



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
(213) 974-1101
<http://ceo.lacounty.gov>

"To Enrich Lives Through Effective And Caring Service"

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April 30, 2019

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:

**SEVEN-YEAR LEASE
OFFICE OF THE ASSESSOR
13800 BALBOA BOULEVARD, SYLMAR
(THIRD DISTRICT)
(3 VOTES)**

SUBJECT

A proposed seven-year lease for 37,000 rentable square feet of office space, for the Office of the Assessor to provide continued use of existing office space and 163 parking spaces.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed amendment is exempt from the California Environmental Quality Act (CEQA), for the reasons stated in this Board letter and in the record of the project.
2. Authorize the Chief Executive Officer, or her designee, to sign a seven-year lease with Silver Oaks, LLC (Landlord), for 37,000 square feet of office space and 163 parking spaces at 13800 Balboa Boulevard, Sylmar, currently occupied by the Office of the Assessor (Assessor). The base rent in the first year is \$821,400. The program is approximately 34 percent subvended with State funds, and 66 percent net County cost.
3. 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 and the Assessor, or their designees, to take other actions necessary and appropriate to implement and effectuate the terms of the lease. The proposed lease will become effective upon approval by the Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County has occupied the facility since April 7, 2002. The current lease expired, and the County has been in a month-to-month holdover since April 6, 2015. The Assessor has their Headquarters in the Downtown Civic Center, with four District offices, one Regional office in Lancaster and a Public Service Satellite office in Van Nuys. The District offices locate all taxable property in the County, identify ownership, establish the taxable value to provide assessments, and maintain records on residential, commercial, industrial buildings, vacant land and businesses, within their geographical boundaries. The Assessor is a direct service program, providing public services to taxpayers, including information on property tax issues for residential, commercial, industrial, and personal properties. The appraiser staff must also conduct field visits to assess real property under construction and to gather information for complex valuations in the preparation of appeals cases, to provide fair assessments on real and personal property. The Assessor's office has frequent visits or other contact from taxpayers requiring assistance with the interpretation of the Revenue and Taxation Code, and they handle questions on assessments, real property, and personal property tax bills.

The current site is important as it provides a stand-alone facility located in Sylmar, which is centrally located adequately serving clients in the North District of Los Angeles County, including San Fernando Valley, Santa Clarita, Newhall, Glendale, Westlake, Agoura, Calabasas, and La Cañada Flintridge. It is important for the District offices to be in the general geographical area of their clients to serve taxpayers that visit the offices.

The existing facility adequately meets the space needs of the Assessor's North District office. The location is freeway accessible and accommodates 160 employees with some room for growth and sufficient parking. The proposed lease will eliminate the need to relocate the program to another facility, thus reducing costs for Tenant Improvements (TI), avoiding relocation costs such as furniture, telecommunications, and low-voltage requirements. Approval of the recommended actions will find that the proposed lease is exempt from CEQA and will allow the Assessor to continue operations at the subject facility, thereby allowing the North District office to continue uninterrupted business operations.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of "Realize Tomorrow's Government Today" (Goal 3) describes our increasingly dynamic, and complex environment, challenges our collective abilities to respond to public needs and expectations. We want to be an innovative, flexible, effective, and transparent partner focused on advancing the common good. The proposed lease will support this goal by allowing the Assessor to continue to provide excellent public service, from a centrally located facility, and continue pursuing operational effectiveness, and fiscal responsibility by focusing their investments on implementing continued technological enhancements that have increased their productivity and overall service to the public.

FISCAL IMPACT/FINANCING

The proposed lease will provide the Assessor with continued use of 37,000 rentable square feet of office space, and 163 parking spaces, at a maximum first year rental cost of \$821,400. This includes the Landlord's base tenant improvements in the amount of \$444,000, which is at no additional cost to the County. The TIs include new flooring, paint, minor alterations, and optional electrical, telecommunications, and lighting improvements.

The aggregate lease expense over the seven-year term, would approximate \$6,682,200, which includes annual rent increase projections, with one step rent increase in year two, from \$22.20 per square foot to \$24.00 per square foot, followed by annual rent increases based upon the Consumer Price Index (CPI) capped at 4 percent per annum. The proposed lease will convert from a full-service gross lease with operating expense pass-throughs of utilities, where landlord pays a portion of the operating expenses, to a modified-gross lease, wherein utilities, such as electricity, gas, and water, will be paid by the County directly to the utility company. The landlord will be responsible for the remainder of operating costs associated with the County's occupancy. Attachment B provides an overview of the proposed lease costs.

Sufficient funding for the proposed lease is included in the Fiscal Year (FY) 2018-19 Rent Expense budget and will be billed back to the Assessor. The Assessor has sufficient funding in its FY2018-19 operating budget to cover the proposed lease. The lease costs are 34 percent subvented by the State and 66 percent net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease includes the following provisions:

- A base TI allowance of \$444,000 or \$12 per square foot is provided by the Landlord and included in the lease.
- Annual rental rate adjustments, with a step increase beginning in year two. Every anniversary date thereafter, the rental rate will increase based upon CPI, with a maximum of 4 percent per annum.
- An option to terminate the lease any time after the first year, with 180 days written notice, which includes a termination fee of the unamortized base tenant improvements, pro-rated at the point of termination.

The Chief Executive Office (CEO), conducted a market search of available office space for lease, and was unable to identify any sites in the survey area that could accommodate this requirement more economically. Based upon a review of available industry data, staff has established that the annual rental range for similar space, including parking costs is between \$21.96 and \$26.76 per square foot on a modified-gross basis. Thus, the base annual rental rate of \$22.20 modified-gross, including parking, for the proposed lease represents a rate on the low end of the market range for the area. Attachment C shows all County-owned or leased facilities available for this space requirement.

Based on County policy, the Department of Public Works has inspected the facility and found it seismically suitable for County occupancy. Notification letters have been sent pursuant to Government Code Sections 65402 and 25351. County Counsel has reviewed the attached lease and has approved it as to form.

ENVIRONMENTAL DOCUMENTATION

The proposed lease is exempt from CEQA. The proposed lease, which renews existing lease space with minor tenant improvements, is within a class of projects that have been determined not to have a significant effect on the environment and which meets the criteria set forth in Section 15301 of the State CEQA Guidelines (Guidelines) and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, based on the proposed lease, it will comply with all applicable regulations, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled pursuant to Government Code Section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.

Upon the Board's approval of the recommended actions, a Notice of Exemption will be filed with the County Clerk in accordance with Section 21152 of the California Public Resources Code.

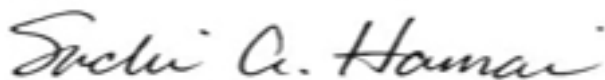
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease will adequately provide the necessary office space for this County requirement. The Assessor concurs with the proposed lease recommendations.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors return two certified copies of the Minute Order, and the adopted stamped board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



SACHI A. HAMAI
Chief Executive Officer

SAH:DPH:DL
JLC:MN:FC:gw

Enclosures

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

OFFICE OF THE ASSESSOR
13800 BALBOA BOULEVARD, SYLMAR
Asset Management Principles Compliance Form¹

| 1. <u>Occupancy</u> | | Yes | No | N/A |
|---|--|-----|----|-----|
| A | Does lease consolidate administrative functions? | | | X |
| B | Does lease co-locate with other functions to better serve clients? | | | X |
| C | Does this lease centralize business support functions? | X | | |
| D | Does this lease meet the guideline of 200 sq. ft of space per person? ² 231 sq. ft. per person due to program needs for a large public service lobby and large file storage capacity requirements. | | X | |
| E | Does lease meet the 4/1000 sq. ft. parking ratio guideline? | X | | |
| F | Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? | X | | |
| 2. <u>Capital</u> | | | | |
| A | Is it a substantial net County cost (NCC) program? 66% NCC and 34% offset from State 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? | | | X |
| | 1. ____ The program clientele requires a "stand alone" facility. | | | |
| | 2. ____ No suitable County occupied properties in project area. | | | |
| | 3. ____ No County-owned facilities available for the project. | | | |
| | 4. ____ Could not get City clearance or approval. | | | |
| | 5. ____ The Program is being co-located. | | | |
| E | Is lease a full-service lease? ² No. This is Modified-gross (net utilities-electricity, gas, water & sewer charges) | | X | |
| F | Has growth projection been considered in space request? | X | | |
| G | Has the Dept. of Public Works completed seismic review/approval? | X | | |
| ¹ As approved by the Board of Supervisors 11/17/98 | | | | |
| ² If not, why not? | | | | |

**FISCAL IMPACT/FINANCING
OVERVIEW OF PROPOSED LEASE COSTS**

| 13800 Balboa Blvd, Sylmar | Existing Lease No. 72077 | Proposed Lease | Change |
|---|--|---|---|
| Area (Square Feet) | 37,000 | 37,000 | None |
| Term (years) | 15 years (4/7/2000-4/6/2015) Currently on month-to-month | 7 years (upon approval) | +7 years |
| Annual Base Rent ⁽¹⁾ | \$821,400 (\$22.20 per sq.ft. annually) | \$821,400 (\$22.20 per sq.ft. annually) | -0- |
| Annual TI Reimbursement ⁽²⁾ | \$92,167 (\$2.49 per sq. ft. annually) | -0- | No TI reimbursement |
| Operating Expenses ⁽¹⁾ | Operating expense pass-thrus and some maintenance, paid annually, amount varies (Full-Service Gross) | Utilities (electricity, gas, water & sewer charges) to be paid direct to utility \$151,000 (estimated) | Payment of utilities direct to utility, transfer all maintenance costs onto landlord. (Modified Gross) |
| Total Annual Lease Costs ⁽²⁾ | \$913,567 | \$972,400 | No TI reimbursement |
| Rent Adjustments | 2 step increases in years 6 and 11 (steps approximately 10 percent each) | Step increase in year 2 from \$22.20 to \$24.00, then CPI increases, maximum 4 percent | CPI increases capped at 4 percent. |
| Cancellation Provision ⁽³⁾ | After 10 years, with 180 days' notice | After 1 year with 180 days' notice | After 1 year, with 180 days' notice |

| Summary | Base Rent | Tenant Improvement Cost | Total Due under Lease | Total Costs for Space |
|--|------------------|--------------------------------|------------------------------|------------------------------|
| First Year Rental Costs⁽¹⁾ | \$821,400 | \$0 | \$821,400 | \$821,400 |
| Seven-Year Rental Costs | \$6,682,200 | \$0 | \$6,682,200 | \$6,682,200 |

(1) The existing lease was full-service gross, with operating pass throughs on utilities, and on any building repairs and maintenance items that exceeded 15% over the prior year's costs. The proposed lease will be structured as a modified-gross, requiring the County to pay utilities such as electricity, gas, water, and sewer charges direct to the utility company. The lease will also require the landlord to pay all costs associated with building maintenance and repairs.

(2) The proposed lease only has base TIs (landlord's contribution), no additional TIs (reimbursable TIs) are included.

(3) The proposed lease contains a cancellation fee, equal to the unamortized base tenant improvements, pro-rated at the time the termination is effective.

**OFFICE OF THE ASSESSOR
SPACE SEARCH – 7 MILE RADIUS
13800 BALBOA BOULEVARD, SYLMAR**

| LACO | Name | Address | Ownership Type | Gross SqFt | Net SQFT | Vacant |
|------|--|---------------------------------------|----------------------|------------|----------|--------|
| A671 | DMH - Wellness Center | 10515 Balboa Blvd Granada Hills 91344 | Leased | 7,991 | 7,592 | None |
| A239 | Probation (AB - 109)San Fernando Reg Office | 13557 Van Nuys Blvd Pacoima 91331 | Leased | 12,189 | 11,580 | None |
| Y651 | Barry J. Nidorf Juvenile Hall - N Area School Office - 4 | 16350 Filbert St. Sylmar 91342 | Owned | 5,158 | 4,402 | None |
| 2261 | Olive View - Doctors' Office Building | 14445 Olive View Dr Sylmar 91342 | Owned | 5,165 | 2,782 | None |
| 2147 | Olive View - Cottage #1 | 14445 Olive View Dr Sylmar 91342 | Owned | 6,510 | 3,825 | None |
| 2148 | Olive View - Cottage #3 | 14445 Olive View Dr Sylmar 91342 | Owned | 6,000 | 3,626 | None |
| X254 | Olive View - North Annex Building | 14445 Olive View Dr Sylmar 91342 | Owned | 7,920 | 7,128 | None |
| T535 | Olive View - Hospital Trailer #2 | 14445 Olive View Dr Sylmar 91342 | Owned | 12,000 | 9,650 | None |
| T528 | Olive View - Hospital Trailer #1 | 14445 Olive View Dr Sylmar 91342 | Owned | 7,920 | 6,650 | None |
| Y481 | San Fernando Courthouse | 900 3rd St. San Fernando 91340 | CA - Superior Courts | 203,224 | 132,127 | None |
| A477 | Assessor - North District Office | 13800 Balboa Blvd Sylmar 91344 | Leased | 37,000 | 33,300 | None |
| 0427 | Olive View - Finance Building | 14445 Olive View Dr Sylmar 91342 | Owned | 12,925 | 11,633 | None |

FACILITY LOCATION POLICY ANALYSIS

Proposed lease: Seven-year lease for the Office of the Assessor (Assessor) – 13800 Balboa Boulevard, Sylmar – 3rd District.

A. Establish Service Function Category – North District Office for the Assessor’s administrative office and public service for a northwest region of the County within the San Fernando Valley, Newhall, Santa Clarita, La Canada, Glendale vicinity.

B. Determination of the Service Area – The proposed lease will provide the Assessor, office space for administrative office functions, their field-based operations, and direct public service to residents and businesses in these communities.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: The Assessor is most effective when located within the same geographic area as the properties and businesses it evaluates, and within the general area of the clients being served. The Assessor’s office provides public counter service to property and business owners and staff conduct field visits to inspect real estate and personal property within their service area.
- Need for proximity to existing County facilities: The Assessor functions independently, their work is indirectly related to other County departments such as the Auditor and Treasurer-Tax Collector.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by the LA Metro Bus System line 236 and is within ¼ mile proximity to the Interstate 5 freeway and ½ mile proximity to the Interstate 210 freeway.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: This will be a County leased facility available to meet the Department’s ongoing service needs.
- Compatibility with local land use plans: The City of Los Angeles has been notified of the proposed County use which is consistent with its use and zoning for office space at this location.

- Estimated acquisition/construction and ongoing operational costs: The initial annual base rent of \$821,400 i.e., \$1.85 per square foot per month, including parking, and base tenant improvements, will be the costs for the first year of the lease, not including utility expenses, such as electricity, gas, water and sewer charges, which will be paid directly by the County to the utility companies. The proposed lease costs are 34 percent subvented with State funds, and 66 percent net County cost.

D. Analyze results and identify location alternatives

Based upon a review of industry data of comparable available space, leasing staff established that the annual rental range for similar space (including parking costs) is between \$21.96 and \$26.76 per square foot on a modified-gross basis. Thus, the base annual rental rate of \$22.20 modified-gross (including parking) for the proposed lease represents a rate on the low end of the market range for the area.

Based upon the space and service needs of the Assessor, leasing staff surveyed the immediate area to determine the availability of comparable and more economical site alternatives, and was unable to identify sites that could physically accommodate this requirement, without incurring substantially more costs to relocate the County.

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

The proposed lease will provide adequate and efficient office space for Assessor employees and clients consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012. There are no available buildings in the area that meet Department requirements.

COUNTY OF LOS ANGELES

CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

TENANT DEPARTMENT: OFFICE OF THE ASSESSOR

**LANDLORD: SILVER OAKS, LLC,
A CALIFORNIA LIMITED LIABILITY COMPANY**

**13800 BALBOA BOULEVARD
SYLMAR, CALIFORNIA**

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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
- Exhibit F – Tenant Improvements (Outline Specifications)
- Exhibit G – Memorandum of Tenant Improvements Cost

LANDLORD'S WORK LETTER (Intentionally Omitted)

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 _____ day of _____, 2018 between SILVER OAKS, 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: Silver Oaks, LLC
677 Ahua Street
Honolulu, HI 96819

With a copy to:

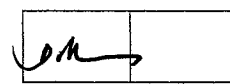
16325 Silver Oaks Drive
Sylmar, CA 91342
Attn: Mr. Charles LeRoy

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) 830-0926

c. Premises: Approximately 37,000 rentable/gross square feet in the Building (defined below) as shown on Exhibit A attached



hereto.

- d. Building: The Building located at 13800 Balboa Blvd., Sylmar, which is currently assessed by the County Assessor as APN 2603-025-016 and described more particularly in Exhibit B attached hereto (the "Property")
- e. Term: 7 years commencing upon full execution by the parties (the "Commencement Date"); and terminating at midnight on the day before the seventh (7th) 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 as option has been validly exercised.
- f. Projected Commencement Date: April 1, 2018
- g. Irrevocable Offer Expiration Date: June 1, 2018
- h. Base Rent: \$68,450 per month (which is based upon a rental rate of \$1.85 dollars per square foot on a modified gross basis (adjustable only as provided in Section 2.2 hereof.)
- i. Early Termination Tenant may terminate this Lease any time after the 12th month following the Commencement Date, with 180 days' advanced written notice, subject to termination penalty as described in Section 4.4.
- j. Rentable/gross Square Feet in the Premises: 37,000
- k. Use: The Premises together with all

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appurtenances belonging to, or in any wise appertaining, shall be used as governmental office space or for other government purposes during normal working hours, after normal working hours, and on weekends and holidays.

- l. Initial Departmental Use: Office of the Assessor
- m. Parking Spaces: 163 spaces (4.4/1000 parking ratio)
- n. Normal Working Hours: 7:00 a.m. to 6:00 p.m., Monday through Friday and 9:00 a.m. to 1:00 p.m. Saturday, except New Year's Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed), and such other holidays as are generally recognized by the County of Los Angeles, California.

- o. Asbestos Report: Not Applicable- facility built in 1999
- p. Disabled Access Survey: A report dated January 27, 2015, prepared by the CEO Asset Planning & Disability Rights Section
- q. Seismic Report: Not Applicable-facility built in 1999

1.2. Defined Terms Relating to Landlord's Preparation of Premises

- a. Base Tenant Improvement Allowance: \$444,000 (\$12 per square foot)
- b. Additional Tenant Improvement Allowance: None
- c. Maximum Change Order Allowance: None
- d. Additional Tenant Improvement and Change Order Amortization Rate: None
- e. Base Rent Reduction: None.

f. Tenant's Representative: Farron Chavarria or other as designated by the Tenant

g. Landlord's Representative: Charles LeRoy or other as designated by the landlord

h. Landlord's Address for Notice: Silver Oaks, LLC
677 Ahua Street
Honolulu, HI 96819

With a copy to:

16325 Silver Oaks Drive
Sylmar, CA 91342
Attn: Mr. Charles LeRoy

i. Tenant's Address for Work Letter 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) 830-0926

1.3. Exhibits to Lease: Exhibit A- Floor Plan of Premises
Exhibit B- Legal Description of Property
Exhibit C- Commencement Date
(Executed concurrently with Memorandum and
this Lease and incorporated Confirmation of Lease Terms
hereinby this reference): Exhibit D- HVAC Standards
Exhibit E- Cleaning and Maintenance
Schedule
Exhibit F - Tenant Improvements
Exhibit G- Memorandum of Tenant
Improvements Cost

1.4. Landlord's Work Letter: (Intentionally omitted)

1.5. Supplemental Lease Documents:

(Delivered to Landlord and incorporated herein by this reference):

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

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.

2.2. The Premises is hereby stipulated to have the number of rentable/gross square feet as set forth in Section 1.1 c (which shall not be subject to re-measurement or modification).

3. COMMON AREAS

Tenant may use the following areas ("Common Areas") in common with Landlord and other Tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all Tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Area established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES

4.1. Term

The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date.

4.2. Early Possession

The parties acknowledge that Tenant is already in possession of the Premises pursuant to Lease No. 72077, and that Landlord shall be deemed to have delivered possession of the Premises as of the Commencement Date of this lease.

4.3. Early Termination

Tenant shall have the right to terminate this lease at any time after the Early Termination Notice Date, as defined in Section 1, by giving Landlord not less than 180 days prior written notice executed by the Chief Executive Officer of Tenant. The County will be required to pay a termination penalty, amount which will be calculated as the un-amortized portion of the Base Tenant Improvement dollars actually expended by the Landlord. The County will pay in a lump sum for the Tenant Improvements (i.e. the then-remaining outstanding balance of the base tenant improvement dollars, amortized at 6% per annum).

For illustration purposes only: We have a 7 year term (84 months), TIs completed by month 24, and County exercises cancellation at end of month 48:

Step 1: Calculate the amortization period: The Base TIs are completed in month 24, therefore Base TIs will be amortized over remaining 60 months (84-24=60).

Step 2: Calculate months remaining in the Lease term when cancellation is exercised. The County cancels the lease at end of month 48:

Total Term (84 mo.s) - months expired up to the point of termination (48) = 36 months

Step 3: Divide the months that remain in the lease term by the total months that followed the completion of Base Tenant Improvements to arrive at the unamortized portion of the Lease term, and multiply by actual TI costs to arrive at lump sum:

$36/60 \text{ months} = 60\% \text{ unamortized portion} \times \$\text{Actual Base TIs} = \text{Lump sum payable to the landlord.}$

For purposes of ascertaining the actual costs of said Base Tenant Improvements, Landlord shall provide to Tenant, upon the issuance of a Certificate of Occupancy, or a final sign-off by the City of Sylmar (if required), a detailed breakdown of the total costs of constructing the Tenant Improvements. Landlord to execute a summarized breakdown in the form of the attached Memorandum of Tenant Improvement Costs, attached hereto as **Exhibit G**, with Tenant's right to audit those costs for a period of twenty-four (24) months from the date of completion of the Tenant Improvements.

5. RENT

(a) Tenant shall pay Landlord 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.

(b) Rent Adjustment.

After the 1st anniversary of the Commencement Date (the "Adjustment Date"), the rent will increase from \$1.85 per square foot (\$68,450/month) to \$2.00 per square foot (\$74,000/month) ("Year 2 Base Rent").

After the 2nd anniversary of the Commencement Date, and every anniversary of the Adjustment Date thereafter, Base Rent shall be adjusted by applying the CPI Formula set forth below.

CPI Formula. The Index means the Consumer Price Index for all Urban Consumers for the Los Angeles-Riverside-Orange County, CA area, all items published by the United States, Department of Labor, Bureau of Labor Statistics (1982-84 =100). The "CPI" Formula" means Year 2 Base Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective (the "New Index"), and the denominator being the Index published for the anniversary month (i.e., the 12th month) one year after the Commencement Date (the "Base Index"). If the Index is changed so that the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics.

- (1) Illustration of Formula. The formula for determining the new rent shall be as follows:

$$\frac{\text{New Index}}{\text{Base Index}} \times \$74,000 \text{ (Year 2 Base Rent)} = \text{Adjusted Monthly Rent}$$

- (2) Limitations on CPI Adjustment. In no event shall the monthly Base Rent adjustment based upon the CPI formula result in an increase of more than four (4.0%) per year of the Year 2 Base Rent. By way of illustration only, if the Year 2 Base Rent at commencement is \$74,000, then in no event shall the monthly rental adjustment be greater than \$2,960 (i.e., \$74,000 x .04) in any one year.

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 180 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.

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 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 days after notice from Landlord specifying such time period of repair; and this lease shall terminate and the Base Rent shall be abated from the date the Premises became 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 Base 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.

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 and telephone intra-building network cable;

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. interior partitions;

iii. doors;

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

v. signage

vi. 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 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 Tenant, 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 days, Tenant shall be entitled to deduct from Base Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 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 first-class buildings and not less than the standard set forth in **Exhibit D** attached hereto.

b. Electricity

Landlord shall furnish to the Premises the amount of electric current provided for in the Working Drawings (if applicable) but in any event not less than seven watts of electric current (connected load) per square foot of Rentable/gross Square Feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or sub-panels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.

c. Elevators

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

d. Water

Landlord shall make available 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. The Tenant will pay utilities directly to utility company if possible. In the event Tenant fails or refuses to pay any or all of the charges when due, Landlord may give Tenant twenty (20) calendar days prior written notice and thereafter pay directly such charges and add the payments to the installments of rent next due as a charge against the Tenant.

12. TAXES

Landlord 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.

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

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, Base Rent shall be prorated based upon the percentage of the Premises or Building rendered unleased 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 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 30 days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than 30 days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

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 five 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 five day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein:

- 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;
- c. will not materially affect the systems or structure of the Building; and
- d. does not unreasonably interfere with the normal and customary business office operations of other Tenants in the Building.

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

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.

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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 Base 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 Base 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

19.1. Landlord's Indemnity

The 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 – LESSOR 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 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, Certificates shall include the address of the leased premises, 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
Chief Executive Office, Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012
Attention: Ms. Susan Holman, Space Management Section Chief

Landlord also shall promptly notify Tenant of any third party claim or suit filed against 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. The Tenant retains the right to require Landlord to reduce or eliminate policy deductibles and SIRs as respects the Tenant, or to provide a bond guaranteeing Landlord's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

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

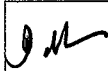
All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

L. Tenant Review and Approval of Insurance Requirements

The Tenant reserves the right to review and 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 |

20.4. **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 Landlord and its Agents as an additional insured, with limits of not less than:

| | |
|--|---------------|
| General Aggregate: | \$ 10 million |
| Products/Completed Operations Aggregate: | \$ 10 million |
| Personal and Advertising Injury: | \$ 5 million |
| Each Occurrence: | \$ 5 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.

20.5. Waiver of Subrogation

Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

21. PARKING

21.1. Tenant's Rights

Tenant shall have the right to the number of exclusive reserved parking stalls set forth in Section 1 without charge for the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to

all Tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other Tenants, occupants, licensees, invitees and permittees of the Building.

21.2. Remedies

Landlord acknowledges that it is a material term of this Lease that Tenant receive all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant, (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation) Tenant may:

a. terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective 30 days thereafter or

b. Deduct from the Base Rent thereafter accruing hereunder an amount each month equal to the Base Rent times the percentage of Parking Spaces not so provided times the number 1.5, but such deduction from Base Rent shall be not less than ten percent (10%) nor more than one hundred percent (100%).

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

24.1 Condition of Premises.

Tenant acknowledges that it is already in possession of the Premises pursuant to Lease No. 72077, and that Landlord shall be deemed to have delivered possession of the Premises as of the Commencement Date of this lease, to Tenant with no alterations or improvements being made by Landlord except the following:

24.2 Base Tenant Improvement Allowance:

Within three (3) months after the receipt of a duly executed copy of this Lease and County-approved preliminary plans (if applicable) or outline specifications (if needed), Landlord shall cause a licensed California architect to prepare final working drawings and specifications for the proposed interior Tenant Improvements as described in **Exhibit F ("Tenant Improvements")**, which are to be provided by Landlord up to a maximum cost of \$444,000 (\$12.00) per rentable square foot ("**Base Allowance**"). The Base Allowance will include (i) all hard costs associated with the construction of the Tenant Improvements, and; (ii) all soft costs associated with the construction of the Tenant Improvements, such as architectural fees and permits. In addition to **Exhibit F**, Tenant Improvements may include other work the County may request with prior consent from the Landlord, which shall not be unreasonably withheld.

24.3 Working Drawings:

The working drawings (if applicable) are to be prepared by the aforementioned architect in accordance with preliminary plans prepared by the County space planner. The Tenant Improvements shall be performed using Building standard materials, procedures and specifications, as set forth in **Exhibit F**,

24.4 Work Hours:

The Landlord agrees to perform the Tenant Improvements before 7:00 a.m. or after 6:00 p.m. on Mondays through Friday and/or at any time on the weekends. Tenant hereby agrees to use its best efforts to cooperate with Landlord in connection with the construction of the Tenant Improvements. In connection with the performance of Landlord's work, Landlord agrees to move, to the extent necessary, Tenant's furniture and such other items (including computers, copiers and other personal property) as Landlord may require be moved in order to perform the Tenant Improvements. Notwithstanding the foregoing, Landlord shall use commercially reasonable efforts to complete the Tenant Improvements in a manner so as to minimize unreasonable interference with Tenant's business at the Premises. Landlord shall endeavor to perform all work within six months (6) months of receipt of a fully-approved set of preliminary plans or outline specifications prepared by the County space planner, but in no event shall the work be completed later than twenty-four (24) months after receipt of such fully-approved plans or outline specifications and any other approvals required of Tenant.

24.5 Bids:

Landlord shall submit three bids for the construction of the Tenant Improvements to the County for its review prior to award of the contract(s). The bids shall include an itemized list of all materials and labor and shall include all additional costs including A/E fees, permits, reasonable contractor's profit and overhead, and project management fees. Notwithstanding the foregoing, Landlord may select a single

general contractor to oversee such work at a cost not to exceed 12% of the hard costs of the Tenant Improvements (i.e., excluding architectural and permit costs).

24.6 Additional Costs as Tenant Improvements:

Landlord hereby represents that the Building and Premises were constructed in compliance with all then-current fire-life safety codes, disabled access code (including, without limitation, the ADA (Americans with Disabilities Act), and earthquake safety codes). In the event that Landlord incurs design or construction costs (including but not limited to modification of the Building's fire-suppression system due to construction/demolition of walls or the height of furniture partitions, or so-called California Title 24 costs) that it would not have incurred had the Building been leased in "as-is" condition, such costs shall be included in the calculation of the Tenant Improvements and applied against the Base Allowance.

25. LIENS

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

26. SUBORDINATION AND MORTGAGES

26.1. 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.

26.2. 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.

26.3. 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.

26.4. 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.

27. SURRENDER OF POSSESSION

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

28. SIGNAGE

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

29. QUIET ENJOYMENT

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

30. GENERAL

30.1. 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.

30.2. Successors and Assigns

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

30.3. Brokers

Landlord and Tenant each represent and warrant to each other 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 other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party 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. Tenant shall receive from Landlord or Landlord's broker, within ten days after the execution of this Lease, an amount equal to 50% of all commissions due to Landlord's broker as a result of the execution of this Lease.

30.4. 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.

30.5. 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.

30.6. 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, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

30.7. 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.

30.8. 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.

30.9. Time of Essence

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

30.10. 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.

30.11. 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.

30.12. 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.

31. 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 its delegate (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.

32. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

32.1. 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.

32.2. 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.

32.3. 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 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.

33. 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.

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

LANDLORD:

SILVER OAKS, LLC
a California limited liability Company

By: Royal-Clark Development Co., a
Hawaii general partnership,
Managing Member

Name: 
David C. Hulihee, President
Royal Contracting Co., Ltd.
Its: General Partner

TENANT:

COUNTY OF LOS ANGELES
a body politic and corporate

By: _____
David P. Howard
Assistant Chief Executive Officer

ATTEST:

DEAN C. LOGAN
Registrar-Recorder/County Clerk

By: _____
Deputy

APPROVED AS TO FORM
MARY C. WICKHAM
County Counsel

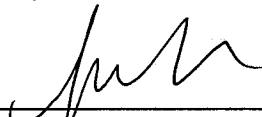
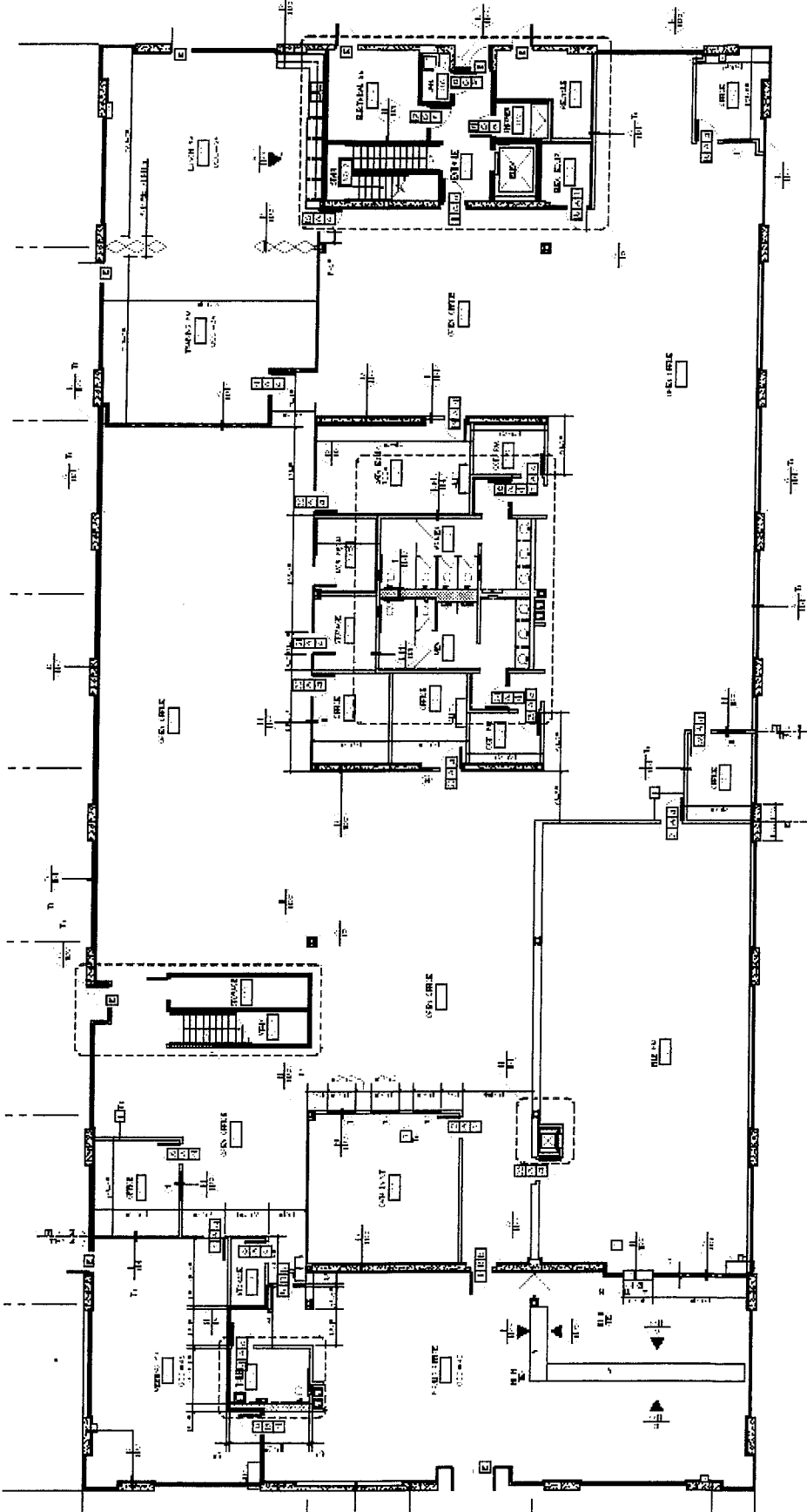
By: 
Senior Associate

EXHIBIT A FLOOR PLAN OF PREMISES



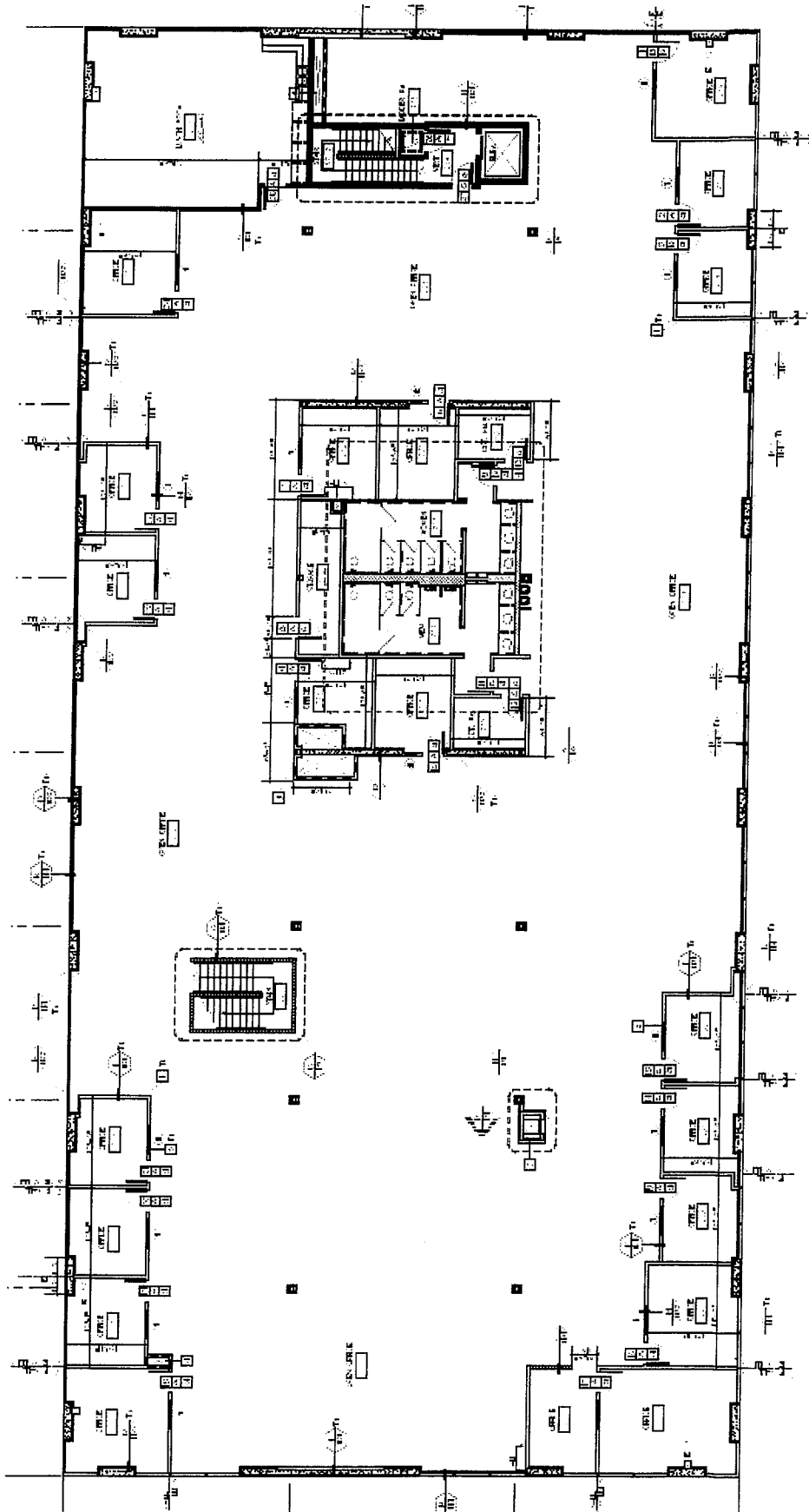


EXHIBIT A – Page 2
SECOND FLOOR

EXHIBIT B

LEGAL DESCRIPTION OF PREMISES

A PARCEL OF LAND LOCATED IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

LOT 5 OF TRACT NO. 45863, AS PER MAP FILED DECEMBER 29, 1999 IN BOOK 1243, PAGES 96 TO 100, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated _____, 2018,
between County of Los Angeles, a body politic and corporate ("Tenant"), and _____
_____, a _____ ("Landlord"), whereby Landlord leased to
Tenant and Tenant leased from Landlord certain premises in the building located at _____
_____ ("Premises"),

Landlord and Tenant hereby acknowledge as follow:

- 1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("Possession Date").
- 2) Tenant has accepted possession of the Premises and now occupies the same;
- 3) The Lease commenced on _____ ("Commencement Date").
- 4) The Premises contain _____ rentable/gross square feet of space; and

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

- 1) Base Rent per month is _____.
- 2) The Base Index Month is _____.
- 3) The Base Index is _____.
- 4) The New Index Month is _____.

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>_____</p> <p>a _____</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

EXHIBIT E (continued)
CLEANING AND MAINTENANCE SCHEDULE

in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence") 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.

EXHIBIT F Tenant Improvements

GENERAL:

1. Tenant Improvements shall conform to the requirements of all governing building, plumbing, mechanical, and electrical codes, and any and all other applicable requirements including State of California Administrative Code and The Americans With Disabilities Act. Landlord shall be responsible for obtaining all necessary permits, the cost of which will be paid by Landlord from the Base Allowance.
2. Scope of work shall include all labor, materials, supplies, equipment, services, specialties, transportation, and the cost thereof, required to complete Tenant Improvements for said project.
3. Submittals:
 - A. Construction Drawings and Furniture Installation Plans: Submit one set of reproducibles and four sets of blueline prints to Tenant for review and approval prior to start of construction or order placement.
 - B. Miscellaneous: Submit three (3) copies of all warranties, operation manuals, and other pertinent information to Tenant upon completion of Tenant Improvements.

FINISHES:

Paint:

- A. Paint all existing interior spaces including, but not limited to walls, hard-lid ceilings, doors (except stained wooden doors, if any), and trim. Door frames are not to be painted. Provide one primer coat and two finish coats.
- B. Provide one base color, and four accent colors:
 - Office areas: eggshell or low sheen finish.
 - Restrooms, lunchrooms and break rooms: semi-gloss.
- C. Specify Dunn Edwards, or approved equal.
- D. In the case that furniture systems are not replaced, then walls that are behind cubicles, filing cabinets or millwork shall not be painted. Lessee will remove all items from walls prior to painting including memos, tape, pictures and personal property, but Lessor will remove and reinstall bulletin boards, white boards and similar wall items.

Carpet:

- A. Install new carpet throughout (or as directed by the County Department), including corridors, stairways, and anywhere carpet is currently installed.
- B. Carpet shall be textured, patterned modular carpet tile, 24oz. minimum yarn weight throughout. Allow for four (4) patterns.
- C. Specify Mannington, Masland, Designweave, Shaw Contract, or approved equal.
- D. Landlord will be responsible for the furniture lift for carpet (and vinyl tile) replacement, including moving any furniture, fixtures, and/or equipment (including the disconnection of electrical equipment), and other property which Landlord or its contractor may require be moved to perform the work, provided however, that upon prior notice from Landlord or its contractor, Tenant shall arrange for all appropriate telephone, communication and computer wires or cables to be disconnected in advance of the moving of such equipment, and shall empty out, and remove any items from on top of, all filing cabinets. Landlord and Tenant hereby agree to cooperate with the other party and exercise reasonable, good faith efforts to coordinate the timing and planning of the Tenant Improvements.

EXHIBIT F Tenant Improvements

Topset Base:

- A. Install 4" or 2" vinyl topset base at all new and existing walls and cabinet bases.
- B. Specify Burke, Johnsonite, or approved equal.

Vinyl Tile:

- A. Replace all vinyl tile in the Lobby area, Lunch Room, Breakrooms, Copier rooms, File/storage Rooms, Elevator landing area (and any other rooms which currently have vinyl tile where requested), unless otherwise noted by the County Department.
- B. Replace carpet stairway with vinyl tile and stairway treads (if requested by County Department).
- C. Specify Armstrong "Excelon Premium", or approved equal.

Chair Rails

- A. Install 6"- 10" wide chair rails – specify wood and/or laminate, in conference or meeting rooms or where needed (as determined by County Tenant Department).

Ceiling Tiles:

- A. Replace ceiling tiles and clean or replace supply/return air grills where needed, as specified by County.

WOOD AND PLASTICS: (OPTIONAL -ONLY PERFORM AT THE REQUEST OF COUNTY TENANT)

Architectural Woodwork:

- A. All cabinetry and millwork shall conform to the requirements of the Woodwork Institute of California (W.I.C.), "Custom" grade, flush overlay construction.
- B. Cabinet faces, sides, and trim shall be plastic laminate-faced.
- C. Countertops shall be plastic laminate-facing with self-edge.
- D. All cabinetry and millwork shall comply with accessibility requirements of the California Administrative Code and the Americans With Disabilities Act.
- E. Submit shop drawings to County for approval prior to fabrication.
- F. Provide cabinetry at locations shown on Preliminary Drawings:

ELECTRICAL: (OPTIONAL -ONLY PERFORM AT THE REQUEST OF COUNTY TENANT)

1. Electrical:

- A. Provide convenience outlets at locations shown on Preliminary Drawings (forthcoming).
- B. Provide special-use outlets for printers, copies, refrigerators, garbage disposals, microwave ovens, and other uses as requested by Tenant.

EXHIBIT F
Tenant Improvements

- C. Provide hot-wire connections for furniture system power and voice/data. Verify infeed locations and color selection with Lessee; The furniture manufacturer /dealer shall field verify existing building conditions: coordinate all electrical and voice/data outlet requirements and locations with the County ISD Telecommunications Engineer, and prepare a complete installation drawing.
- D Specify Leviton Decora Industrial Grade electrical receptacles, and Leviton Decora Commercial Grade switches, wall plates, voice, data, and Video devices; Color: white.
- 2. Lighting:
 - A. Lighting shall accommodate the new occupancy. Design for 60 foot candles (2 watts/square foot maximum) at 30" above finish floor for all areas excluding halls and restrooms.
 - B. Replace damaged prismatic or parabolic louvers; new louvers shall match existing. Replace all inoperable light fixtures and inoperable ballasts.
 - C. Provide emergency exit lighting system as required by governing jurisdiction.
- 3. Telecommunications:
 - A. Provide and install conduits and equipment as required by Tenant for voice/data, intercom, public address, intrusion alarm, security, and computer network systems.
 - B. Plans and specifications prepared by Tenant's Internal Services Department, Information Technology Services (ITS), shall be included as part of the work.
 - C. For additional information, contact County Internal Services Department Engineer.

SPECIALTY WORK:

Parking Lot:

- A. Re-stripe parking lot (this item shall be at Landlord's sole cost)

Restroom: (OPTIONAL -ONLY PERFORM AT THE REQUEST OF COUNTY TENANT)

- A. Re-grout restroom tiles.
- B. Other repairs as needed.

Any additional work shall be identified by County Tenant (and be reflected on County Space Plan or on County Space Planner's revised Outline Specifications).

SUPPLEMENTAL LEASE DOCUMENTS

For

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AND AGREEMENT**

DEPARTMENT: OFFICE OF THE ASSESSOR, as Tenant

LANDLORD: SILVER OAKS, LLC, a California Limited Liability Company

13800 BALBOA BOULEVARD

SYLMAR, CA

Document I - Subordination, Nondisturbance and Attornment Agreement

Document II - Tenant Estoppel Agreement

Document III - Community Business Enterprises Form

Document IV - Memorandum of Lease

Document V - Request for Notice

DOCUMENT I

**SUBORDINATION, NONDISTURBANCE
AND ATTORNMENT AGREEMENT**

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**)

County of Los Angeles)
Chief Executive Office)
Real Estate Division)
222 South Hill Street)
3rd Floor)
Los Angeles, California 90012

Space above for Recorder's Use

**SUBORDINATION, NONDISTURBANCE
AND ATTORNMENT AGREEMENT**

NOTICE: THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This Subordination, Nondisturbance and Attornment Agreement ("Agreement") is entered into as of the ___ day of _____, 201__ by and among COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant"), [*Insert name of Landlord*], ("Borrower") and [*Insert name of Lender*], ("Lender").

Factual Background

A. Borrower owns certain real property more particularly described in the attached Exhibit A. The term "Property" herein means that real property together with all improvements (the "Improvements") located on it.

B. Lender has made or agreed to make a loan to Borrower. The Loan is or will be secured by a deed of trust or mortgage encumbering the Property (the "Deed of Trust").

C. Tenant and Borrower (as "Landlord") entered into a lease dated _____ (the "Lease") under which Borrower leased to Tenant a portion of the Improvements located within the Property and more particularly described in the Lease (the "Premises").

D. Tenant is willing to agree to subordinate certain of Tenant's rights under the Lease to the lien of the Deed of Trust and to attorn to Lender on the terms and conditions of this Agreement. Tenant is willing to agree to such subordination and attornment and other

conditions, provided that Lender agrees to a nondisturbance provision, all as set forth more fully below.

Agreement

Therefore, the parties agree as follows:

1. Subordination. The lien of the Deed of Trust and all amendments, modifications and extensions thereto shall be and remain at all times a lien on the Property prior and superior to the Lease, except that if Tenant is granted any option to extend the Term of the Lease, right of first offer to lease additional premises, option to purchase the Property, or right of first offer to purchase the Property in the Lease, such provisions shall not be affected or diminished by any such subordination, which is conditioned upon the nondisturbance agreement of Borrower and Lender in Section 3 of this Agreement.

2. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser", as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.

3. Nondisturbance. The Transfer of the Property or any enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby, or deprive tenant of any other property rights granted pursuant to the Lease.

4. Attornment. Subject to Section 3 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.

5. Lender Not Obligated. Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.

6. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section.

To Lender: _____

To Borrower: _____

Attn: _____

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

7. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Agreement shall be conducted in the County of Los Angeles, State of California. This Agreement is the entire Agreement between the Lender and Tenant and may only be modified by a written amendment executed by Lender and Tenant.

8. Counterparts. This Agreement may be extended in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one and the same instrument.

APPROVED AS TO FORM
OFFICE OF THE COUNTY COUNSEL
MARY C. WICKHAM
County Counsel

By: _____
Deputy

TENANT: COUNTY OF LOS ANGELES,
a body politic and corporate

SACHI A. HAMAI
Chief Executive Officer

By: _____
Dean Lehman
Director of Real Estate Division

BORROWER: [*Insert name of borrower*]

By: _____
Name: _____
Title: _____

LENDER: [*Insert name of Lender*],

By: _____
Name: _____
Title: _____

Exhibit "A"

Legal Description

DOCUMENT II

TENANT ESTOPPEL CERTIFICATE

To: [Insert name of party to rely on document]

Attn: _____

Re: Date of Certificate: _____
 Lease Dated: _____
 Current Landlord: _____
 Located at: _____
 Premises: _____
 Commencement Date of Term: _____
 Expiration Date: _____
 Current Rent: _____

County of Los Angeles (“Tenant”) hereby certifies that as of the date hereof:

1. Tenant is the present owner and holder of the tenant’s interest under the lease described above, as it may be amended to date (the “Lease”). The Lease covers the premises described above (the “Premises”) in the building (the “Building”) at the address set forth above.
2. (a) A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.

 (b) The current Rent is set forth above.

 (c) The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Except as specified in the Lease, Tenant has no option or right to renew, extend or cancel the Lease.

 (d) Except as specified in the Lease, Tenant has no option or right to lease additional space in the Premises or Building or to use any parking.

 (e) Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).

 (f) Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession except as expressly set forth in the Lease.

3. (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified, changed, altered or amended and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.

(c) The interest of Tenant in the Lease has not been assigned or encumbered. Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to tenant improvements have been fully performed.

5. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Agreement shall be conducted in the County of Los Angeles, State of California.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

TENANT:

COUNTY OF LOS ANGELES

By: _____
Dean Lehman
Director of Real Estate

APPROVED AS TO FORM
MARY C. WICKHAM
OFFICE OF THE COUNTY COUNSEL

By: _____
Deputy County Counsel

DOCUMENT III

COMMUNITY BUSINESS ENTERPRISES FORM

INSTRUCTIONS: All Landlords shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of MBE/WBE participation. The information requested below is for statistical purposes only. On final analysis and consideration of lease will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

I. MINORITY/WOMEN PARTICIPATION IN FIRM (Partners, Associates Partners, Managers, Staff, etc.)

FIRM: NAME
 ADDRESS
 CONTACT TELEPHONE NO.

TOTAL NUMBER OF EMPLOYEES IN FIRM: _____

| | OWNERS/PARTNERS ASSOCIATE PARTNERS | MANAGERS | STAFF |
|---|---------------------------------------|----------|-------|
| Black/African American | _____ | _____ | _____ |
| Hispanic/Latin America | _____ | _____ | _____ |
| Asian American | _____ | _____ | _____ |
| Portuguese American | _____ | _____ | _____ |
| American Indian/ Alaskan Native | _____ | _____ | _____ |
| All Others | _____ | _____ | _____ |
| Women (Should be included in counts above <u>and</u> also reported here separately) | _____ | _____ | _____ |

II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

TYPE OF BUSINESS STRUCTURE: _____ (Corporation, Partnership, Sole Proprietorship, etc.)

TOTAL NUMBER OF OWNERSHIP/PARTNERS, ETC.: _____

PERCENTAGE OF OWNERSHIP

Black/African American _____
Hispanic/Latin American _____
Asian American _____
Portuguese American _____
American Indian/ _____
Alaskan Native _____
All Others _____
Women _____
(Should be included in counts
above and also reported
here separately)

III. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

IS YOUR FIRM CURRENTLY CERTIFIED AS A MINORITY OWNED BUSINESS FIRM BY THE:

| | | |
|----------------------|-----|----|
| State of California? | Yes | No |
| City of Los Angeles? | Yes | No |
| Federal Government? | Yes | No |

IV. FIRM'S DESIRE NOT TO RESPOND TO INFORMATION

WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS FORM.

Firm Name: SILVER OAKS, LLC

Signed: 

Date: JANUARY 10, 2018

Title: PRESIDENT, ROYAL CONTRACTING CO., LTD.

ITS: GENERAL PARTNER

DOCUMENT IV

MEMORANDUM OF LEASE

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

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

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code Section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code Section 11922.

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between _____ (the "Landlord"), and the COUNTY OF LOS ANGELES, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Tenant") who agree as follows:

Landlord and Tenant hereby enter a Lease of certain property (the "Lease") in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, for a term commencing on _____, 20__, and ending on a date _____ () years after the commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in a certain unrecorded Lease between Landlord and Tenant dated _____, 20__.

[Tenant has the option to extend the term of the Lease for a period of ____ () years, subject to the terms and conditions of the Lease.]

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

Dated: _____, 20__.

LANDLORD:

TENANT:

By: _____
Its: _____

By: _____
Its: _____

DOCUMENT V
REQUEST FOR NOTICE

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

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

REQUEST FOR NOTICE

(UNDER SECTION 2924B CIVIL CODE)

In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust described below:

Date of Recording of Deed of Trust

Instrument Number of Deed of Trust

Trustor

Trustee

Beneficiary

To be mailed to County of Los Angeles, Chief Executive Office, Real Estate Division,
222 South Hill Street, 3rd Floor, Los Angeles, California 90012, Attention: Director of
Real Estate.

"LENDER":

_____,
a _____

By: _____
SIGNEE'S NAME

Its: SIGNEE'S TITLE

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

COUNTY OF _____ ss.

On this ____ day of _____, 20__, before me, _____
_____ a Notary Public in and for the State of California, personally appeared _____
_____ personally known to me (or proved on the
basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed
the instrument.

WITNESS my hand and official seal

Signature _____

My commission expires _____.