HOUSING AUTHORITY
of the County of Los Angeles
Administrative Office
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Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

October 10, 2006

Honorable Board of Commissioners
Housing Authority
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

10-YEAR LEASE FOR SECTION 8 PROGRAM OFFICE SPACE AT 2323 EAST PALMDALE BOULEVARD, PALMDALE (5)
(3 Vote)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that entering into a Lease Agreement, with tenant improvements, to provide 9,809 rentable square feet of office space for Section 8 Program administrative hearings at 2323 East Palmdale Boulevard in the City of Palmdale, is exempt from the provisions of the California Environmental Quality Act (CEQA).

2. Approve a 10-year Lease Agreement with AP-Palmdale, LLC, (the Landlord), presented in substantially final form, for the leasing of the property described above, to be used by Section 8 Program staff serving the Antelope Valley area; and authorize the Executive Director to execute the Lease Agreement and all other necessary documents, including amendments that will not alter the original intent or approved dollar amounts, to be effective following approval as to form by County Counsel and execution by all parties.

3. Authorize the Executive Director to use, for the purposes described above, a maximum of $2,152,970 in Section 8 Earned Administrative Fees for the 10-year term of the lease, of which $207,256 is included in the Housing Authority's approved

2006-2007 Fiscal Year Budget, and the remainder will be requested through the annual budget process.

PURPOSE OF RECOMMENDED ACTION:

The purpose of this action is to enter into a lease to provide improved administrative office space for the Section 8 Program.

JUSTIFICATION:

The Section 8 Program has experienced tremendous growth over the past 10 years. The proposed lease will relieve severe overcrowding for approximately 25 staff that administers the Section 8 Program in the Antelope Valley. It will provide the necessary space for program administration and clientele interviews and training, thereby improving program efficiency and customer service.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund.

The proposed lease has an initial term of 10 years with two five-year lease options. The initial two-year base rent will be $15,694 per month, excluding utilities. Over the term, the fixed rent increases will not exceed four percent per year based on the Consumer Price Index and the total lease cost is projected at $2,039,880.

The lease rent includes the cost of necessary tenant improvements in the amount of $700,000 to prepare the building and parking lot for occupancy. These will be funded by the Landlord and are included in the Housing Authority's rental payments.

The Housing Authority will provide up to $113,090 for additional tenant improvements and related change orders to be completed by the Landlord and repayable 60 days after acceptance by the Housing Authority. Funds for this expenditure and relocation costs were approved in the Housing Authority's 2006-2007 Fiscal Year budget.

Total costs for the 10-year lease and additional tenant improvements and change orders will not exceed $2,152,970. The Housing Authority will use funds included in the approved 2006-2007 budget for the initial six months of rental costs and additional tenant improvements and change orders, and will request funds through the annual budget process for the remaining term.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Section 8 Program staff serving the Antelope Valley currently occupies leased property located at 43770 15th Street West in the City of Lancaster. The lease term expired in May 2006, and the lease is currently on a month-to-month holdover tenancy at a monthly rate of $6,373. It will terminate upon occupancy of the new facility.

The proposed 2323 East Palmdale Boulevard property provides 9,809 rentable square feet of office space and 49 off-street parking spaces. Key provisions for occupying the space are as follows:

- The 10-year term begins upon completion of improvements by the Landlord and acceptance of the improvements by the Housing Authority at a monthly base rent of $15,694.

- A tenant improvement allowance to prepare the premises for occupancy, pursuant to the preliminary plans, is estimated to cost $700,000, or $71.36 per square foot, and is included in the base rental.

- Additional tenant improvements and change order allowances totaling $113,090, or $11.53 per square foot, is reimbursable in a lump sum payment to the Landlord within 60 days of acceptance by the Housing Authority.

- There are 49 unreserved parking spaces included in the rental rate, which is sufficient to meet the parking needs of the Section 8 Program staff and clientele.

- The Landlord will indemnify the Housing Authority for personal injury and loss of personal property, but will not indemnify for consequential damages, i.e. moving costs and increase in rental costs, if subsequent relocation occurs.

- A cancellation provision in the Lease Agreement allows the Housing Authority to cancel any time after the 96th month with not less than 120 days prior written notice, and reimburse the Landlord for the unamortized portion of the base $700,000 in Landlord provided tenant improvements amortized at 8 percent over the 10-year term.

- The Lease Agreement runs co-terminus with a separate lease between the Landlord and the County for the remaining available office space in the 2323 East Palmdale Boulevard building. If either the Housing Authority or County

lease is cancelled the other lease must be cancelled, and if the exercise of the option is to be effective in one lease it must also be exercised in the other lease.

- The Housing Authority has two five-year options to renew the Lease Agreement at the greater of 90 percent of market or prior month base rent.

- The Lease Agreement is on a modified full-service basis whereby the Landlord will be responsible for operating and maintenance costs, excluding utility services, which are paid separately by the Housing Authority.

The Housing Authority has followed the principles of the Los Angeles County Strategic Asset Management Plan and the Real Property Acquisition Policy, and has worked closely with the Chief Administrative Office in developing the proposed Lease Agreement.

The September meeting of the Housing Commission was cancelled due to lack of a quorum and the next meeting will not convene until October 25, 2006. Because both the Housing Authority and the Department of Mental Health plan to occupy the proposed leased space, the Housing Authority wishes to proceed on this matter in order not to delay the planned move by both entities. The Department of Mental Health is presenting a corresponding request on this agenda. This matter will be presented to the Housing Commission for concurrence at its next meeting.

On September 6, 2006, the Lease Agreement was approved by the Real Estate Management Commission. It will be effective following approval as to form by County Counsel and execution by all parties. The initial 10-year term will commence upon acceptance of the tenant improvements by the Housing Authority.

ENVIRONMENTAL DOCUMENTATION

Pursuant to 24 Code of Federal Regulations, Part 58, Section 58.35 (a)(3)(iii), this project is excluded from the National Environmental Policy Act (NEPA), because it involves activities that will not alter existing environmental conditions. It is exempt from the provisions of CEQA, pursuant to State CEQA Guidelines 15301, because it involves negligible or no expansion of use beyond what currently exists and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES:

The Lease Agreement will facilitate the delivery of programs and customer service to the County of Los Angeles.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachment: 1

HOUSING AUTHORITY

COUNTY OF LOS ANGELES

LEASE AGREEMENT

DEPARTMENT: SECTION 8 DIVISION

LANDLORD: AP-PALMDALE LLC

2323 EAST PALMDALE BOULEVARD, SUITE B, PALMDALE, CA

HOUSING AUTHORITY

COUNTY OF LOS ANGELES

LEASE AGREEMENT

THIS LEASE is entered into as of the _____day of September, 2006 between AP-PALMDALE LLC, a California limited liability company ("Landlord"), and the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body, politic and corporate, ("Tenant" and/or "Housing Authority").

Landlord and Tenant agree:

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

(a) Landlord's Address for Notice:	AP-Palmdale LLC Attn: Don Abbey 310 Golden Shore, Suite 300 Long Beach, CA 90802
(b) Tenant's Address for Notice:	Housing Authority of the County of Los Angeles 2 Coral Circle Monterey Park, California 91755 Attn: Executive Director
(c) Premises:	Approximately 9,809 rentable square feet in the Building (defined below) as shown on Exhibit A attached hereto.
(d) Building:	The building located at 2323 East Palmdale Boulevard, Palmdale, California, which is located upon the real property described more particularly in Exhibit A-1 attached hereto (the "Property").
(e) Term:	Ten (10) years beginning on the Commencement Date (as that term is defined in Section 1(g)) and terminating at midnight on the day before the tenth (10th) anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term(s) for which an option has been validly exercised.
(f) Projected Commencement Date:	Subject to Section 10. of the Landlord's Work Letter, the date which is two hundred seventy (270) days after the Landlord Tenant Improvement Commencement Date

(g) Commencement Date:	Subject to the provisions of Section 4(c) hereof and Section 10 of the Landlord's Work Letter, the earlier of: (a) forty (40) days after Substantial Completion (as such term is defined in Section 4(a)) of Base Tenant Improvements of the Premises, or (b) upon Tenant's occupancy of the Premises. Provided, however, in the event the commencement date of the Mental Health Lease (as defined in Section 1(r) below) is later than as otherwise provided in the preceding sentence, then the Commencement Date of this Lease shall be the same as commencement date of the Mental Health Lease.
(h) Irrevocable Offer Expiration Date:	October 31, 2006 if the Lease has not been approved by the Real Estate Management Commission. November 30, 2006 if the Lease has not been approved by the Board of Supervisors.
(i) Basic Rent:	$15,694.40 per month (which is based upon a rental rate of $1.60 per rentable square foot (adjustable only as provided herein.)
(j) Early Termination Date:	During the initial ten year Term: any time after the last day of the 96th month, as set forth in Section 4(d); and during any Option Term: anytime after the last day of the 24th month, as set forth in Section 4(d).
(k) Rentable Square Feet in the Premises:	9,809
(l) Use:	General office and administrative use or for any other lawful purposes, not incompatible with other uses in the Building and the other building on the Property.
(m) Initial Departmental User:	Section 8 Division
(n) Parking Spaces:	49 Non Exclusive
(o) Normal Working Hours:	7:00 a.m. to 9:00 p.m., Monday through Friday and 9:00 a.m. to 3:00 p.m. Saturday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.
(p) Asbestos Report:	A Phase I dated July 7, 2005 and an "O&M Plan" dated October 26, 2005, prepared by EnviroBusiness, Inc.

(q) Landlord Tenant Improvement Commencement Date: Landlord shall have no obligation to commence construction of the Base Tenant Improvements until all of the following have occurred: (1) The final and unconditional approval and execution of this Lease by the Tenant by the formal action of the Board of Commissioners ("Commissioners Approval"); (2) the receipt by Landlord of the final and unconditional Lender's Approval (as defined in Section 31.2 hereof); and (3) the issuance of all necessary permits required to commence construction of the Base Tenant Improvements ("Permit Issuance"). Landlord Tenant Improvement Commencement Date means the date upon which occurs the last of the following: (a) Landlord's written receipt of the Commissioners Approval, (b) Landlord's written receipt of the Lender's Approval, or (c) Permit Issuance to Landlord.

(r) Mental Health Lease: That certain lease agreement between Landlord and

County of Los Angeles dated as of September ____, 2006, whereby Tenant leases from Landlord 9,255 rentable square feet of space contiguous to the Premises; the user of the leased premises under the Mental Health Lease is the Department of Mental Health; see also Section 31.3 below.

1.2 Defined Terms Relating to Landlord's Work Letter:

(a) Base Tenant Improvements: The improvements to the Premises required to be delivered by the Landlord to Tenant as shown in the as built plans and specifications attached as Addendum B to the Landlord's Work Letter provided, however, that Base Tenant Improvements shall not include Tenant's furniture, furniture systems, telephones, telexes, telecopiers, photocopy machines, computers and other business machines or equipment or telecommunications equipment, the purchase and installation of which shall be Tenant's responsibility. It is estimated that the Base Tenant Improvements will cost approximately Seven Hundred Thousand Dollars ($700,000) as more particularly set forth on a preliminary budget attached hereto as Exhibit B ("Preliminary Budget").

(b) Additional Tenant Improvement Allowance: $98,090 ($10 per rentable square foot)

(c) Maximum Change Order Allowance: $15,000 (Approximately $1.53 per rentable square foot)

(d) Furniture Allowance: Intentionally left blank.

(e) Payment of Tenant Improvement Allowance and Maximum Change Order Allowance:	Payable by Tenant to Landlord in a lump sum payment within thirty (30) days after the later of: (i) the Commencement Date; or (ii) delivery by Landlord to Tenant of a final invoice for the Tenant Improvement Allowance and Maximum Change Order Allowance.
(f) Tenant's Work Letter Representative:	Don Abbey
(g) Landlord's Work Letter Representative:	Thomas Shepos
(h) Landlord's Address for Work Letter Notice:	AP-Palmdale, LLC Attn: Don Abbey c/o The Abbey Company 310 Golden Shore, Suite 300 Long Beach, CA 90802
(i) Tenant's Address for Work Letter Notice:	Housing Authority of the County of Los Angeles 2 Coral Circle Monterey Park, California 91755 Attn: Executive Director
1.3 Exhibits to Lease:	Exhibit A - Plan of Premises Exhibit A-1 – Legal Description Exhibit B - Preliminary Budget Exhibit C - Commencement Date Memorandum and Confirmation of Lease Terms Exhibit D - HVAC Standards Exhibit E - Cleaning and Maintenance Schedule Exhibit F – Rent Schedule

1.4 Landlord's Work Letter: (executed concurrently with this Lease and made a part hereof by this reference)

Landlord's Work Letter
Addendum A: Base Building Improvements
Addendum B: Tenant Improvements
Addendum C: Form of Budget
Addendum D: Costs of Tenant Improvements

1.5 Supplemental Lease Documents: (delivered to Landlord and made a part hereof 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.

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

(b) Landlord and Tenant acknowledge that the Premises consists of approximately 9,809 rentable square feet of the Building plus associated parking spaces as provided herein.

(c) The Premises were measured by Landlord and verified independently by Tenant in accordance with the methods of measuring rentable area as described in the Standard Method for Measuring Floor Area in Warehouse/Office Buildings, ANSI Z65.1-195, as promulgated by the Building Owners and Management Association (BOMA) International. At no time, except by specific amendment to this Lease, will the amount of square footage as contained herein exceed the amount stated above.

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

4. COMMENCEMENT AND EXPIRATION DATES.

(a) Term. The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within forty-five (45) days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C. The Lease shall commence in accordance with the provisions of Section 1(g). The term "Substantially Complete" or "Substantial Completion" as used in this Lease shall mean that Landlord has completed (1) all of the Base Tenant Improvements as defined herein and set forth on Addendum B to the Landlord's Work Letter, notwithstanding the fact that minor details of construction, mechanical adjustments or decoration which do not materially interfere with Tenant's use of the Premises remain to be performed (items normally referred to as "punch-list items", which items shall be completed in a forty (40) day period after completion of the punchlist) and (2) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease. The Premises shall be deemed Substantially Complete, even though Tenant's furniture, furniture systems, telephones, telexes, telecopiers, photocopy machines, computers and other business machines or equipment or other telecommunications equipment have not been installed, the purchase and installation of which shall be Tenant's sole responsibility. Subject to the correction by Landlord of the punch-list items, Tenant shall be obligated to accept the Premises at such time as the Premises are delivered to Tenant Substantially Complete, and Tenant has been provided access to the parking facility serving the Premises.

(b) Termination Right. If the Commencement Date has not occurred by the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays as provided

in Landlord's Work Letter, which has been executed concurrently herewith, Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder.

(c) Early Access. As provided in Section 1.(g), Tenant shall be entitled to access to the Premises forty-five (45) days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Such early access shall be subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not pay Basic Rent for such early occupancy period.

(d) Early Termination. Subject to the Termination Conditions (as defined below), Tenant shall have the right to terminate this Lease (each separately a "Termination Option") during the initial ten (10) year term at any time after the last day of the ninety-six (96th) month following the last day of the month in which the Commencement Date occurs and during an Option Term (as defined below) at any time after the last day of the twenty-fourth (24th) month following the last day of the month in which the applicable Option Term commenced. Each Termination Option is granted subject to the following terms and conditions ("Termination Conditions"):

(i) Notice. Tenant shall give Landlord not less than one hundred twenty (120) days, nor more than two hundred ten (210) days advance written notice of its irrevocable election to exercise a Termination Option, time being of the essence. Such notice shall specifically identify the date upon which the termination will be effective ("Early Termination Date"). Notice shall be given in accordance with the provisions of paragraph 30(f) of this Lease.

(ii) Termination Payment. Tenant shall pay to Landlord on or before the Termination Date a cash termination payment (the "Termination Payment") equal to the sum of the following amounts:

The unamortized cost of the following amounts (the "Concessions"), calculated as of the applicable Termination Date:

(A) Leasing commissions in the amount of Sixty Thousand Dollars ($60,000.00) paid to The Abbey Management Company LLC which were incurred by Landlord in connection with the initial consummation of this Lease; plus

(B) The sum of Seven Hundred Thousand Dollars ($700,000) which the parties hereto agree is the cost of all Base Tenant Improvements work (and all architectural and space planning fees associated therewith) paid or incurred by Landlord for the construction of the Base Tenant Improvements work.

The amounts described in (A) and (B) above shall be amortized on a straight line basis over the initial ten (10) year term of this Lease using an amortization rate of eight percent (8%). The Termination Payment shall be due and payable on the fifteenth (15th) day following the Termination Date. If Tenant fails to timely deliver the Termination Payment to Landlord, time being of the essence, Tenant shall pay to Landlord interest on the unpaid balance of the

Termination Payment at the rate of eighteen percent (18%) per annum (not to exceed the maximum rate allowed by law) monthly until the Termination Payment is paid in full.

(iii) Concurrent Termination of Mental Health Lease. As a further condition to the exercise of the Termination Option under this Lease, it is required that Tenant concurrently exercises its option to terminate the Mental Health Lease, in accordance with the terms and conditions of the Mental Health Lease, so that the leases remain coterminous (i.e. both this Lease and the Mental Health Lease expire on the same date).

If Tenant timely and properly exercises a Termination Option and timely pays the Termination Payment, (i) Base Rent and all other charges payable under this Lease shall be paid through and apportioned as of the applicable Termination Date (in addition to payment by Tenant of the applicable Termination Payment); (ii) neither party shall have any rights, liabilities, or obligations under this Lease for the period accruing after the applicable Termination Date, except those which, by the provisions of this Lease, expressly survive the expiration or termination of the term of this Lease; (iii) Tenant shall surrender and vacate the Premises and deliver possession thereof to Landlord on or before the applicable Termination Date in the condition required under this Lease for surrender of the Premises; and (iv) at Landlord's option, Tenant shall enter into a written agreement reflecting the termination of this Lease upon the terms provided for herein, which agreement shall be executed within thirty (30) days after Tenant exercises the Termination Option. Tenant shall have no right to exercise a Termination Option, notwithstanding any provision in the grant of the Termination Option to the contrary, if Tenant is in default at the time of its giving notice to exercise a Termination Option or on the Termination Date for which Tenant has given a notice to exercise a Termination Option.

(e) Options to Extend.

(i) Landlord hereby grants to Tenant two (2) options (each an "Option") to extend the Term of this Lease for two additional periods of sixty (60) months (each an "Option Term"). An Option must be exercised, if at all, by written notice ("Option Notice") delivered by Tenant to Landlord not later than two hundred seventy (270) days prior to the end of the initial Term of this Lease, or the first Option Term, as applicable. Further, an Option shall not be deemed to be properly exercised if, as of the date of the Option Notice, or at the end of the initial Term of this Lease or the end of the first Option Term, as applicable, Tenant (i) is in default under this Lease, or (ii) has assigned all or any portion of this Lease or its interest therein, or has sublet all or any portion of the Premises in violation of the Lease. As a further condition to the exercise of an Option under this Lease, it is required that the County of Los Angeles concurrently exercises its option to extend the term of the Mental Health Lease, in accordance with the terms and conditions of the Mental Health Lease, so that the leases remain coterminous (i.e. both this Lease and the Mental Health Lease expire on the same date). Provided Tenant has properly and timely exercised an Option, the then current term of the Lease shall be extended by the Option Term, and all terms, covenants and conditions of the Lease shall remain unmodified and in full force and effect, except that (i) Landlord shall have no obligation to make any tenant improvements or provide any allowance therefore, and (ii) the Basic Rent shall be modified as set forth in sections (ii), (iii) and (iv) below.

(ii) The Basic Rent payable for the first year of an Option Term shall be equal to the greater of (i) ninety percent (90%) of the then prevailing fair market rental value of the Premises as determined herein, or (ii) the Basic Rent payable by Tenant to Landlord during the final month of the initial Term of this Lease, or the first Option Term, as applicable. The monthly Basic Rent for an Option Period shall be adjusted as provided in Section 4(e)(v) below and stated on Exhibit F attached hereto. If Landlord determines that the Basic Rent for an Option Term shall be based upon the calculation described in clause (ii) above, such determination shall be conclusive, Tenant shall have no right to object thereto, and the following provisions regarding the determination of fair market rental value shall not apply. If Landlord determines that the Basic Rent for an Option Term shall be ninety percent (90%) of the fair market rental value of the Premises pursuant to clause (i) above, Landlord shall determine fair market rental value by using commercially reasonable good faith judgment. As used herein, "fair market rental value" shall mean the annual amount per rentable square foot then being charged or projected to be charged for similarly improved office space in comparable buildings (age, design, quality and relative location in the vicinity in which the building is situated) located within a 5-mile radius of the Premises, on leases for delivery on or about the applicable delivery or effective date of the Option Term, taking into consideration annual rental rates per rentable square foot, age and condition of building, the type of escalation clauses, tenant improvements or allowances provided or to be provided for such comparable space, rental abatement concessions, if any, the length of the relevant term the extent of which the fair market rental value is to become effective, and any other relevant terms or conditions. It shall be understood, however, no reduction or increase in rent shall be granted for the presence or absence of a brokerage commission. Landlord shall provide written notice of such amount not later than one hundred twenty (120) days prior to the expiration of the then current term. Tenant shall have thirty (30) days ("Tenant's Review Period") after receipt of Landlord's notice of the fair market rental value within which to accept such fair market rental value or to reasonably object thereto in writing. In the event Tenant objects to the fair market rental value submitted by Landlord, Landlord and Tenant shall attempt in good faith to agree upon such fair market rental value, using their best good faith efforts. If Landlord and Tenant fail to reach agreement on such fair market rental value within thirty (30) days following Tenant's Review Period (the "Outside Agreement Date"), then each party's determination of fair market rental value shall be submitted to arbitration in accordance with section (iii) below.

(iii) (1) Landlord and Tenant shall each appoint one arbitrator who shall by profession be a real estate broker who shall have been active over the five (5) year period ending on the date of such appointment in the leasing of commercial properties in the area in which the Building is located or an individual who shall be designated as a Member, Appraisal Institute of Real Estate Appraisers (MAI) or a member of the Society of Real Estate Appraisers (SREA) and who shall have been active over the five (5) year period ending on the date of such appointment in the appraisal of commercial properties located in Los Angeles County. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted fair market rental value for the Premises is closer to the actual fair market rental value for the Premises as determined by the arbitrators, taking into account the requirements of section 4(e)(ii) above and this section regarding the same. Each such arbitrator shall be appointed within fifteen (15) days after the Outside Agreement Date.

(2) The two arbitrators so appointed shall, within fifteen (15) days of the date of the appointment of the last appointed arbitrator, agree upon and appoint a third

arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two arbitrators.

(3) The three arbitrators shall within thirty (30) days of the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted fair market rental value, and shall notify Landlord and Tenant thereof. Such decision shall be based upon the factors described in section 4(e) (ii) above.

(4) The decision of the majority of the three arbitrators shall be binding upon Landlord and Tenant.

(5) If either Landlord or Tenant fails to appoint an arbitrator within the time period specified in section 4(e)(iii)(1). hereinabove, the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant.

(6) If the two arbitrators fail to agree upon and appoint a third arbitrator both arbitrators shall be dismissed and the matter to be decided shall be forthwith submitted to arbitration under the provisions of the American Arbitration Association.

(7) The cost of arbitration shall be paid by Landlord and Tenant equally.

(iv) Notwithstanding the fair market rental value for the Premises selected by the arbitrators, in no event shall the Basic Rent for an Option Term be less than the Basic Rent payable by Tenant during the final year of the term of this Lease immediately prior to the subject Option Term.

(v) Basic Rent shall be adjusted on the first day of the first full month following the first anniversary of the Option Commencement Date (which shall mean the first day of the applicable Option Term) and thereafter, for each year remaining of the applicable Option Term, on the anniversary of such day (the "Adjustment Date"), as follows:

The base for computing the adjustment is the Consumer Price Index for All Urban Consumers, Los Angeles-Anaheim-Riverside areas, all items (1982-84 = 100), published by the United States Department of Labor (the "Index"), which is published for the month which is three (3) months prior to the applicable Option Commencement Date (the "Reference Index"). The Index published for the month which is three (3) months prior to the applicable Adjustment Date (the "Comparison Index") shall be used for determining the increase in Basic Rent on such Adjustment Date.

If on any Adjustment Date the Comparison Index is greater than the Reference Index, then the Basic Rent for the following twelve (12) month period shall be the amount determined by multiplying the Basic Rent payable for the first full month of the applicable Option Term by a fraction, the numerator of which is the Comparison Index and the denominator of which is the Reference Index. Landlord and Tenant hereby acknowledge and agree that, the foregoing notwithstanding, Basic Rent shall be increased on each and every Adjustment Date by no less than two point five percent (2.5%) but no more than four percent (4%) above the Basic Rent in effect immediately prior to such Adjustment Date.

5. RENT. Tenant shall pay Landlord all rent and other payments due to Landlord hereunder (including, without limitation, Basic Rent) during the Term hereof within fifteen (15) days after a claim therefore for each such month has been filed by Landlord with the Tenant

prior to the first day of each month. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month. For each successive twelve (12) months of the original term of this Lease and for each successive twelve (12) month period thereafter, the monthly rent as set forth above shall be in the amount and subject to adjustment as listed on Exhibit "F" attached hereto. Tenant shall pay to Landlord the reimbursement for the Furniture Allowance, Additional Tenant Improvement Allowance and Maximum Change Order Allowance within the time provided in Sections 1.2(d) and 1.2(e).

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 sixty (60) days written notice from Landlord or sixty (60) days written notice from the Executive Director of Tenant at one hundred percent (100%) of the last monthly Basic Rent payable under this Lease (as such Basic 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.

(a) Damage. In the event either twenty five percent (25%) or less of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable or, per the Estimated Repair Time (as defined below), 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 one hundred eighty (180) days after issuance of all necessary permits, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenantable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within thirty (30) 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, after the issuance of all necessary permits, to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods ("Estimated Repair Time"). The failure to do so following a thirty (30) day written notice to Landlord from Tenant shall be a material Default hereunder. Basic Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event more than twenty-five percent (25%) of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Estimated Repair Time to restore the Premises is more than one hundred eighty (180) days for any reason, then Tenant may terminate this Lease by giving written notice within ten (10) days after notice from Landlord specifying the Estimated Repair Time and this Lease shall terminate and the Basic Rent shall be abated from the date the Premises became untenantable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds are available to repair the damages.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than thirty (30) days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is thirty (30) days after such written notice of termination. As used herein, the term "material destruction" shall mean the destruction of greater than twenty five percent (25%) of the Premises rendering the Premises totally or partially inaccessible or unusable.

(d) 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, after giving written notice thereof to Landlord and a thirty (30) day period to cure such failure: (a) declare a default hereunder or (b) perform or cause to be performed the restoration work and deduct the cost thereof plus interest thereon at ten percent (10%) per annum, from the Basic Rent next due as a charge against the Landlord.

10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. Landlord represents, to its knowledge, to Tenant that (i) the Premises, the Building and all Common Areas (including electrical, heating, ventilating and air conditioning ("HVAC") which HVAC shall be new and installed by Landlord as part of Base Tenant Improvements, electrical, 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; (ii) the Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirements; and (iii) to Landlord's actual knowledge, the Premises, Building and Common Areas are free of the presence of any Hazardous Materials (as hereinafter defined) and (iv) Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation which has not been cured. Landlord represents, that, except as disclosed in the Phase 1 Environmental Site Assessment Report described in Section 1.(p) that the Premises and the Building contain no asbestos or other Hazardous Materials (as herein defined) .

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent

exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intra building network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; and (iv) exterior windows of the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering (2) interior partitions; (3) doors; (4) the interior side of demising walls. Notwithstanding anything to the contrary contained herein, Landlord's only obligation with respect to carpeting is to replace every ten (10) years after the Commencement Date and with respect to interior painting, to repaint every ten (10) years after the Commencement Date. 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 module furniture, low voltage electronic, phone and data cabling and related equipment and all other personal property that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by Nitany Lion Landscaping, Inc. ("NL") which Tenant hereby approves, or by any other 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, (c) be in accordance with all laws.

(c) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to commence and diligently pursue within five (5) business days of acquiring any necessary permits or, if no permits are required, within five (5) business days after the receipt 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 danger of imminent material damage to property or the failure to take immediate action could reasonably 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 (10) days, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease such amount as is set forth in its invoice given to Landlord. The remedies provided in this Section are in addition to the remedies provided in Section 15.

11. SERVICES AND UTILITIES.

Landlord shall furnish the following services and utilities to the Premises:

(a) 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 office 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 electricity required per the Plans and specifications set forth and approved as shown in Addendum B to Landlord's Work Letter, at Tenant's sole cost.

(c) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises, at Tenant's sole cost.

(d) Gas. Landlord shall furnish to the Premises a metered gas line if it is not currently provided to the Building as of the date of this Lease, at Tenant's sole cost and expense.

Tenant agrees to pay when due all charges for the consumption of the electricity, gas and water in the Premises during the term of this Lease or any renewal, extension, or holdover thereof, provided the same are measured by separate meter, which shall be installed at the sole cost of the Landlord.

(e) Janitorial. Landlord shall provide janitorial services on five (5) 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. Notwithstanding the definition of Normal Working Hours, the janitorial service shall be rendered during the customary hours for such service. At the written request of Tenant, Landlord shall provide, but Tenant shall be solely responsible for the cost of any day porter. Tenant shall reimburse Landlord the cost of the day porter as provided in Section 5.

(f) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven (7) day per week, twenty-four (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.

12. TAXES. Landlord shall pay promptly all real property taxes, assessments and special assessments which may be levied or assessed against the Premises during the term of this Lease or renewal or holdover period thereof. In the event Landlord fails or refuses to pay any or all taxes or assessments when due, Tenant may give Landlord thirty (30) calendar days prior notice and, provided Landlord is not contesting its obligation to pay such taxes or assessments, thereafter pay such taxes or assessments, and deduct the payments from the installments of rent next due as a charge against Landlord. Landlord, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any taxes or assessments, provided that such proceeding shall suspend the collection of the taxes from Landlord and from the Property.

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 Premises other than because of an act or omission to act by Tenant or in compliance with law for more than eight consecutive business hours which for purposes of this Section 13 shall be 8:30 am to 5:30 pm Monday through Friday

other than holidays recognized by the County of Los Angeles, Basic Rent shall be prorated based upon the percentage of the Premises or Building rendered untenantable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises without notice to Tenant in the event of an emergency.

14. TENANT DEFAULT.

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

(i) the failure by Tenant to make any payment of Basic Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten (10) days after written notice to Tenant;

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

(b) Termination. Tenant agrees that if a 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 three (3) day written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

(c) 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.

(d) Cross Default. In the event of a breach or default by Tenant under any other lease for space which is in the Building, such default shall, at the election of Landlord, constitute a Default by Tenant under this Lease, and shall entitle Landlord to all remedies available to Landlord under this Lease.

15. LANDLORD DEFAULT.

(a) Remedies. Landlord shall be in default in the performance of any obligation required to be performed by Landlord under this Lease only if Landlord has failed to perform such obligation after the required notice and within the time period otherwise set forth specifically in this Lease, or if no required notice or time period is specifically set forth, then within twenty (20) days after the giving of written notice to Landlord by Tenant unless the nature of such default is such that the same cannot reasonably be cured within such twenty (20) day period, in which event Landlord shall not be deemed to be in default if Landlord shall within such twenty (20) day period commence such cure and thereafter diligently prosecute the same to completion. If the default by Landlord ("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, upon giving written notice to Landlord, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof (including but not limited to attorneys' fees) plus interest at the rate of ten (10%) per annum from the installments of Basic Rent next falling due or (ii) to pursue the remedy of specific performance; or (iii) terminate the Lease. Other than any payment by Landlord under its indemnity obligation set forth in Section 19(b) below and damages to the extent required to be covered by Landlord's insurance pursuant to Section 20 hereof, in no event shall Tenant be entitled to any consequential, special damages or other monetary damages, including but not limited to damages for relocation or increased rental costs.

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

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

16. ASSIGNMENT AND SUBLETTING. Tenant may not assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent which Landlord shall not unreasonably withhold. Landlord's consent shall be given or denied within thirty (30) days of receipt of written request. Should there be no response within thirty (30) days the request shall be deemed approved by the Landlord. Notwithstanding the foregoing, Tenant shall have the right at all times to allow another government agency (including any government assignee, contractor or subcontractor providing government services as are provided by Tenant) other than the Department of Health Services of the County of Los Angeles, to use the Premises, without the Landlord's written consent so long as the intended use is consistent and compatible with Tenant's use of the Premises in accordance with the terms of Paragraph 1.(l) of this Lease. Tenant agrees to promptly notify Landlord of any such change in tenancy. Tenant, at its sole discretion and without consent of the Landlord, may assign and sublet the whole or any part of the Premises to the Community Development Commission of the County of Los Angeles, a public body, politic and corporate.

17. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria: (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not materially affect the systems or structure of the Building; and (4) such Alteration does not cost more than $25,000 in the aggregate. If Landlord fails to respond in writing within thirty (30) days of such request, Landlord shall be deemed to approve the Alterations.

(b) End of Term. Tenant shall remove and repair as provided in Section 27 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).

18. CONDEMNATION.

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

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

(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if more than ten percent (10%) of the Premises is taken and 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 thirty (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 thirty (30) days nor later than ninety (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 thirty (30) days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within thirty (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 one hundred twenty (120) days after obtaining all necessary permits, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums

or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

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

19. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord its members, officers and directors harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of Tenant's use of the Premises or any grossly negligent act or omission or willful misconduct of Tenant or its employees or invitees or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the gross negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury to any person or damage to any property, occurring in or about the Building or Premises (i) as a result of any grossly negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors or, (ii) as a result of any breach or default under the Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

20. INSURANCE.

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

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30 or its equivalent), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value.

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of $5,000,000; (2) products/completed operations aggregate of $2,000,000 and (3) personal and advertising injury of $1,000,000. These limits can be comprised of a combination of primary and umbrella liability policies on a following form basis.

(iii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds

to timely repair and restore the Premises shall constitute a material breach of this Lease but only if Landlord has failed to perform such obligation within twenty (20) days after the giving of written notice to Landlord with respect thereto by Tenant, provided, however, if the nature of such default is such that the same cannot be reasonably cured within such twenty (20) day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion.

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

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

(d) 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.

(e) Tenant's Insurance. During the term of this Lease, Tenant will maintain in full force and effect the types and amounts of insurance described below with respect to the Premises and Tenant's employees (Tenant, at its sole option, shall use commercial insurance and/or self-insurance or any combination thereof to satisfy these requirements):

	Types	Amounts
(a)	Worker's Compensation	In accordance with applicable statutes
(b)	Employer's Liability	$1,000,000 bodily injury each accident $1,000,000 bodily injury by disease
(c)	General Liability	$5,000,000 each occurrence combined single limit bodily injury and property damage (which can be comprised of a combination of primary and umbrella policies on a following form basis)
(d)	Auto	$1,000,000 each occurrence combined single limit bodily injury and property damage (which can be comprised of a combination of primary and umbrella policies on a following form basis)

Landlord shall be named as an additional insured under the coverage required under (c) above. Furthermore, the policies listed in (a) and (b) above shall contain waiver of subrogation provisions in favor of Landlord and shall be primary and noncontributory to insurance maintained by Landlord.

All insurance required to be carried hereunder other than self-insurance shall be evidenced by valid and enforceable policies, issued by financially sound and responsible insurance carriers authorized or permitted to do business in the state in which the Premises are located, and having a Best's Policyholder Rating of not less than A VII.

Tenant will provide Landlord with an appropriate certificate of insurance for such policies or self-insurance, as applicable, evidencing the insurance coverage required hereunder at the commencement of this Lease and when requested by Landlord, and in the case of insurance policies, at each subsequent renewal of such coverage. Replacement certificates will be sent if policies are replaced or materially modified. Each certificate will state that at least 30 days' notice shall be given to Landlord prior to the cancellation of any policy.

21. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of parking stalls set forth in Section 1 on a nonexclusive basis 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 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. Landlord may substitute parking spaces assigned to Tenant with parking spaces at adjacent properties (within 500 feet) on a temporary, as needed, basis.

(b) Remedies. Landlord shall use his best efforts to provide Tenant with forty-five (45) unreserved spaces at all times during the Term of this Lease. If Landlord provides less than forty-five (45) spaces, Tenant may at its sole discretion, negotiate with Landlord for an equitable reduction in the Basic Rent based upon the Fair Market Value, estimated to be $100 per space, of such parking or the loss of such parking if not reasonably timely replaced.

22. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity,

reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

(b) Landlord Indemnity. 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 but only if the presence of Hazardous Materials is caused by a 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 after the expiration of the notice and cure period set forth in Section 30(l).

23. ESTOPPEL CERTIFICATES. Tenant shall, within twenty (20) 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. Except as provided herein, prior to the Commencement Date, Landlord shall construct the Base Tenant Improvements in the manner set forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

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, Tenant and Landlord each hereby indemnifies and holds

the other harmless from any liability or loss from any such lien permitted by Tenant or Landlord respectively.

26. SUBORDINATION AND MORTGAGES.

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

(b) Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Document I in the Supplemental Lease Documents, delivered to Landlord concurrently herewith within thirty (30) days after the execution of this Lease.

(c) Request for Notice. Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Property in the form of Document V in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

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

27. SURRENDER OF POSSESSION. Tenant agrees to return the Premises to Landlord in as good condition as when rented, ordinary wear and tear, damage by earthquake, fire or the elements and other such disasters or casualty excepted to the extent not caused by Tenant. As between Tenant and Landlord, Tenant shall be responsible to Landlord for any and all damage to the Premises by Tenant and any of Tenant's agents, servants, employees, customers or invitees. Tenant shall remove and repair all damage caused by such removal, 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, at Tenant's sole cost and expense, to install at the Premises reasonably appropriate signs that are consistent with the remainder of the buildings on the Property and that conform with any and all applicable laws and ordinances.

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

30. GENERAL.

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

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

(c) 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.

(d) Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(e) 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 set forth in this Lease 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.

(f) 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.

(g) 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.

(h) 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.

(i) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(j) 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 thirty (30) days after written request is made therefore, together with all necessary information.

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

(l) 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.

(m) Notice and Cure. If, for a specific failure of performance by Landlord under this Lease or in any document executed in connection with this Lease, there is no notice and cure period, then Landlord shall be in default under this Lease or such document only if Landlord has failed to perform such obligation within twenty (20) days after its receipt of written notice to Landlord with respect thereto by Tenant (in accordance with Section 30(f)), provided, however, if the nature of such default is such that the same cannot be reasonably cured within such twenty (20) day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion.

31.1. AUTHORITY. Only the Board of Commissioners has the authority, by formally approving and/or executing this Lease, to bind the Housing Authority 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 Commissioners, either through an amendment to the Lease or by other formal board action. No Housing Authority 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 the Tenant. Tenant shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Executive Director of the Housing Authority or its delegee may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Basic Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

31.2. LENDER'S APPROVAL. This Lease shall have no force or effect unless and until Landlord receives written final and unconditional approval of this Lease from the following lender: Wachovia Bank National Association, and, if applicable, its loan servicing company. The lender approval required pursuant to this subsection as a condition to the effectiveness of this Lease are herein referred to as "Lender's Approval".

31.3 RELATIONSHIP OF THIS LEASE AND THE MENTAL HEALTH LEASE. The parties acknowledge that this Lease and the Mental Health Lease were originally negotiated by Landlord and Tenant as one entire lease agreement, with Tenant to use the space for the Housing Authority and the County of Los Angeles to use the space for the Department of Mental Health, but at Tenant's request Landlord agreed to enter into two, separate but parallel leases, with the mutual understanding that each lease shall be dependent upon the effectiveness and existence of the other lease. Based upon the foregoing, Landlord and Tenant each hereby acknowledge and agree that, (1) in addition to all other conditions to the effectiveness of this Lease contained in this Lease, this Lease is also expressly conditioned upon the approval, execution, delivery and commencement of the Mental Health Lease, and (2) the effectiveness of Tenant's exercise of any option or right under this Lease which effects the commencement or expiration of the term of this Lease, is expressly conditioned upon the County of Los Angeles timely and proper exercise of the parallel option or right contained in the Mental Health Lease so that both leases shall remain coterminous.

32. ACKNOWLEDGEMENT BY LANDLORD.

Landlord acknowledges that it is aware of the following provisions:

(a) 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.

(b) 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.

(c) Landlord Assignment.

(i) 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 unless in connection with a direct or indirect sale of the Property), and Landlord may execute any and all instruments providing for the payment of Basic Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

(ii) 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 as it regards this Lease.

(iii) 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 the California Government Code, which prohibit 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 Housing Authority.

(iv) 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 (a) $500,000 or (b) 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 Housing Authority may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(v) Landlord shall give the Housing Authority 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 Basic Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(vi) Landlord shall not furnish any information concerning Housing Authority 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 Housing Authority) to any person or entity other than Landlord's members, agents, employees, attorneys, accountants, lenders, and others who have a reasonable need to know, except with Housing Authority's prior written consent. The foregoing shall not apply to any information which is available to the general public. Landlord shall indemnify, defend and hold Housing Authority 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.

(vii) 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, subject to the condition of receipt by Landlord of Lender's Approval as set forth in Section 31.2, irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.

[SIGNATURES ON FOLLOWING PAGE]

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

LANDLORD:

AP-PALMDALE LLC, a
California limited liability company

By: DGA-Properties II LLC, a
Delaware limited liability company
Its: Managing Member

By: Abbey-Properties LLC, a
California limited liability
company
Its: Managing Member

By: _____
Phillip Matchett
Its: Vice President & Director of
Leasing

TENANT:

HOUSING AUTHORITY OF THE COUNTY
OF LOS ANGELES,
a public body, politic and corporate

By: _____
Carlos Jackson, Executive Director

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

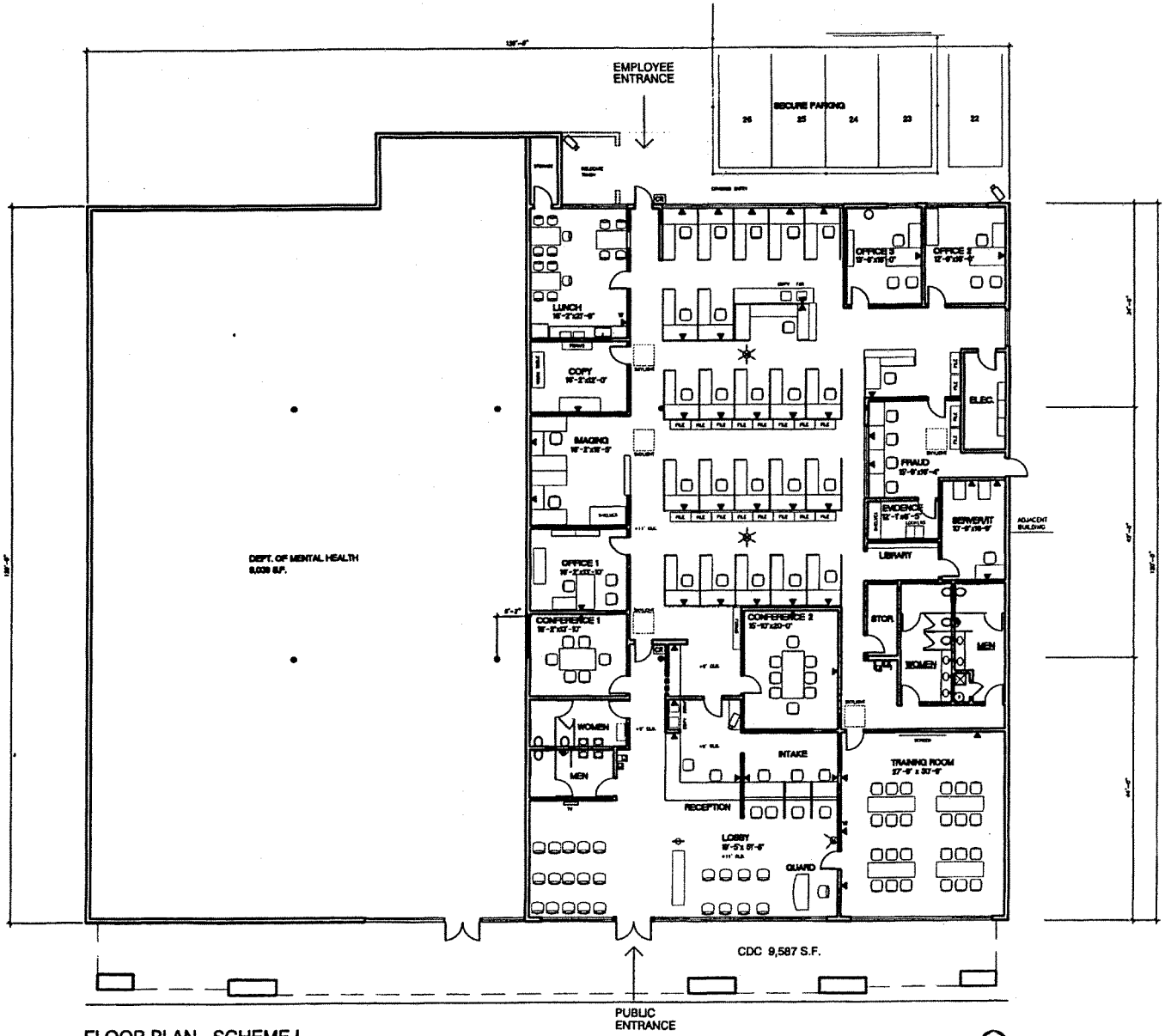
By: _____
Deputy:

2

EXHIBIT A

PLAN OF PREMISES

(see attached)



FLOOR PLAN - SCHEME I

SCALE : 1/8" = 1'-0" 6.23.06

ARCHITECTURE & DEVELOPMENT
COMMUNITY DEVELOPMENT COMMISSION
COUNTY OF LOS ANGELES

PROJECT:

ASSISTED HOUSING OFFICE

2323 E. PALMDALE BLVD.
PALMDALE, CALIFORNIA 93550

NOTES:

ISSUE / DATE: DESCRIPTION:

STAMP:

SHEET TITLE:

FLOOR PLAN

DRAWN BY: JB
SCALE: AS NOTED
CHECKED BY: JB
DATE: 5 JUNE 2008
JOB NUMBER: XXXXXXXX
SHEET NUMBER: A1
ACAD FILE NAME: F:\HOME\CM\CAD1\USERS\BEN\TEMPLATE

EXHIBIT B

PRELIMINARY BUDGET

(to be
attached)

County of LA depart of CDC
Suite B
2323 E. palmdale blvd
palmdale, CA

Budget Only TI 4080-01-2323-B
NL Services # **06-147**
Date: 6/27/2006
Square Footage: 9527

WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
Division 2 *Site Work*					
Demolition		Cost per SF	$4.00		$38,108.00
Demo to shell condition	9527	sf	$4.00	$38,108.00	
Division 3 *Concrete*					
Concrete		Cost per SF	$0.09		$905.00
Floor Leveling	0	SF	$1.25	$0.00	
Epoxy coating	0	SF	$0.75	$0.00	
Concrete Yards min 3 yds	4	Each	$145.00	$580.00	
Concrete Pumping	1	Lot	$325.00	$325.00	
Division 4 Masonry					
Stone Flooring		Cost per SF	$0.00		
Division 5 *Metals*					
Miscellaneous Metal		Cost per SF	$0.00		
Division 6 *Wood & Plastics*					
Millwork		Cost per SF	$0.49		$4,635.00
Plastic Laminate Cabinetry					
Base Cabinet 24" deep	13	LF	$135.00	$1,755.00	
Base Cabinet 30" deep	0	LF	$1.00	$0.00	
Add per drawer	0	Each	$25.00	$0.00	
Upper Cabinet 30" high	13	LF	$120.00	$1,560.00	
Upper Cabinet 24" high	0	LF	$70.00	$0.00	
Upper Cabinet 15" high	0	LF	$65.00	$0.00	
Work-surface Counter Top 24" deep	28	LF	$35.00	$980.00	
Work-surface Counter Top 30" deep	0	LF	$40.00	$0.00	
File Drawer Pedestal	0	Each	$400.00	$0.00	
Countertop Supports	4	Each	$85.00	$340.00	
Special Hardware	0	Each	$15.00	$0.00	
white /red birch/white oak add 30%	0	Each	$1.30	$0.00	
Walnut add 100%	0	Each	$2.00	$0.00	
Interior Plastic Lam add 100%	0	Each	$2.00	$0.00	

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WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
Rough Framing		Cost per SF	$0.01		$125.00
4x8 Tele. Backboard Fire rated	1	Each	$125.00	$125.00	
Rough Blocking	0	LF	$0.00	$0.00	
Division 7 *Thermal Protection*					
Insulation		Cost per SF	$0.74		$7,052.50
Flexible batts or rolls R13	10850	SF	$0.65	$7,052.50	
Roofing		Cost per SF	$3.25		$30,962.75
Patch Roof Top Units	9527	Each	$3.25	$30,962.75	
Division 8 *Doors & Windows*					
Doors & Frames		Cost per SF	$4.13		$39,325.00
Inter Singel Door 20 min label Pre- Mach	23	Each	$400.00	$9,200.00	
Add door closures surface mounted	23	Each	$175.00	$4,025.00	
Add door closures concealed overhead	23	Each	$300.00	$6,900.00	
add Exit Devices (panic) Automatic ADA	6	Each	$1,500.00	$9,000.00	
add for kick Push and pull plates	0	Each	$60.00	$0.00	
add for architectural grade	0	Each	$100.00	$0.00	
add for Lock sets Mortise	0	Each	$250.00	$0.00	
add for Lock sets Cylindrical	0	Each	$225.00	$0.00	
add for Lever Handicap Latch set	23	Each	$225.00	$5,175.00	
add for Lever Handicap Lock sets	0	Each	$275.00	$0.00	
add for side light Frame	0	Each	$250.00	$0.00	
add for door Frame	27	Each	$175.00	$4,725.00	
add Relocate existing Door	0	Each	$200.00	$0.00	
Keying	0	Lot	$0.00	$0.00	
Stocking	1	Lot	$300.00	$300.00	
Glazing		Cost per SF	$7.93		$75,573.00
1/4" Clear Tempered Glass	0	SF	$10.00	$0.00	
3/8" Clear Tempered Glass	0	SF	$12.00	$0.00	
1/2" Clear Tempered Glass	0	SF	$23.00	$0.00	
Concealed Channel	0	LF	$18.00	$0.00	
Herculite Single Door	4	Each	$1,775.00	$7,100.00	
Herculite Pair's Door	1	Each	$2,645.00	$2,645.00	
Mirror	69	SF	$12.00	$828.00	
Add For Wire Glass 1/4"	0	SF	$3.00	$0.00	
Storefront and Structual engineer allowance	1	lot	$65,000.00	$65,000.00	

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Date: 6/27/2006
Square Footage: 9527

WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
Division 9 *Finishes*					
Drywall		Cost per SF	$4.60		$43,844.00
Ceiling Height Wall (12' height)	685	LF	$48.00	$32,880.00	
Ceiling Height Wall (14' height)	0	LF	$56.00	$0.00	
Ceiling Height Wall (16' height)	0	LF	$64.00	$0.00	
Ceiling Height Wall (18' height)	0	LF	$72.00	$0.00	
Furred Wall	400	LF	$17.50	$7,000.00	
Low Wall To 48"AFF	0	LF	$18.00	$0.00	
Low Wall To 66"AFF	0	LF	$24.00	$0.00	
Low Wall Support	0	Each	$65.00	$0.00	
Drywall Ceiling Non-rated	616	SF	$4.00	$2,464.00	
Drywall Ceiling Rated	0	SF	$5.00	$0.00	
Drapery Pocket	0	LF	$24.00	$0.00	
Light Cove	0	LF	$35.00	$0.00	
Drywall Soffits	0	SF	$4.00	$0.00	
Backing For Wall Hung Cabinets	25	LF	$4.00	$100.00	
Eggshell Paint Prep.	0	SF	$0.25	$0.00	
Fire Extinguisher Cabinet Frame-in	4	Each	$75.00	$300.00	
Mullion Closer	0	Each	$35.00	$0.00	
Door Cut In	0	Each	$125.00	$0.00	
Door In Fill	0	Each	$125.00	$0.00	
Access Panels	2	Each	$200.00	$400.00	
Stocking	1	Lot	$700.00	$700.00	
Ceramic Tile		Cost per SF	$1.40		$13,376.00
Ceramic Floor Tile 2x2	616	SF	$8.00	$4,928.00	
add for mortar setting bed	0	SF	$4.50	$0.00	
add for random colors	0	SF	$1.00	$0.00	
add for epoxy joints	0	SF	$2.50	$0.00	
Ceramic Tile Cove Base	192	LF	$11.00	$2,112.00	
Ceramic Tile Wall Tile 4x4 thin set	768	SF	$8.25	$6,336.00	
Ceramic Tile Wall Tile 4x4 setting bed	0	SF	$13.00	$0.00	
add Decorator type	0	SF	$7.00	$0.00	
Cement Motor Setting Bed	0	SF	$4.00	$0.00	

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Square Footage: 9527

WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
Acoustical		Cost per SF	$3.63		$34,620.55
Suspended Ceilings repair	0	Lot	$250.00	$0.00	
2x4 Building Std. Grid & Tile	9527	SF	$1.85	$17,624.95	
2x2 Building Std. Grid & Tile	0	SF	$3.50	$0.00	
1x1 Building Std. Grid & Tile	0	LF	$5.50	$0.00	
Light Wires @ Fixtures	127	Each	$3.00	$381.00	
Compression Posts	9527	SF	$0.07	$666.89	
Add For Wall Angle	1538	LF	$2.75	$4,229.50	
Sonex Wall Panels	0	SF	$4.00	$0.00	
Open & Close Ceiling on Floor Below	0	Lot	$325.00	$0.00	
Sound Attenuatical					
Acoustical Batt above ceiling 4" thick	9527	SF	$1.23	$11,718.21	
Floor Coverings		Cost per SF	$3.52		$33,492.70
Carpet tiles	7055	SF	$4.00	$28,220.00	
Add For Stairs	0	Each	$200.00	$0.00	
Base (Burke)	0	LF	$1.30	$0.00	
Vinyl Base	1538	LF	$1.15	$1,768.70	
Vinyl Composition Tile - Excelon	1856	SF	$1.50	$2,784.00	
Vinyl Composition Tile - Antistatic	0	SF	$4.50	$0.00	
Floor Prep	16	Hr	$45.00	$720.00	
Special Finishes (low cost)					
Wallfinishes		Cost per SF	$0.84		$7,964.88
Paint Walls - Eggshell	24024	SF	$0.32	$7,687.68	
Paint Drywall Ceiling - Flat Paint	616	SF	$0.45	$277.20	

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Square Footage: 9527

WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
Division 10 *Specialties*					
Toilet Partitions		Cost per SF	$0.90		$8,580.00
Floor & Ceiling Anchored, painted metal	0	Each	$550.00	$0.00	
Floor & Ceiling Anchored, painted metal, ADA	4	Each	$830.00	$3,320.00	
Floor & Ceiling Anchored, SS	0	Each	$1,400.00	$0.00	
Floor Anchored, painted metal	0	Each	$450.00	$0.00	
Floor Anchored, painted metal, ADA	2	Each	$730.00	$1,460.00	
Floor Anchored, SS	0	Each	$1,300.00	$0.00	
Urinal Screens floor mounted	0	Each	$270.00	$0.00	
Urinal Screens post braced	0	Each	$315.00	$0.00	
Urinal Screens wall hung	2	Each	$315.00	$630.00	
Toilet Accessories	7	Lot	$350.00	$2,450.00	
Grab Rails 42"	4	Each	$70.00	$280.00	
Grab Rails 36"	4	Each	$60.00	$240.00	
Soap Dispensers	5	Each	$40.00	$200.00	
Signage		Cost per SF	$0.03		$240.00
Restroom Signage	4	Each	$60.00	$240.00	
Specially Equipment		Cost per SF	$0.00		$0.00
Projection Screen	0	Each	$1,850.00	$0.00	
Folding Wall	0	LF	$400.00	$0.00	
Division 11 *Equipment*					
Appliances		Cost per SF	$0.00		$0.00
Dishwasher	0	Each	$850.00	$0.00	
Microwave	0	Each	$400.00	$0.00	
Under counter Refrigerator w/ Ice	0	Each	$750.00	$0.00	
Full Height Refrigerator w/ Ice	0	Each	$995.00	$0.00	
Division 12 *Furnishings*					
Window Covering		Cost per SF	$1.57		$15,000.00
Window treatment Allowance	1	lot	$15,000.00	$15,000.00	
Vertical Blinds measurements	0	Each	$85.00	$0.00	
Macho Shade Manual	0	SF	$7.00	$0.00	
Black Out Drapes	0	LF	$55.00	$0.00	
Clean Existing Blinds	0	Each	$12.00	$0.00	

County of LA depart of CDC
Suite B
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Budget Only TI 4080-01-2323-B
NL Services # **06-147**
Date: 6/27/2006
Square Footage: 9527

WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
Division 15 *Mechanical*					
Fire Extinguishers		Cost per SF	$0.13		$1,200.00
5 lb ABC	0	Each	$35.00	$0.00	
5 LB ABC w/cabinet	4	Each	$300.00	$1,200.00	
Fire Sprinklers		Cost per SF	$2.00		$19,054.00
Upright Heads	0	Each	$75.00	$0.00	
Relocate & Add Semi Recessed Heads	0	Each	$105.00	$0.00	
Concealed Heads	0	Each	$120.00	$0.00	
Main Line Relocation	0	Lot	$0.00	$0.00	
Branch Line Relocation	0	LF	$0.00	$0.00	
Fire Sprinkler Allowance	9527	sf	$2.00	$19,054.00	
Engineering	0	Lot	$0.00	$0.00	
Permit	0	Lot	$0.00	$0.00	
Plumbing		Cost per SF	$5.73		$54,570.00
Form afar Rough - In Water, Waste & Vent	220	LF	$125.00	$27,500.00	
Kitchen Sink single PE	0	Each	$450.00	$0.00	
Kitchen Sink single SS	0	Each	$350.00	$0.00	
For rough-in, supply, waste and vent	0	Each	$415.00	$0.00	
Kitchen Sink double PE	1	Each	$475.00	$475.00	
Kitchen Sink double PE	0	Each	$400.00	$0.00	
For rough-in, supply, waste and vent	12	Each	$450.00	$5,400.00	
Wet Bar	0	Each	$550.00	$0.00	
Lavatory sink	9	Each	$300.00	$2,700.00	
Instahot Unit	0	Each	$275.00	$0.00	
Hot Water Heater 30 gal	1	Each	$700.00	$700.00	
Hot Water Heater 10 gal electric	0	Each	$350.00	$0.00	
Water Purifier Everpure	0	Each	$0.00	$0.00	
Connect Appliances	0	Each	$85.00	$0.00	
Water Line Ice / Coffee	1	Each	$75.00	$75.00	
Garbage Disposal	1	Each	$150.00	$150.00	
Floor Sink	1	Each	$650.00	$650.00	
Floor Drain	4	Each	$500.00	$2,000.00	
Water Closets, floor mounted, two piece	0	Each	$285.00	$0.00	
For rough-in, supply, waste and vent	0	Each	$380.00	$0.00	
Bowl only, with flush valve, seat	7	Each	$775.00	$5,425.00	
For rough-in, supply, waste and vent	7	Each	$985.00	$6,895.00	
Urinal porcelain	2	Each	$315.00	$630.00	
For rough-in, supply, waste and vent	2	Each	$985.00	$1,970.00	
Laundry sink Plastic on legs	0	Each	$0.00	$0.00	
Cap Existing Plumbing	0	Each	$125.00	$0.00	
Water Filtration System (no distilled)	0	Each	$1,200.00	$0.00	
Engineering	1	Lot	$0.00	$0.00	
Permit	1	Lot	$0.00	$0.00	

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WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
HVAC		Cost per SF	$6.16		$58,667.00
Air Distribution	9527	SF	$1.00	$9,527.00	
T-sat	10	Each	$125.00	$1,250.00	
Supply Diffuser	0	Each	$85.00	$0.00	
Return Grill	0	Each	$50.00	$0.00	
Exhaust Fans	0	Each	$100.00	$0.00	
Interior zone	0	Each	$750.00	$0.00	
Exterior zone with heat	0	Each	$1,250.00	$0.00	
Fire Dampers (allowance)	0	Lot	$400.00	$0.00	
Smoke / Fire Dampers	0	Each	$375.00	$0.00	
HVAC Demolition	0	Lot	$0.00	$0.00	
New 5 Ton A/C Unit	10	Each	$4,350.00	$43,500.00	
R & R 5 Ton A/C Unit	0	Each	$3,500.00	$0.00	
New 3 Ton A/C Unit	0	Each	$3,245.00	$0.00	
R & R 3 Ton A/C Unit	0	Each	$3,000.00	$0.00	
New 2 Ton A/C Unit	2	Each	$2,195.00	$4,390.00	
R & R 2 Ton A/C Unit	0	Each	$1,800.00	$0.00	
1-1/2 Ton Mini Mate Air Cooled	0	Each	$1,565.00	$0.00	
Engineering	1	Lot	$0.00	$0.00	
Permit	1	Lot	$0.00	$0.00	

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Square Footage: 9527

WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
Division 16 *Electrical*					
Electric		Cost per SF	$9.47		$90,201.55
2x4 Flour. Fixture / Prismatic Lens	0	Each	$90.00	$0.00	
2x2 Flour. Fixture / Prismatic Lens	0	Each	$85.00	$0.00	
1x4 Flour. Fixture / Prismatic Lens	4	Each	$85.00	$340.00	
2x4 Parabolic Fixtures	127	Each	$125.00	$15,875.00	
2x2 Parabolic Fixtures	0	Each	$120.00	$0.00	
1x4 Parabolic Fixtures	0	Each	$115.00	$0.00	
Wall-washers	0	Each	$300.00	$0.00	
Downlights	0	Each	$250.00	$0.00	
Pendant Light Fixture	0	Each	$270.00	$0.00	
Wall Sconces	0	Each	$275.00	$0.00	
Strip Lights	4	LF	$25.00	$100.00	
Staggered Strip Lights	0	Each	$95.00	$0.00	
Under Cabinet Task Lights	0	Each	$120.00	$0.00	
Relocate Light Fixtures	0	Each	$50.00	$0.00	
Relocate & Relamp Light Fixtures	0	Each	$85.00	$0.00	
Single Wall Switch	8	Each	$65.00	$520.00	
A B Wall Switch	9	Each	$85.00	$765.00	
3 - Way Switch	14	Each	$90.00	$1,260.00	
Multi Gang Switch	0	Each	$110.00	$0.00	
1500 Watt Dimmer	0	Each	$130.00	$0.00	
Light Sensors Wall	0	Each	$120.00	$0.00	
Light Sensors Ceiling	22	Each	$165.00	$3,630.00	
Exit Lights Edge Light	9	Each	$225.00	$2,025.00	
Exit Lights Battery	0	Each	$85.00	$0.00	
Night light Circuit	3	Each	$70.00	$210.00	
Duplex - Wall	42	Each	$75.00	$3,150.00	
Duplex - Wall GFI	8	Each	$125.00	$1,000.00	
Duplex - Dedicated	4	Each	$125.00	$500.00	
Quad Wall Outlet	0	Each	$75.00	$0.00	
Quad Wall Outlet Dedicated	2	Each	$135.00	$270.00	
Copier Outlet	2	Each	$125.00	$250.00	
3/4" Tel./Data Stub Up - Wall	41	Each	$45.00	$1,845.00	
1" Tel./Data Stub Up - Wall	4	Each	$55.00	$220.00	
11/2" Telephone Home Run Conduit	0	LF	$6.00	$0.00	

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WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
Electrical Continued					
2" Telephone Home Run Conduit	100	LF	$7.00	$700.00	
4" Telephone Home Run Conduit	0	LF	$22.00	$0.00	
4" Telephone Sleeves	0	Each	$105.00	$0.00	
12x12x6 Junction Boxes	0	Each	$75.00	$0.00	
6x6x4 Junction Boxes	0	Each	$65.00	$0.00	
Floor Duplex - Monument	0	Each	$150.00	$0.00	
Floor Duplex - Flush	0	Each	$160.00	$0.00	
Floor Quad - Monument	0	Each	$170.00	$0.00	
Floor Quad - Flush	0	Each	$180.00	$0.00	
Floor Tel/Data - Monument	0	Each	$150.00	$0.00	
Floor Tel/Data - Flush	0	Each	$160.00	$0.00	
Furniture Feed Wall - Power	20	Each	$335.00	$6,700.00	
Furniture Feed Floor - Power	0	Each	$375.00	$0.00	
Furniture Feed Tel/Data Wall	0	Each	$65.00	$0.00	
Furniture Feed Tel/ Data Floor	0	Each	$285.00	$0.00	
Plug mold	0	LF	$20.00	$0.00	
Wire Mould Outlets	0	Each	$20.00	$0.00	
Mag Hold Open Connection	0	Each	$25.00	$0.00	
Wire & Connect Garbage Disposal	1	Each	$95.00	$95.00	
Demo / Safe off	0	Hrs	$45.00	$0.00	
Cut & Fish - In	0	Each	$30.00	$0.00	
Add For Sound Wall Boxes	0	Each	$35.00	$0.00	
Life Safety Speakers Boxes & Conduit	0	Each	$230.00	$0.00	
Strobe Light Conduit & Boxes	0	Each	$230.00	$0.00	
Smoke Detectors Boxes & Conduit	0	Each	$210.00	$0.00	
Electrical Grounding System	0	Each	$450.00	$0.00	
Chemical Grounding System	0	Each	$1,800.00	$0.00	
Isolated Tech Power Panel & Feeders	0	Each	$2,500.00	$0.00	
Emon Demon Sub meter	0	Each	$1,950.00	$0.00	
Sub Panels & Feeders 200 Amp only	2	Each	$2,250.00	$4,500.00	
Sub Panels & Feeders rework circuits	9527	sf	$2.65	$25,246.55	
switch gear to separate meters	1	Each	$21,000.00	$21,000.00	
Engineering	1	Lot	$0.00	$0.00	
Permit	1	Lot	$0.00	$0.00	

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WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
Fire Life Safety		Cost per SF	$1.50		$14,290.50
Life Safety Speaker	0	Each	$220.00	$0.00	
Strobe Wall Mounted	0	Each	$225.00	$0.00	
Speaker / Strobe Unit	0	Each	$275.00	$0.00	
Strobe Ceiling Mounted	0	Each	$255.00	$0.00	
Life Safety Panel	0	Each	$1,800.00	$0.00	
Programming	0	Each	$2,300.00	$0.00	
Fire Life Safety Allowance	9527	SF	$1.50	$14,290.50	
Smoke Detector	0	Each	$135.00	$0.00	
Engineering	0	Lot	$0.00	$0.00	
Permit	0	Lot	$0.00	$0.00	
After Hour Life Safety Test	0	Each	$370.00	$0.00	
Communication System		Cost per SF	$3.15		$30,010.05
Telephone Cable tray,pull string allowance	9527	sf	$3.15	$30,010.05	
Data Cabling	0	Each	$145.00	$0.00	
Security Cabling	0	Each	$155.00	$0.00	
Permit	0	Lot	$0.00	$0.00	
Division 1 General Requirements					
Project Coordination		Cost per SF	$11.33		$107,950.50
Project Manager	133	Hrs	$75.00	$9,975.00	
Superintendent	650	Hrs	$50.00	$32,500.00	
Labor	0	Hrs	$25.00	$0.00	
Dumpsters 40 yards	8	Each	$400.00	$3,200.00	
Miscellaneous/ Protection	1	Lot	$350.00	$350.00	
Blueprints,permits and engineering	9,527	sf	$6.50	$61,925.50	

CONSTRUCTION SUMMARY

COST OF CONSTRUCTION WORK $729,747.98

Cost Per Square Foot 76.60

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WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL

Note: This Contract Excludes Any and All Skylights, Expansion of Lunch room and Any Build Out of BreezeWay.

TOTAL COST OF WORK $729,748

Budget based on drawings dated
Contract shall be mutually agreed upon.
Our Pricing excludes any Architectural, Mechanical, Electrical, Plumbing Engineering or Plans.
Our Pricing excludes any Plan Check fee, Permit fee and or any other special assessment fees.
NL Services Inc cannot be held responsible for delays cause by City inspections, Plan check Architectural submittals and Owner change orders.
All building department correction, corrections of concealed conditions, and base building deficiencies have been excluded.
Overtime has been excluded.
All X-raying of floors and deputy inspections has been excluded.
NL services Inc. assumes we will be allowed access to other spaces in order to complete the contracted work, if overtime is required then this will be billed on Time & Material basis.
NL Services Inc. assumes any related employee or subcontractor will be allowed to use the restrooms that will not disturb the work schedule. This shall be provided to NL Services Inc. at no additional cost.
Asbestos has been excluded.
With proper notification NL Services Inc. will be authorized to enter adjacent areas needed to complete required work.
It is assumed that base building HVAC, Electrical and Fire Safety systems are of adequate size for intended distribution, and in proper working order.
The scope of work included by NL Services Inc. is limited to the trades listed. Quantities may very.
The Proposal assumes that Parking, Power & water costs will be provided at no cost to the contractors.
The proposal assumes that the project does not required ADA upgrades and or code upgrade modifications.
Excludes all directionial, office and any other signage.

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated _____, 2006, between the Housing Authority of the County of Los Angeles, a public body, politic and corporate ("Tenant"), and AP-Palmdale LLC ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 2323 East Palmdale Boulevard, Suite B, Palmdale, California ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

(1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____, 2006 ("Possession Date");

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

(3) The Lease commenced on _____, 2006 ("Commencement Date");

(4) The Premises contain 9,809 rentable square feet of space; and

(5) Basic Rent Per Month is $15,694.40 per month (adjustable only as provided in Exhibit F of the lease).

IN WITNESS WHEREOF, this Memorandum is executed this ____ day of _____, 2006.

"Tenant"	"Landlord"
HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body, politic and corporate By: _____ Carlos Jackson, Executive Director	AP- Palmdale LLC, a California limited liability company By: DGA Properties II LLC, a Delaware limited liability company Its: Managing Member By: Abbey-Properties LLC, a California limited liability company Its: Managing Member By: _____ Donald G. Abbey Its: Governing Member

EXHIBIT D

HVAC STANDARDS

Excluding the space used as warehouse and storage the 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 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

OFFICE 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. Graffiti expunged as needed within two (2) working days after notice by Tenant.
K. Floors washed as needed.
L. Kitchen/Lunchroom supplies replenished including paper supplies and soap.

2. WEEKLY

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

3. MONTHLY

A. Floors washed and waxed in uncarpeted office area.
B. High-reach areas, door frames and tops of partitions dusted.
C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
D. Picture moldings and frames dusted.
E. Wall vents and ceiling vents vacuumed.
F. 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.

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.
D. Carpet professionally spot cleaned as required to remove stains.

7. AS NEEDED

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

8. GENERAL

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

EXHIBIT F

RENT SCHEDULE

Year 1	$1.60 per square foot
Year 2	$1.60 per square foot
Year 3	$1.65 per square foot
Year 4	$1.65 per square foot
Year 5	$1.70 per square foot
Year 6	$1.70 per square foot
Year 7	$1.77 per square foot
Year 8	$1.84 per square foot
Year 9	$1.91 per square foot
Year 10	$1.91 per square foot

First Option Period

Year 1	greater of 90% of market or prior month Basic Rent per paragraph 4(e)
Year 2	CPI adjustment as provided in paragraph 4(e)(v)
Year 3	CPI adjustment as provided in paragraph 4(e)(v)
Year 4	CPI adjustment as provided in paragraph 4(e)(v)
Year 5	CPI adjustment as provided in paragraph 4(e)(v)

Second Option Period

Year 1	greater of 90% of market or prior month Basic Rent per paragraph 4(e)
Year 2	CPI adjustment as provided in paragraph 4(e)(v)
Year 3	CPI adjustment as provided in paragraph 4(e)(v)
Year 4	CPI adjustment as provided in paragraph 4(e)(v)
Year 5	CPI adjustment as provided in paragraph 4(e)(v)

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LANDLORD'S WORK LETTER

For

HOUSING AUTHORITY

COUNTY OF LOS ANGELES

LEASE AND AGREEMENT

DEPARTMENT: SECTION 8 DIVISION

LANDLORD: AP-PALMDALE LLC, a California limited liability company

2323 East Palmdale Boulevard, Suite B, Palmdale, California

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated _____, 2006, executed concurrently herewith, by and between **AP-PALMDALE LLC, a California limited liability company,** as Landlord, and the **HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body, politic and corporate,** as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

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

(a) Base Tenant Improvement Allowance:	N/A.
(a)(a) Furniture Allowance:	Intentionally left blank.
(b) Additional Tenant Improvement Allowance:	$98,090 ($10 per rentable square feet)
(c) Maximum Change Order Allowance:	$15,000 (approximately $1.53 per rentable square feet)
(d) Additional Tenant Improvement and Change Order Amortization Rate:	N/A.
(e) Basic Rent Reduction:	None.
(f) Tenant's Work Letter Representative:	Ben Martinez, Manager, Central Services
(g) Landlord's Work Letter Representative:	Don Abbey
(h) Landlord's Address for Work Letter Notice:	AP-Palmdale LLC Attn: Donald G. Abbey c/o The Abbey Company 310 Golden Shore, Suite 300 Long Beach, California 90802
(i) Tenant's Address for Work Letter Notice:	Housing Authority of the County of Los Angeles 2 Coral Circle Monterey Park, California 91755 Attn: Executive Director
(j) Addenda	Addendum A: Base Building Improvements Addendum B: Base Tenant Improvements

2. **Construction of the Building**.

2.1 Base Building Improvements. Landlord has constructed or shall construct the base Building improvements as a part of the Building described on Addendum A hereto (the "Base Building Improvements"). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall be considered Base Tenant Improvements (as defined below) only to the extent such changes or additions are specifically described in Addendum B hereto.

2.2 Additional Costs Not Base Tenant Improvement Costs

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

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

(c) Landlord shall be solely responsible for all costs and expenses necessary to increase permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses, as specifically disclosed in the Plans.

2.3 Base Building Plans. Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2000 format. In the event such plans and specifications are incomplete or inaccurate, such delay caused thereby shall not be a Tenant Delay, as defined below.

3. **Selection of Architect and Engineer**. Landlord has selected a qualified licensed architect ("Architect") and an engineer ("Engineer") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings as defined below. Tenant hereby approves and consents to Landlord's selection of the Architect and the Engineer, as selected by Landlord.

4. **Selection of Contractor**. Landlord has selected a contractor ("Contractor") to complete the construction of the Base Tenant Improvements. Tenant hereby approves and consents to Landlord's selection of NL (as defined in the Lease) as the Contractor.

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

5.1 Preparation of Space Plan. Concurrently with the execution of this Lease, Tenant shall submit to Landlord a Space Plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices,

conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room (the "Space Plan").

5.2 Approval of Space Plan. Within two (2) days after Landlord receives the Space Plan, Landlord shall either approve or disapprove the Space Plan. Any disapprovals must be only for reasonable and material reasons which shall be limited to 1) a material adverse effect on the Building structure; (2) possible damage to the Building mechanical systems, (3) non-compliance with applicable codes, (4) material adverse effect on the exterior appearance of the Building, or (5) unreasonable interference with the normal and customary business operations of other tenants in the Building.

5.3 Revisions to Space Plan. Tenant shall make the changes necessary in order to correct the matters in the Space Plan disapproved by Landlord and shall return the Space Plan to Landlord, which Landlord shall approve or disapprove within one (1) day after Landlord receives the revised Space Plan. This procedure shall be repeated until written approval of the Space Plan by Landlord has been delivered to Tenant. The Space Plan may be submitted by Tenant in one or more stages and at one or more times, and the time periods for Landlord's approval shall apply with respect to each such portion submitted.

5.4 Preparation and Approval of Working Drawings. Within ten (10) days of the date the Space Plan is approved by Landlord (the "Plan Approval Date"), Landlord shall instruct the Architect to commence preparation of Working Drawings (the "Working Drawings"), which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Base Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review. Landlord shall be solely responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

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

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

5.7 Approval of Plans by Tenant. Approval by Tenant shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Base Tenant Improvements.

5.8 Schedule. Landlord shall have no obligation to commence construction of the Base Tenant Improvements until all of the following have occurred: (1) The final and unconditional approval and execution of this Lease by the Tenant by the formal action of the Board of Commissioners ("Commissioners Approval"); (2) the receipt by Landlord of the final and unconditional Lender's Approval (as defined in Section 31.2 of the Lease); and (3) the issuance of all necessary permits required to commence construction of the Base Tenant Improvements ("Permit Issuance"). Landlord Tenant Improvement Commencement Date means the date upon which occurs the last of the following: (a) Landlord's written receipt of the Tenant's Approval; (b) Landlord's written receipt of the Lender's Approval; or (c) Permit Issuance to Landlord.

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

6. Construction of Base Tenant Improvements.

6.1 Base Tenant Improvements. Landlord shall construct and complete the "Base Tenant Improvements" described on Addendum B attached hereto. Except for furniture and telecommunications improvements and the costs of "Change Orders" in excess of the Maximum Change Order Allowance, and the costs of "Additional Tenant Improvements" in excess of the Additional Tenant Improvement Allowance, if any work required by the Final Plans is not described on Addendum B hereto the work shall be performed by Landlord at its own cost and expense and not included in the cost of the Base Tenant Improvements. As used herein "Additional Tenant Improvements" and "Change Orders" shall each mean changes, additions, deletions or alterations to the Final Plans.

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

(b) Commencement of Construction. Landlord shall commence construction of the Base Tenant Improvements within fifteen (15) days after the Landlord Tenant Improvement Commencement Date (as defined in the Lease). Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Base Tenant Improvements, subject to any cessation that may be caused by Force Majeure Delays.

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

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

(b) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the Base Tenant Improvements, whether in the Premises themselves or in

other areas utilized by Landlord or its contractors, and agrees to reimburse Tenant for any and all expenses incurred by Tenant by reason of substandard work performed by Landlord's contractor or contractors (as reasonably determined by Tenant according to the usual standards of work in the Building) or as a result of inadequate clean-up.

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

6.3 Conformed Plans. Within sixty (60) days after substantial completion of the Base Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted on three and one-half inch (3½") 1.4Mb magnetic media diskettes in Auto CAD R 12.dwg (or later version) format or .DXF format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

7. **Additional Tenant Improvements and Change Orders**.

Tenant may make Additional Tenant Improvements and Change Orders, provided both Tenant and Landlord approve such changes in writing. The amount of the Additional Tenant Improvement Allowance and Maximum Change Order Allowance set forth in Section 1 has been authorized by the Board of Commissioners to be used to pay the costs of all authorized Additional Tenant Improvements and Change Orders but only the Executive Director is authorized to approve Additional Tenant Improvements and Change Orders on behalf of Tenant and then only if the aggregate amount of such approved Additional Tenant Improvements and Change Orders does not exceed the Additional Tenant Improvement Allowance and the Maximum Change Order Allowance. Each Change Order must be signed and dated by the Executive Director. That portion of the Additional Tenant Improvement Allowance and Maximum Change Order Allowance used to pay for Additional Tenant Improvements and Change Orders will be payable by Tenant to Landlord in a lump sum payment within thirty (30) days after the later of: (i) the Commencement Date; or (ii) delivery by Landlord to Tenant of a final invoice for the Tenant Improvement Allowance and Maximum Change Order Allowance.

8. **Furniture System**. Intentionally left blank.

9. **Audit**. Tenant may audit the costs and/or sums advanced by Landlord to Tenant in connection with the Additional Tenant Improvement Allowance, for a period of 24 months from the date of acceptance of the Premises by Tenant.

10. **Delay**.

10.1. Tenant Delays and Force Majeure Delays. Except as set forth herein, no delay in the completion of construction of the Base Tenant Improvements shall be considered in the determination of the Commencement Date of the Lease and, except as set forth herein or in the Lease, under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Base Tenant Improvements. Subject to the provisions of Section 8.2,

the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (i) Tenant fails or refuses to give authorizations or approvals within the time periods required herein but only to the extent such delays delay the commencement or completion of construction of the Base Tenant Improvements; or (ii) construction time will be increased because (a) Tenant modifies the Plans subsequent to their approval, or (b) due to any action or omission of Tenant or anyone performing services on behalf of Tenant (each of (i), (ii)(a) and (ii)(b) a "Tenant Delay"); or (iii) Substantial Completion of the Base Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)").

10.2. Limitations.

(a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within forty eight (48) hours of the event giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord.

(b) Mitigation. Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date only in the event that Substantial Completion of the Base Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make (provided such additional cost incurred by Landlord due to such effort does not exceed $1,000 on a cumulative basis, unless Tenant agrees to pay to such excess).

(c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only to the extent the same are not concurrent with any other Tenant Delay or Force Majeure Delay which is effective hereunder. For example, if there are ten (10) days of Tenant Delays and four (4) days of Force Majeure Delays which occur during the same ten (10) day period of such Tenant Delays, then the Projected Commencement Date would be extended by only ten (10) days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, the Projected Commencement Date would be extended by fourteen (14) days.

11. **Representatives**.

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

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

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

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

[SIGNATURES ON FOLLOWING PAGE]

1

LANDLORD: **AP-PALMDALE LLC, a California limited liability company**

By: DGA-Properties II LLC, a Delaware limited liability company
Its: Managing Member

By: Abbey-Properties LLC, a California limited liability company
Its: Managing Member

By: _____
Phillip Matchett
Its: Vice President & Director of Leasing

TENANT: **HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body, politic and corporate**

By: _____
Carlos Jackson, Executive Director

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By: _____
Deputy

2

ADDENDUM A to Landlord's Work Letter

BASE BUILDING IMPROVEMENTS

Landlord has constructed (or will construct) the Building to include the following:

(a) the Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;

(b) the core area, including mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord;

(c) men's and women's toilet rooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;

(d) unpainted exterior dry wall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows;

(e) ground floor lobby;

(f) exterior plazas and landscaping;

(g) drinking fountains at the core;

(h) electrical/telephone closet with not less than seven (7) watts per square foot of rentable area of normal power in the floor electrical closet;

(i) conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets on floors _____, in which case Landlord, at no cost to Tenant, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);

(j) two (2) 208/120 and one (1) 480/277 bolt panels connected to the Building power system;

(k) concrete floors with trowelled finish, level to specified tolerances and designed to support a minimum live load of fifty (50) pounds per square foot and a partition load of twenty (20) pounds per square foot;

(l) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises;

(m) primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution;

(n) access at panels in the service core for distribution of Building requirements electrical power (initially 120/208 V for power and 277V for fluorescent lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and

(o) gypsum board on the service core walls, columns and sills in the Premises.

ADDENDUM B to Landlord's Work Letter

BASE TENANT IMPROVEMENTS

Base Tenant Improvements shall consist of the improvements set forth on the Plans and specifications attached hereto and made a part hereof.