year	Monthly Rent	Rate/psf
1	\$91,405.00	\$3.91
2	\$95,061.20	\$4.06
3	\$98,863.65	\$4.22
4	\$102,818.19	\$4.39
5	\$106,930.92	\$4.57
6	\$111,208.16	\$4.75
7	\$115,656.48	\$4.94
8	\$120,282.74	\$5.14
9	\$125,094.05	\$5.35
10	\$130,097.82	\$5.56

6. USES

The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use.

7. 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 60 days written notice from Landlord or 60 days written notice from the Chief Executive Officer 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 (hereinafter "Holdover").

8. COMPLIANCE WITH LAW

Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term 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.

9. DAMAGE OR DESTRUCTION

9.1. 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 unusable 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 (10) 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 leasable 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.

9.2. 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 Basic Rent shall be abated from the date the Premises became unleaseable. 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, provided insurance proceeds are available to repair the damages.

9.3. 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 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 30 days after such written notice of termination.

9.4. Default By Landlord

If Landlord is required to repair and restore the Premises as provided for in this Section 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 Basic Rent next due as a charge against the Landlord.

10. REPAIRS AND MAINTENANCE

10.1. Landlord Representations

Landlord represents to Tenant that:

- a. 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 the Americans With Disabilities Act; and are in reasonable good working order and condition;
- b. The Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirement; and
- c. The Premises, Building and Common Areas are free of the presence of Hazardous Materials (as hereinafter defined) and
- d. Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation.

e. Based upon a professional inspection of the Premises and the Building and the Asbestos Report that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report), Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

10.2. Landlord Obligations

a. 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;

ii. mechanical (including HVAC), electrical, plumbing and fire/life systems serving the Building;

iii. the Common Areas;

iv. exterior windows of the Building;

v. elevators serving the Building.

b. 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:

i. 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);

ii. doors;

iii. the interior side of demising walls (which shall be repainted as needed but not less often than every five years and

iv. emergency exit signage and egress battery replacement.

10.3. Tenant Obligations

Without limiting Landlord's Obligations, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing or replacing as the case may be any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, 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.

10.4. Tenant's Right to Repair

a. 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 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 (30) days, Tenant shall be entitled to deduct from Basic 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 14.

b. Tenant at its sole option, acting through the CEO, may request the Landlord to perform, supply and administer any repairs, replacement, or services that are the responsibility of the Tenant and reimburse Landlord for such costs.

11. SERVICES AND UTILITIES

11.1. Services

a. Heating, Ventilation and Air Conditioning (HVAC)

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 standard comparable to other similar office buildings and not less than the standard set forth in Exhibit D attached hereto.

b. Electricity - electrical usage costs is all at Tenant's cost

Landlord shall furnish to the Premises the amount of electric current currently provided for power and lighting and electric current for HVAC, and Landlord shall provide the existing transformers or sub-panels on each floor of the Premises.

c. Elevators

Landlord shall furnish a passenger elevator services to the Premises to the extent currently provided as of the date of this Lease.

d. Water

Water usage costs are all at Tenant's cost - Landlord shall make available warm and cold water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

e. Janitorial

Landlord at its sole cost and expense shall provide janitorial service on 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.

g. Pest Control

Landlord at its sole cost and expense shall provide pest control services to the premises per the specifications set forth in Exhibit E attached hereto.

11.2. Utilities

Tenant agrees to pay when due all charges for the use of the sewer, effluent treatment, when and if imposed by any governmental authority, all water, sprinkler standby charges, electricity, gas, heating and common area power and lighting, power charges associated with the HVAC, and other utility rents and charges accruing or payable in connection with the Premises during the Term of this Lease or any renewal, extension, or holdover thereof, whether the same are pro-rated or measured by separate meters.

12. TAXES

Tenant shall pay promptly all real property taxes, assessments and special assessments which may be levied or assessed against the Premises or Building during the term of this Lease or any renewal or holdover period thereof. Tenant shall be responsible for any increases attributed to alterations or any improvements by Tenant regardless if made to the area leased to Tenant or any other part of the Building (e.g., if Tenant makes alterations to any other part of the land or building). Tenant shall not be responsible for any increase in real property taxes attributed to alterations or improvements to areas outside of the area leased to Tenant. Should a transfer of ownership occur and result in an increase in real property taxes, Tenant shall not be responsible for any increase attributable thereto.

13. 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, Basic Rent shall be prorated based upon the percentage of the Premises or Building rendered unleaseable 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.

14. TENANT DEFAULT

14.1. Default

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

a. 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 (10) days after written notice to Tenant;

b. 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 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 thirty (30) -day period and thereafter diligently prosecutes such cure to completion.

14.2. Termination

Tenant agrees that if a 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.

14.3. No Effect on Indemnity

Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

15. LANDLORD DEFAULT

15.1. Remedies

In addition to the provisions for Landlord's default provided by Sections 9.4, 10.3, 19 and 20.2, 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 thirty (30) days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10.3); provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably be cured within such thirty (30) 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:

- a. to remedy such default or breach and deduct the costs thereof (including but not limited to attorney' fees) plus interest at the rate of ten percent (10%) per annum from the installments of Base Rent next falling due;
- b. to pursue the remedy of specific performance;
- c. 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
- d. to terminate this Lease.

15.2. 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.

15.3. 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.

16. ASSIGNMENT AND SUBLETTING

Tenant may 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, 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

17. ALTERATIONS AND ADDITIONS

17.1. 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:

- a. complies with all Laws;
- b. is not visible from the exterior of the Premises or Building; and
- c. will not materially affect the systems or structure of the Building.

If Landlord fails to respond in writing within 30 days of such request, Landlord shall be deemed to approve the Alterations.

17.2. 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; provided, that with respect to any Alterations after the date of this Lease, Landlord may reasonably require the removal by Tenant (at Tenant's sole cost and expense) of any Alterations that are other than ordinary office improvements.

18. CONDEMNATION

18.1. 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.

18.2. 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").

18.3. 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 Basic Rent shall be equitably abated.

18.4. 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 Basic Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

18.5. 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.

18.6. 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.

19. INDEMNIFICATION:

During the term of this Lease, the following indemnification requirements shall be in effect.

19.1. Landlord's Indemnity

Landlord shall indemnify, defend and hold harmless the Tenant from and against any and all liability, loss, injury or damage including (but not limited to) demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from or connected with the Landlord's repair, maintenance and other acts and omissions arising from and/or relating to the Landlord's ownership of the Premises.

19.2. Tenant's Indemnity

The Tenant shall indemnify, defend and hold harmless the Landlord, from and against any and all liability, loss, injury or damage including (but not limited to) demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from or connected with the Tenant's repair, maintenance and other acts and omissions arising from and/or relating to the Tenant's use of the Premises.

20. INSURANCE: During the term of this Lease, the following insurance requirements will be in effect.

20.1. WAIVER

Both the Tenant and the Landlord each agree to release the other and waive their rights of recovery against the other for damage to their respective property arising from perils insured in the Causes-of-Loss Special Form (ISO form CP 10 30).

20.2. GENERAL INSURANCE PROVISIONS – LANDLORD REQUIREMENTS

Without limiting the Landlord's indemnification of Tenant and during the term of this Lease, and until all of its obligations pursuant to this Lease have been met, Landlord shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in this Lease. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Landlord pursuant to this Lease. The Tenant in no way warrants that the Required Insurance is sufficient to protect the Landlord for liabilities which may arise from or relate to this Lease.

A. Evidence of Coverage and Notice to Tenant

Certificate(s) of insurance coverage (Certificate) satisfactory to Tenant, and a copy of an Additional Insured endorsement confirming Tenant and its Agents (defined below) has given Additional Insured status under the Landlord's General Liability policy, shall be delivered to Tenant at the address shown below and provided prior to the start day of this Lease.

Renewal Certificates shall be provided to Tenant not less than 10 days prior to Landlord's policy expiration dates. The Tenant reserves the right to obtain complete, certified copies of any required Landlord insurance policies at any time.

Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Lease by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Landlord identified in the Lease. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding twenty-five thousand (\$25,000.00) dollars, and list any Tenant required endorsement forms.

Neither the Tenant's failure to obtain, nor the Tenant's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Landlord, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

Certificates and copies of any required endorsements, notices of cancellation shall be delivered to:

County of Los Angeles
Tenant Department Name
Landlord Department Address
Attention: Name of Department Contact Person

Landlord also shall promptly notify Tenant of any third party claim or suit filed against Landlord or once known to Landlord Tenant which arises from or relates to this Lease, and could result in the filing of a claim or lawsuit against Landlord and/or Tenant.

B. Additional Insured Status and Scope of Coverage

The Tenant, which is the County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively Tenant and its Agents), shall be provided additional insured status under Landlord's General Liability policy with respect to liability arising from or connected with the Landlord's acts, errors,

and omissions arising from and/or relating to the Tenant's operations on and/or its ownership of the premises. Tenant's additional insured status shall apply with respect to liability and defense of suits arising out of the Landlord's acts or omissions, whether such liability is attributable to the Landlord or to the Tenant. The full policy limits and scope of protection also shall apply to the Tenant as an additional insured, even if they exceed the Tenant's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

C. Cancellation of or Changes in Insurance

Landlord shall provide the Tenant with, or Landlord's insurance policies shall contain a provision that the Tenant shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to the Tenant at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Lease, in the sole discretion of the Tenant, upon which the Tenant may suspend or terminate this Lease.

D. Failure to Maintain Insurance

Landlord's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Lease.

E. Insurer Financial Ratings

Insurance is to be provided by an insurance company authorized to do business in California and acceptable to the Tenant, with an A.M. Best rating of not less than A:VII, unless otherwise approved by the Tenant.

F. Landlord's Insurance Shall Be Primary

Landlord's insurance policies, with respect to any claims related to this Lease, shall be primary with respect to all other sources of coverage available to Tenant. Any Tenant maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Tenant coverage.

G. Waiver of Subrogation

To the fullest extent permitted by law, the Landlord hereby waives its and its insurer(s) rights of recovery against Tenant under all required insurance policies for any loss arising from or related to this Lease. The Landlord shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.

H. Deductibles and Self-Insured Retentions (SIRs)

Landlord's policies shall not obligate the Tenant to pay any portion of any Tenant deductible of SIR.

I. Claims Made Coverage

If any part of the Required Insurance is written on claims made basis, any policy retroactive date shall precede the start date of this Lease. Landlord understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Lease expiration, termination or cancellation.

J. Application of Excess Liability Coverage

Landlord may use a combination of primary and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

K. Separation of Insureds

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

L. Tenant Review and Approval of Insurance Requirements

The Tenant reserves the right to review and with Landlord's approval (not unreasonably withheld, conditioned or delayed, adjust the Required Insurance provisions, conditioned upon Tenant's determination of changes in risk exposures.

20.3. INSURANCE COVERAGE TYPES AND LIMITS

A. Tenant Requirements: During the term of this Lease, Tenant shall maintain a program of insurance coverage as described below. Tenant, at its sole option, may satisfy all or any part of this insurance requirement through use of a program of self-insurance (self-funding of its liabilities) Certificate evidencing coverage or letter evidencing self-funding will be provided to Landlord after execution of this Lease at Landlord's request.

1. Commercial General Liability Insurance providing scope of coverage equivalent to ISO policy form CG 00 01, naming Landlord and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$ 2 million
Products/Completed Operations Aggregate:	\$ 1 million
Personal and Advertising Injury:	\$ 1 million

Each Occurrence:

\$ 1 million

Landlord Requirements: During the term of this Lease, Landlord shall provide and maintain the following programs of insurance coverage:

1. Commercial General Liability Insurance providing scope of coverage equivalent to ISO policy form CG 00 01, naming Tenant and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$ 5 million
Products/Completed Operations Aggregate:	\$ 5 million
Personal and Advertising Injury:	\$ 2 million
Each Occurrence:	\$ 2 million

2. Commercial Property Insurance. Such insurance shall:

- Provide coverage for Tenant's property and any improvements and betterments; this coverage shall be at least as broad as that provided by the Causes-of-Loss Special Form (ISO form CP 10 30), excluding earthquake and including flood and ordinance or law coverage.

- Be written for the full replacement cost of the property, with a deductible no greater than \$250,000 or 5% of the property value, whichever is less. Insurance proceeds shall be payable to the Tenant and Landlord as their interests may appear.

21. PARKING

21.1. Tenant's Rights

Tenant shall have the right to 100% of the existing parking stalls in the Building without charge seven days a week, 24 hours a day for the Term of this Lease.

a. [Reserved].

22. ENVIRONMENTAL MATTERS

22.1. Hazardous Materials

Tenant shall not cause nor permit, nor allow any of Tenant's employees agents, customers, visitors, invitees, licensee, contractor, 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.

22.2. Landlord Indemnity

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, fine, 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.

23. ESTOPPEL CERTIFICATES

Tenant shall, within 30 business days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed) 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.

24. TENANT IMPROVEMENTS

(a) Within 10 business days after this lease is executed, Landlord shall execute and accommodate any construction contracts ("Construction Contracts"), paid at Landlord's cost not to exceed \$25,000 (said amount constituting a "Tenant Improvement Allowance") and otherwise paid at Tenant's cost, directly by Landlord, not to exceed \$1,989,000 (constituting an "Additional Tenant Improvement Allowance") on behalf of Tenant for the construction of the Tenant Improvements as defined in Section 23(b). Landlord with Tenant's approval shall oversee and coordinate the construction of the Tenant Improvements per County plans and specifications. Each such Construction Contract shall be in form and substance approved by Landlord and Tenant and shall in any event provide that Landlord shall not be obligated to pay to the contractor(s) thereunder any draw requests or other amounts unless and until Tenant has made payment of the applicable amount or amounts to Landlord.

(b) To the extent permitted in the Construction Contracts approved by the parties in accordance with Section 24(a) above, the Additional Tenant Improvement Allowance used to pay for all or a portion of the Tenant Improvement costs shall, at Tenant's election, be paid to Landlord (i) in a lump sum when the Tenant Improvements are Substantially Complete, or (ii) in construction progress payments. The "Tenant Improvements" are shown and defined on Exhibit A attached hereto.

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. Except with respect to mortgages or deeds of trust contemplated under Article 26 below, 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.

25. SUBORDINATION AND MORTGAGES

25.1. 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 Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith 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.

25.2. 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 Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith within 30 days after the execution of this Lease.

25.3. 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 Document V in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

25.4. 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 days within which to cure such default.

26. 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), provided that Tenant shall repair any damage caused by such removal.

27. SIGNAGE

Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances and that shall have been approved in writing by Landlord (which approval shall not be unreasonably withheld, conditions or delayed).

28. 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.

29. GENERAL

29.1. 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.

29.2. Successors and Assigns

All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon Landlord and Tenant and their respective successors and assigns.

29.3. Brokers

Tenant represents that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease and shall indemnify and hold harmless Landlord against any loss, cost, liability or expense incurred by Landlord as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation.

29.4. Entire Agreement

This Lease (and the Landlord's Work Letter and Supplemental Lease Documents) 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.

29.5. 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.

29.6. 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 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.

29.7. 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.

29.8. Waivers

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.

29.9. Time of Essence

Time is of the essence for the performance of all of the obligations hereunder.

29.10. 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.

29.11. Community Business Enterprises

Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document III in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

29.12. Memorandum of Lease

If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

30. AUTHORITY

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual

executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Officer of the County or his or her delegee (the "Chief Executive Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Base Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

31. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

31.1. Consideration of GAIN 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.

31.2. Solicitation of Consideration

It is improper for any County officer employee or agent to solicit consideration in any form from a Landlord with the implication, suggestion or statement that the Landlord'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 County's consideration of the Landlord'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 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.

31.3. Landlord Assignment

a. 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 providing for the payment of Base Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

b. Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.

c. Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County. Notwithstanding the foregoing, the County hereby acknowledges and agrees that Landlord shall have the right to encumber the Property with CMBS (collateralized mortgage backed securities) financing or other traditional real estate financing. However, Landlord may not encumber the Property through any type of bond financing vehicle, including but not limited to certificate of participation financing.

d. Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of \$500,000 or 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

e. Landlord shall give the County notice and a copy of each Security Agreement and if applicable, any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Base Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

f. Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except with County's prior written consent. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

g. The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

32. IRREVOCABLE OFFER

In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.

33. OPTION TO EXTEND

(a) Terms of Option Provided that no material default has occurred and is continuing under the Lease at the time the option is exercised, Tenant shall have two options to renew this Lease for two additional periods of five years each (each, an "Option Term"). Each such option shall be personal to Tenant and not assignable.

(b) Exercise of Option Tenant must exercise its option to extend this Lease, if it elects to do so, by giving Landlord written notice of its intent to do so by Chief Executive Office letter no later than 24 months prior to the end of the initial Term, or first option term, as the case may be.

(c) Terms and Conditions of Extension Term The Option Term shall be on all the terms and conditions of this Lease, except that Base Rent for each Option Term shall be subject to a 4 percent increase and every year during the applicable Option Term as follows:

First Option Term Rent

Year	Monthly Rent	Rate/psf
1	\$135,301.73	\$5.78
2	\$140,713.80	\$6.01
3	\$146,342.35	\$6.25
4	\$152,196.04	\$6.50
5	\$158,283.89	\$6.76

Second Option Term Rent

Year	Monthly Rent	Rate/psf
1	\$164,615.24	\$7.03
2	\$171,199.85	\$7.32
3	\$178,047.84	\$7.61
4	\$185,169.76	\$7.91
5	\$192,576.55	\$8.23

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

LANDLORD:

COLONIAL MUTUAL, LLC

By: [Signature]
Name: Kari Bloom
Its: COLONIAL MUTUAL LLC - MANAGING MEMBER

By: [Signature]
Name: BENNET Y. BLOOM
Its: MANAGING MEMBER COLONIAL MUTUAL LLC

TENANT:

COUNTY OF LOS ANGELES
a body politic and corporate

By: [Signature]
Chairman, Board of Supervisors
MARK RIDLEY-THOMAS

ATTEST:

Lori Glasgow
Executive Officer-Clerk
of the Board of Supervisors



I hereby certify that pursuant to Section 25103 of the Government Code, delivery of this document has been made.

LORI GLASGOW
Executive Officer
Clerk of the Board of Supervisors

By: [Signature]
Deputy

APPROVED AS TO FORM

MARY C. WICKHAM
County Counsel

By: [Signature]
Senior Associate

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

17

AUG 15 2017

[Signature]
LORI GLASGOW
EXECUTIVE OFFICER

78717

EXHIBIT A

FLOOR PLAN OF PREMISES

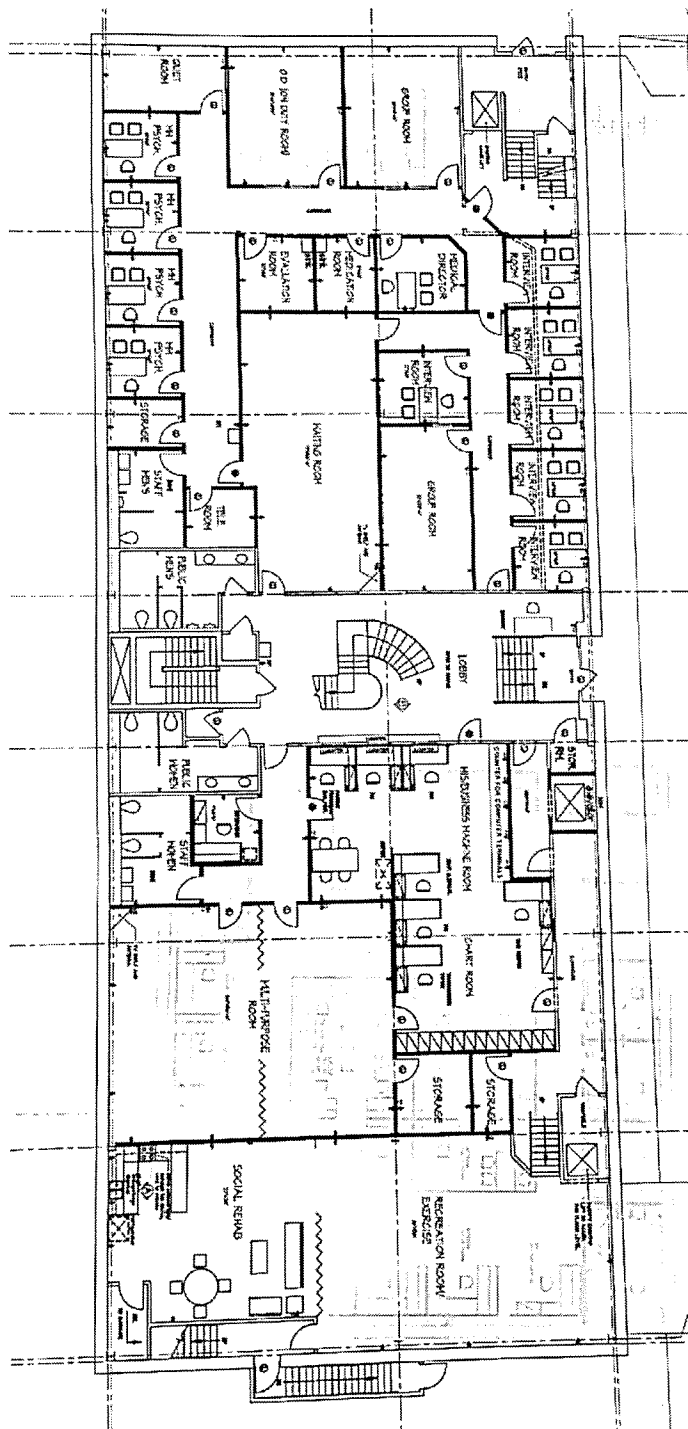


EXHIBIT B

LEGAL DESCRIPTION OF PREMISES

That portion of Block 12 of "Colegrove" in the City of Los Angeles, in the County of Los Angeles, State of California, as per Map recorded in Book 53, Page 10 of Miscellaneous Records, in the office of the County Recorder of said County, described as follows:

BEGINNING at the intersection of the South line of La Mirada Avenue, 50 feet wide, as said Avenue is shown on Map of Tract 1210, recorded in Book 23, Pages 134 and 135 as per Map recorded of said County with the West line of said Block 12; thence Easterly along said South line of La Mirada Avenue, 198 feet; thence Southerly parallel with the West line of said Block, 68 feet, more or less, to a point distant Northerly 222 feet from the South line of said Block; thence Westerly parallel with the South line of said Block 12 and distant North 222 feet therefrom, 198 feet to the West line of said Block; thence Northerly along said West line 68 feet, more or less to the point of Beginning.

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated, between County of Los Angeles, a body politic and corporate ("Tenant"), and Colonial Mutual, LLC ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 1224 North Vine Street, Los Angeles ("Premises"),

Landlord and Tenant hereby acknowledge as follow:

- 1) Tenant has accepted possession of the Premises and now occupies the same;
- 2) The Lease commenced on _____ ("Commencement Date").
- 3) The Premises contains approximately 23,400 rentable/gross square feet of space; and

For clarification and the purpose of calculating future rental rate adjustments:

Initial Term Rent

Year	Monthly Rent	Rate/psf
1	\$91,405.00	\$3.91
2	\$95,061.20	\$4.06
3	\$98,863.65	\$4.22
4	\$102,818.19	\$4.39
5	\$106,930.92	\$4.57
6	\$111,208.16	\$4.75
7	\$115,656.48	\$4.94
8	\$120,282.74	\$5.14
9	\$125,094.05	\$5.35
10	\$130,097.82	\$5.56

First Option Term Rent

Year	Monthly Rent	Rate/psf
1	\$135,301.73	\$5.78
2	\$140,713.80	\$6.01
3	\$146,342.35	\$6.25

4	\$152,196.04	\$6.50
5	\$158,283.89	\$6.76

Second Option Term Rent

Year	Monthly Rent	Rate/psf
1	\$164,615.24	\$7.03
2	\$171,199.85	\$7.32
3	\$178,047.84	\$7.61
4	\$185,169.76	\$7.91
5	\$192,576.55	\$8.23

IN WITNESS WHEREOF, this memorandum is executed this ___ day of _____, 20__.

<p>Tenant:</p> <p>COUNTY OF LOS ANGELES a body politic and corporate</p> <p>By: _____ Name _____ Its _____</p>	<p>Landlord:</p> <p>Colonial Mutual, LLC</p> <p>By: _____ Name: _____ Its: _____</p>
--	--

EXHIBIT D

HEATING, VENTILATION AND AIR CONTITIONING

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 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower 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/net 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.

EXHIBIT E (continued)
CLEANING AND MAINTENANCE SCHEDULE

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. Emergency exit signage and egress battery replacement (if applicable)
- K. Graffiti expunged as needed within two working days after notice by Tenant
- L. Floors washed as needed.
- M. Kitchen/lunchroom/restroom supplies replenished including paper supplies, soap and.
- N. Exclusive day porter service from ____ to ____ (if provided by contract).

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 as necessary.

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.

EXHIBIT E (continued)
CLEANING AND MAINTENANCE SCHEDULE

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. Interior and exterior pest control inspections and remediation frequency is to be determined by a licensed exterminator. (TBD).
- D. 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 bi-monthly [six (6) times per year];
 - ii. moderate traffic areas cleaned as needed with a minimum of once every six (6) months [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.

- E. All walls repainted and wall coverings replaced 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

EXHIBIT E (continued)
CLEANING AND MAINTENANCE SCHEDULE

or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence") except for touch-up paint as provided in Paragraph 6 C. 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.

F. All HVAC ducts cleaned as need but no less than every five (5) years.

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.

LANDLORD'S WORK LETTER

For

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AND AGREEMENT

DEPARTMENT: MENTAL HEALTH as TENANT

LANDLORD: COLONIAL MUTUAL, LLC

1224 NORTH VINE STREET
LOS ANGELES, CALIFORNIA

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated _____, 201__, executed concurrently herewith, by and between Colonial Mutual, LLC, as Landlord, and COUNTY OF LOS ANGELES as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. **Basic Work Letter Information.** The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

- | | |
|--|--|
| (a) <u>Base Tenant Improvement Allowance</u> | \$25,000 (i.e., \$1.07 per rentable square foot of the Premises). |
| (b) <u>Additional Tenant Improvement Allowance</u> | \$1,989,000 (i.e., \$85 per rentable square foot of the Premises). |
| (c) <u>Maximum Change Order Allowance</u> | Not Applicable |
| (d) <u>Additional Tenant Improvement and Change Order Amortization Rate:</u> | Not Applicable |
| (e) <u>Basic Rent Reduction per \$1,000</u> | Not Applicable |
| (f) <u>Tenant's Work Letter Representative</u> | Miguel Covarrubias or an assigned staff of the Chief Executive Office- Real Estate Division. |
| (g) <u>Landlord's Work Letter Representative</u> | An assigned staff person of the Landlord. |
| (h) <u>Landlord's Address for Work Letter Notice</u> | See Section 1(a) of the Lease. |
| (i) <u>Tenant's Address for Work Letter Notice</u> | Board of Supervisors
Kenneth Hahn Hall of Administration
Room 383
500 West Temple Street
Los Angeles, California 90012 |

With a copy to:

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

(j) Addenda

Addendum A: Base Building
Improvement Plans
Addendum B: Tenant Improvements
Addendum C: Memorandum of Tenant
Improvement Costs

2. **Construction of the Building.**

2.1 **Base Building Improvements.** Landlord has constructed and shall construct the base Building improvements as a part of the Building as described on Addendum A hereto (the "Base Building Improvements"). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall be considered Tenant Improvements (as defined below) only to the extent such changes or additions are specifically described in Exhibit A to the Lease and Addendum B hereto. All soft costs, architecture and engineering costs associated with the Base Building Improvements shall be itemized and separated from all soft costs, architecture and engineering costs associated with the Tenant Improvements.

2.2 **Additional Costs Not Tenant Improvement Costs**

(a) In the event that the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance with such codes, such costs shall not be included in the calculation of Tenant Improvement Costs as defined below and Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or make existing building systems, including, but not limited to, electrical service and HVAC equipment, operational shall be at Landlord's sole cost and expense. Costs of upgrades to the operational HVAC and electrical systems identified in Exhibit A to the Lease and Addendum B shall be funded via the Tenant Improvement Allowances. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease except for those set forth in Exhibit A to the Lease and Addendum B.

3. **Selection of Architect and Engineer.** Landlord shall promptly solicit at least 3 proposals from qualified licensed architect(s) ("Architect") and engineer(s) ("Engineer") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings for Tenant Improvements as defined below. The Architect and the Engineer shall be selected by Landlord subject to Tenant's consent, which consent shall not be unreasonably

withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within 3 business days after Landlord has submitted the name of the Architect and the Engineer to Tenant together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Tenant and written consent has been delivered to and received by Landlord.

4. **Selection of Contractor** The Final Plans for the Tenant Improvements, as defined below in Section 5.4, shall be submitted to contractor(s), selected by Landlord and approved by Tenant, sufficient in number so that a minimum of 3 bids are received. Each approved contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Tenant Improvements designated on the Final Plans. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract ("Construction Contract") with Landlord consistent with the terms of the bid to construct the Tenant Improvements.

5. **Preparation of Plans and Specifications and Construction Schedule.**

5.1 **Preparation of Space Plan.** Concurrently with the execution of this Lease, Tenant shall submit to Landlord a space plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, and file room (the "Space Plan", which is attached to the Lease as Exhibit A).

5.2 **Preparation and Approval of Working Drawings.** Within 10 business days after this Lease is executed by the County Board of Supervisors or submittal of the space plan by Tenant to Landlord (the "Plan Submission Date"), Landlord shall instruct the Architect to commence preparation of Working Drawings for the Tenant Improvements (the "Working Drawings"), which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review.

5.3 **Preparation and Approval of Engineering Drawings.** Landlord shall cause the Architect to coordinate all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review.

5.4 Integration of Working Drawings and Engineering Drawings into Final Plans. After Tenant has approved the Engineering Drawings, Landlord shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver 5 sets of the Final Plans to Tenant. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements) and power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

5.5 Schedule. Within 30 days after the Plan Submission Date, Landlord shall submit to Tenant a detailed construction schedule, subject to approval by Tenant which approval shall not be unreasonably withheld, setting forth the dates for specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, Projected Commencement Date and other similar dates. As the construction continues, Landlord shall amend the schedule from time to time to reflect any changes to the projected dates.

6. Final Construction Budget and Payment of Tenant Construction Costs

6.1 Construction Budget. Within 3 business days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary budget (the "Preliminary Budget"). Such budget shall be revised into final form within 10 business days from the date the Contractor is selected and will be referred to herein as the "Final Construction Budget". Tenant shall have 5 business days from the date of receipt of the Final Construction Budget to approve or disapprove the Final Construction Budget.

Landlord shall construct the Tenant Improvements according to Tenant's plans and specifications outlined in Lease Exhibit A and Addendum B hereto at Tenant's sole cost and expense, subject to reimbursement as set forth in Section 6.3 hereof. When considering the costs of the Tenant Improvements, the following shall be included in the determination of said costs: an amount equal to Landlord's actual costs for architects' fees, contractors' fees, engineers' fees, other professionals' fees (if any, and only as approved in advance by Tenant).

6.2 Additional Tenant Improvement Allowance. All improvements required by the Final Plans and modular furniture described in the Modular Specifications, as further described in Lease Exhibit A and Addendum B hereto, shall be collectively referred to herein as "Tenant Improvements" and the cost thereof shall be reimbursed by Tenant in the manner provided for in section 6.3 hereof. Costs of Tenant Improvements may include costs for furniture, telecommunications equipment, soft costs and any other

costs designated in writing by Tenant in the aggregate not to exceed the Base Tenant Improvement Allowance, and the Additional Tenant Improvement Allowance, as defined in Section 1 hereof ("Tenant Improvement Costs"). It is anticipated that the Tenant Improvement Costs will exceed the Base Tenant Improvement Allowance so that Tenant may authorize Landlord to pay the overage in an amount not exceeding the Additional Tenant Improvement Allowance. The amount of the Additional Tenant Improvement Allowance shall be paid to Landlord as provided herein. The total costs of the Tenant Improvements may not exceed the combined total of the Base Allowance plus the Additional Allowance.

6.3 Method of Payment. That portion of the Additional Tenant Improvement Allowance, if any, used to pay for the Tenant Improvement Costs above and beyond the Base Tenant Improvement Allowance shall be paid to Landlord in construction progress payments or in lump sum payments in advance of Landlord making payments to vendors.

7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Exhibit A to the Lease and Addendum B hereto.

7.2 Bids. Unless waived by Tenant in writing, any major contractors, subcontractors and materials providers providing labor and/or materials for the Tenant Improvements shall be selected only after 3 bids have been solicited from responsible and qualified persons. Landlord shall submit 3 sealed fixed price bids for the construction of the Tenant Improvements to Tenant for its review prior to the award of the Construction Contract. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. Three bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

(a) Permits. Landlord shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans.

(b) Commencement of Construction. Landlord shall commence construction of the Base Building Improvements and Tenant Improvements within 15 business days after issuance of all such necessary permits. Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Base Building Improvements and Tenant Improvements, subject to any cessation that may be caused by Force Majeure Delays.

7.3 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant.

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts required by Tenant, shall be provided by Landlord. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements. Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors which are applicable to the work, are filed with the Clerk of the Board of Supervisors and must be posted at the site.

7.4 Conformed Plans. Within 60 days after Substantial Completion of the Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted in AutoCAD 13.dwg (or later version) format or .DXF format, along one complete set of specifications.

8. Change Orders. Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. The amount of the Maximum Change Order Allowance set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of all authorized Change Orders but only the Chief Executive Officer is authorized to approve Change Orders on behalf of Tenant and then only if the aggregate amount of such approved Change Orders does not exceed the Maximum Change Order Allowance.

Upon Substantial Completion of the Tenant Improvements, Tenant shall pay for Change Orders via partial or full lump sum payment. Landlord shall submit to the Chief Executive Officer with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the Chief Executive Officer.

9. **Furniture System.**

9.1 Tenant shall deliver to Landlord within 10 business days after the Lease is executed by the County Board of Supervisors, modular furniture plans if applicable and specifications (the "Modular Specifications", Exhibit A to the Lease). Based on the Modular Specifications, Landlord and/or Landlord's architect, shall prepare a modular furniture specifications bid package for submission to no less than 3 furniture vendors. Prior to submission for bids, Landlord shall review the bid package with Tenant and Tenant shall have the right to approve or disapprove the bid package. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs (shipping, storage, and taxes). Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price and such vendor ("Vendor") shall enter into a contract ("Furniture Contract") with Landlord consistent with the terms of the bid.

Tenant shall reimburse the Landlord for the cost of the modular furniture as set forth in Section 6.3 hereof. The Furniture Contract entered into between the Landlord, the furniture vendor and/or lender shall be acceptable to the Tenant.

10. **Tenant Improvement Costs Adjustment and Right to Audit.** Within 20 days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of Los Angeles, whichever occurs first, Landlord shall notify Tenant of the final Tenant Improvement costs, by executing a summarized breakdown of the total costs of the Tenant Improvements in the form of the attached Addendum C – Memorandum of Tenant Improvement Costs. Tenant shall have the right to audit such costs for a period of 24 months from the date of Tenant's acceptance of the Premises. In the event the audit shows that Tenant is entitled to a reduction in payments to the Landlord under this Landlord's Work Letter, Tenant shall provide Landlord with a copy of the audit summary and Landlord shall pay Tenant the amount of any over-payment made by Tenant within 30 days and future payments shall be adjusted as appropriate based upon the audit results.

11. **Exclusions.** The Tenant Improvement Costs shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Landlord.

12. **Tenant Remedies.** If Landlord fails to obtain the building permit to construct the Base Building Improvements and/or Tenant Improvements within a reasonable time, taking all factors into consideration, or if the Base Building Improvements and/or Tenant Improvements have not been completed within 120 days from the Projected Commencement Date, Tenant may, at its option:

12.1. Upon 30 days written notice to Landlord, assume the responsibility for providing the Tenant Improvements itself. If Tenant elects to provide Tenant Improvements itself, then:

(a) Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto; and

13. **Representatives.**

13.1 **Tenant Representative.** Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Landlord's Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.


13.2 **Landlord Representative.** Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Landlord's Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.

14. **Construction Meetings.** During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within 5 business days of the date the Contractor is selected.

15. **Delivery.** Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

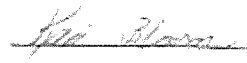
LANDLORD:

Colonial Mutual, LLC

By: 

Its: HLA member

Date: 7/19/17

By: 

Its: MANAGING MEMBER

Date: 7/19/17

TENANT:

COUNTY OF LOS ANGELES,
a body politic and corporate

By: CHRISTOPHER M. MONTANA
Director of Real Estate

Date: _____

ADDENDUM A To Landlord's Work Letter

BASE BUILDING IMPROVEMENTS

Landlord has constructed and shall construct, at its sole cost and expense Base Building Improvements to include the following with the understanding that Tenant is currently occupying the Premises:

- (a) Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;
- (b) mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building;
- (c) men's and women's restrooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;
- (d) HVAC system and duct for cooling and heating;
- (e) fire sprinkler distribution, including secondary piping and sprinkler heads as required by government regulations;
- (f) fire-life safety system as required by government regulations;
- (g) fire curtain systems at elevators as required by government regulations
- (h) gypsum board drywall on the service core walls, columns and sills in the Premises;
- (i) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required by government regulations;
- (j) primary fire-life safety enunciation system "backbone" and panels as required by government regulations.

ADDENDUM B To Landlord's Work Letter

TENANT IMPROVEMENTS

Tenant improvements to be constructed using the Tenant Improvement Allowances shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finishes in the Premises;
- (c) Interior finishes of any kind within the Premises;
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor;
- (f) HVAC and electrical upgrades above and beyond the Base Building Improvements set forth in Addendum A hereof;
- (g) Conduits, electrical/data outlets and other electrical components sufficient for Tenant's electrical and data specifications;
- (h) Any and all signs for Tenant and the power therefor;
- (i) After-hours HVAC system, separate from main Base Building HVAC system, for telephone/computer room.

ADDENDUM C To Landlord's Work Letter

Memorandum of Tenant Improvement Costs

This Agreement is dated this ____ day of _____, 20____, for reference purposes only, by and between Landlord, Colonial Mutual, LLC, and Tenant, COUNTY OF LOS ANGELES.

The parties hereto have entered into a Lease dated as of _____ (the "Lease") for the leasing by Landlord to Tenant of the buildings located at 1224 North Vine Street, Los Angeles ("the Premises").

Landlord and Tenant hereby confirm the following:

A. The final total cost of the tenant improvements is (\$_____).

This is comprised of:

Lease Budget		<u>Actual Cost</u>
\$25,000	Tenant Improvement Allowance	\$ _____
\$1,989,000	Additional Tenant Improvement Allowance	\$ _____
\$ N/A	Change Order Allowance	\$ _____
\$2,014,000	Total	\$ _____

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Landlord:

Tenant:

Colonial Mutual, LLC

COUNTY OF LOS ANGELES

By: _____

By _____

Name: _____

Its: _____