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

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES
#13 MAY 18, 2010
Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

May 18, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

FIFTEEN-YEAR LEASE
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
1933 SOUTH BROADWAY, LOS ANGELES
(FIRST DISTRICT) (3 VOTES)

SUBJECT

This recommendation is for a new 15-year lease for 142,360 rentable square feet of office space for the Department of Children and Family Services (DCFS) for the Metro North office and Call Center operations with 645 parking spaces.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Consider the Negative Declaration, together with the fact that no comments were received during the public review process, find that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the County of Los Angeles to approve the Negative Declaration, find that the project will have no adverse effect on wildlife resources, and authorize the Chief Executive Office to complete and file a Certificate of Fee Exemption for the project.

2. Approve and instruct the Chair to sign a 15-year lease with L.A. Mart Properties, LLC, (Landlord) for the Department of Children and Family Services to occupy 142,360 rentable square feet of office space and 645 parking spaces at 1933 South Broadway, Los Angeles, at a maximum annual first year cost of $6,025,149. The program is approximately 70 percent funded by State and federal funds, and 30 percent net County cost.

3. Authorize the Internal Services Department, or the Landlord, at the direction of the Chief Executive Office, to acquire and install telephone, data and low-voltage systems at a cost not to exceed $5,485,074. All or part of the telephone, data and low-voltage systems may be paid either in a lump sum, financed over a five-year term, with the financed portion not to exceed $1,094,218 per year, in addition to other tenant improvement allowances provided under the lease.

4. Authorize the Chief Executive Office, Internal Services Department and Department of Children and Family Services to implement the project. The lease will be effective upon approval by your Board, but the term and rent will commence upon completion of the improvements by the Landlord and acceptance by the County of Los Angeles.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed transaction will relocate the existing programs from a Wilshire Boulevard facility to 1933 South Broadway, Los Angeles. The programs are currently housed at 3075 Wilshire Boulevard, Los Angeles (the "Borax" Building), where the landlord has requested the department to vacate the premises. The lease expired on July 19, 2009, and the County is currently operating on a month-to-month holdover basis.

DCFS has major programs which will occupy this leasehold, including the Metro North office specialized program, the Call Center, the Child Protection Hotline (CPHL) which collaborates with the Interstate Compact for the Placement of Children section (ICPC), and the Emergency Response Command Post (ERCP). The Metro North office includes an Adoptions unit responsible for the assessment and placement of children for adoptions, and a Revenue Enhancement unit that is a support function for the placement of children in out-of-home care. Metro North also houses programs such as Family Group/Team Decision-Making and Department of Mental Health Children's Services that enhance and collaborate on providing direct services to children and families in the northern Los Angeles metropolitan area.

The Call Center provides 24 hour, 365 days-per-year, crisis intervention services, countywide. The CPHL receives information and determines the level of response required by DCFS necessary in the specific case. In addition, the ICPC will also be housed at the facility, which works with CPHL and with other States for out-of-County placement of children. The ERCP program responds to emergency referrals, providing intervention and emergency services Countywide, as indicated, continuously year-round.

The proposed lease increases DCFS' space from 132,488 square feet of office space to 142,360 square feet. The proposed facility is centrally located and will enable DCFS to continue the uninterrupted use of this vital programmatic operation. In addition, the facility is close to public transportation and there is metered street parking readily available. By co-locating these four major departmental programs, the proposed lease will provide long-term economic benefits for the County through competitive lease rental rates derived from the acquisition of a larger block of office space rather than through individual leases also allowing the sharing of resources and potentially reducing costs.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we enrich the lives of children, family and adult well-being through integrated, cost-effective and client-centered supportive services (Goal 2). The proposed lease will enable the department to continue providing services to children and their families in a cost-effective manner by co-locating the programs in one facility centrally located near downtown Los Angeles, enhancing the productivity of staff, and delivery of and accessibility to services. This co-location will also increase cost avoidance and improve service outcomes through administrative efficiency and management.

FISCAL IMPACT/FINANCING

The proposed lease will provide the four major DCFS program groups office space under two rental rates and rent structures. The first and fifth floors have a total of 80,236 rentable square feet with an initial base rent of $1,733,098 annually, modified gross basis, whereby the County pays for electricity. The modified gross services associated with the lease apply to programs operating on a 24 hour-a-day basis. The sixth floor has 62,124 rentable square feet with an initial base rent of $1,490,976 annually, on a full-service basis which includes utilities. The department will have 645 parking spaces.

PROPOSED LEASE	1933 SOUTH BROADWAY, LOS ANGELES
Square Footage Total	80,236 sq.ft. (1st & 5th Floor) 62,124 sq.ft. (6th Floor) 142,360 sq.ft.
Term	Fifteen years, commencing upon Board approval and completion of Tenant Improvements (TI).
Annual Base Rent 1st & 5th floors 6th floor Total	 $ 1,733,098 ($1.80/sq.ft./month) 1,490,976 ($2.00/sq.ft./month) $ 3,224,074 ($1.89/sq.ft./month blended rate)
Base TI Allowance	$ 2,847,200 ($20/sq.ft. included in Base Rent)
Additional TI Allowance	$11,388,800 (1) ($80/sq.ft.)
Change Order Allowance	$ 200,000 (1)
Annual TI Reimbursement	$ 2,801,075 (1) Annual (including change order)
Maximum Annual Rent	$ 6,025,149 (2)
Cancellation	After the 7th year, with 180 days prior notice
Parking (included in Rent)	645 parking spaces
Options to Renew	One five-year option
Rental Adjustment	Consumer Price Index (CPI) 4 percent cap

(1) Amortization of Additional TI of $80 psf (i.e. $11,388,800), at 8 percent over a five-year period, is $2,752,734 annually. The similarly amortized change order allowance ($200,000) equates to an annual expenditure of $48,341; combined total is $2,801,075.

(2) Includes the annual base rent, annual reimbursement of Additional TI and Change Order Allowance.

Sufficient funding for the proposed lease costs is included in the 2009-10 Rent Expense budget and will be billed back to DCFS. DCFS has sufficient funding in its 2009-10 operating budget to cover the projected lease costs. Costs associated with the proposed lease are approximately 70 percent State and federal funds and 30 percent net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed 15-year lease will provide approximately 142,360 rentable square feet of office space and 645 parking spaces. The lease contains the following provisions:

- Fifteen-year term commencing upon completion of the improvements and acceptance by the County.

- A full-service gross basis on 62,124 rentable square feet whereby the Landlord is responsible for all operation and maintenance costs associated with the premises.

- A modified-gross basis on 80,236 rentable square feet whereby the Landlord is responsible for all operation and maintenance costs, with the exception of electricity.

- A base TI allowance of $2,847,200 or $20 per square foot, included in the base rental rate for improvement of the premises.

- A reimbursable additional TI allowance of $11,388,800 or $80 per square foot, and $200,000 change order allowance, each of which may be paid in a lump sum or amortized over five years, at the County's discretion, at an annual interest rate of 8 percent.

- A cancellation provision allowing the County to cancel at any time after seven years upon 180 days prior written notice and payment of a cancellation fee equal to the unamortized balance of the TI costs and change order expenses, if any.

- One five-year option to extend the lease at the same terms and conditions with 180 days prior written notice.

- Annual rental adjustments based upon CPI with no minimum and a maximum increase of 4 percent per annum.

The Chief Executive Office (CEO) Real Estate staff conducted a survey within the applicable Los Angeles area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could suitably accommodate this requirement, nor are there any County owned or leased facilities available for these programs. Based upon said survey, staff has established that the rental range for similar office space is between $21.00 and $39.00 per square foot per year, excluding parking. Thus, the base annual blended rent of $22.68 per square foot per year, including parking, for the proposed lease represents rates within the market range for the area. Attachment B shows County-owned or leased facilities in proximity of the service area and there are no suitable County-owned or leased facilities available for the program.

The Department of Public Works has inspected this facility and found it suitable for the County's occupancy. Notification letters have been sent to the City of Los Angeles pursuant to Government Code Sections 25351 and 65402. The proposed lease was submitted for review to your Board's appointed Real Estate Management Commission on March 10, 2010. After careful review, the Commission approved the lease.

DCFS has children's waiting and play areas as part of the described programs; however, a child care center is not economically feasible in the proposed lease premises.

ENVIRONMENTAL DOCUMENTATION

The CEO has made an initial study of environmental factors and concluded that this project will have no significant impact on the environment and no adverse effect on the wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act and the California Administrative Code, Section 15072. Copies of the completed Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration as posted are attached. No comments to the Negative Declaration were received. A fee must be paid to the State Department of Fish and Game when certain notices are filed with the Registrar-Recorder/County Clerk. The County is exempt from paying this fee when your Board finds that a project will have no impact on wildlife resources.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

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

CONCLUSION

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

Respectfully submitted,

for

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SK:WLD
CEM:NCH:FC:hd

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Department of Children and Family Services
Internal Services Department

Attachment A

DEPARTMENT OF CHILDREN AND FAMILY SERVICES
1933 SOUTH BROADWAY, LOS ANGELES
Asset Management Principles Compliance Form[1]

			Yes	No	N/A
1.	**Occupancy**				
	A	Does lease consolidate administrative functions?[2]			X
	B	Does lease co-locate with other functions to better serve clients? [2] **DCFS Call Center and Metro North office offer one centralized location for multiple program services.**	X		
	C	Does this lease centralize business support functions?[2]			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person?[2] **Lease represents approximately 174 square feet per person associated with programs to be housed.**		X	
2.	**Capital**				
	A	Is it a substantial net County cost (NCC) program?		X	
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered?[2] **These alternatives were not considered due to time constraints imposed by the current landlord.**		X	
3.	**Portfolio Management**				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?			X
	D	Why was this program not co-located?			X
		1. ___ The program clientele requires a "stand alone" facility.			
		2. ___ No suitable County occupied properties in project area.			
		3. ___ No County-owned facilities available for the project.			
		4. ___ Could not get City clearance or approval.			
		5. X The Program is being co-located.			
	E	Is lease a full service lease?[2] **The 1st and 5th floors are on a modified gross basis because the Landlord will not pay for electricity for space used on a 24 hour-a-day basis and requested the County to pay separately for electricity in the applicable office areas. The 6th floor is full service.**		X	
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		

[1]As approved by the Board of Supervisors 11/17/98

[2]If not, why not?

Attachment B

DEPARTMENT OF CHILDREN AND FAMILY SERVICES
1933 SOUTH BROADWAY, LOS ANGELES
RADIUS SEARCH FIVE MILES - 3075 WILSHIRE BOULEVARD, LOS ANGELES
100,000+ SQUARE FEET FACILITIES

ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQ. FT. AVAILABLE
3530 WILSHIRE BLVD, LOS ANGELES 90010	113027	101920	LEASED	NONE
3075 WILSHIRE BLVD, LOS ANGELES 90010	132488	105568	LEASED	NONE
550 S VERMONT AVE, LOS ANGELES 90020-1991	171651	149668	OWNED	NONE
600 S COMMONWEALTH AVE, LOS ANGELES 90005	246536	203753	LEASED	6810
2615 S GRAND AVE, LOS ANGELES 90007	215439	183874	OWNED	NONE
1945 S HILL ST, LOS ANGELES 90007	213159	136422	FINANCED	NONE
111 N HILL ST, LOS ANGELES 90012	668096	489254	OWNED	NONE
313 N FIGUEROA ST, LOS ANGELES 90012	221359	134851	OWNED	NONE
500 W TEMPLE ST, LOS ANGELES 90012-2713	958090	592835	OWNED	NONE
210 W TEMPLE ST, LOS ANGELES 90012	683388	516275	OWNED	NONE
320 W TEMPLE ST, LOS ANGELES 90012	438095	258537	OWNED	NONE
2020 ZONAL AVE, LOS ANGELES 90033	142448	79494	OWNED	NONE
3833 S VERMONT AVE, LOS ANGELES 90037	127511	110500	LEASED	NONE

COUNTY OF LOS ANGELES

CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

DEPARTMENT OF CHILDREN AND FAMILY SERVICES, as Tenant

LANDLORD: L.A. MART PROPERTIES L.L.C

1933 South Broadway, Los Angeles, California 90007

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COUNTY OF LOS ANGELES

CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

THIS LEASE is entered into as of the 18TH day of MAY 11, 2010, 2010 between L.A. MART PROPERTIES L.L.C. ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant" or "County").

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.

1.1 Defined Terms Relating to the Lease:

(a) Landlord's Address for Notice:	Merchandise Mart Properties, Inc. Attn: General Manager 1933 South Broadway, Suite 542 Los Angeles, California 90007 Copy to: Merchandise Mart Properties, Inc. Attn: General Counsel Suite 470 222 Merchandise Mart Plaza Chicago, Illinois 60654
(b) Tenant's Address for Notice:	Board of Supervisors Kenneth Hahn Hall of Administration, Room 383 500 West Temple Street Los Angeles, California 90012 With a copy to: Chief Executive Office Real Estate Division 222 South Hill Street, 3rd Floor Los Angeles, California 90012 Attention: Director of Real Estate Fax Number: (213) 830-0927
(c) Premises:	Premises A: Approximately 62,124 rentable square feet in the Building (defined below) in the space known as the entire 6th floor square as shown on Exhibit A attached hereto. Premises B: Approximately 80,236 rentable square feet in the Building (defined below) in the space known as the entire 5th floor (62,124 rsf) and a portion of the 1st floor (18,112 rsf),

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	as shown on Exhibit A attached hereto. Premises A and Premises B are collectively referred to herein as the "Premises."
(d) Building:	The building located at 1933 South Broadway, Los Angeles, California which is located upon the real property described more particularly in Exhibit B attached hereto (the "Property");
(e) Term:	Fifteen years commencing the earlier of i) 30 days after Tenant's Acceptance of the Premises as defined in Section 4(a) or ii) the date the Tenant first occupies the Premises (the "Commencement Date"); and terminating at midnight on the day before the Fifteenth anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised, if any.
(f) Projected Commencement Date:	12 months after Lease execution.
(g) Commencement Date:	See Section 4(a)
(h) Irrevocable Offer Expiration Date:	June 1, 2010
(i) Basic Rent:	Premises A: $124,248.00 per month (which is based upon a rental rate of $2.00 per rentable square foot (adjustable only as provided in Sections 2(b) hereof and 5 hereof.) Premises B: $144,424.80 per month (which is based upon a rental rate of $1.80 per rentable square foot), adjustable only as provided in Sections 2(b) hereof and 5 hereof.
(j) Early Termination Notice Date:	At or after the last day of the 84th full calendar month of the Term.
(k) Rentable Square Feet in the Premises:	Premises A: 62,124 Premises B: 80,236
(l) Use:	General office use or for any other lawful purposes.

(m)	Initial Departmental Use:	Department of Children and Family Services
(n)	Parking Spaces:	645
(o)	Normal Working Hours:	7:00 a.m. to 6:00 p.m., Monday through Friday and 9:00 a.m. to 2:00 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, with the exception of Premises B, which shall be open 24 hours, seven days a week, 365 days per year.
(p)	Asbestos Report:	A report dated July 31, 2007, prepared by Ambient Environmental Inc., a licensed California Asbestos contractor.

1.2 Defined Terms Relating to Landlord's Work Letter:

(a)	Base Tenant Improvement Allowance:	$2,847,200 (i.e., $20.00 per rentable square foot of the Premises).
(b)	Additional Tenant Improvement Allowance:	$11,388,800 (i.e., $80.00 per rentable square foot of the Premises)
(c)	Maximum Change Order Allowance:	$200,000
(d)	Additional Tenant Improvement and Change Order Amortization Rate:	8% per annum
(e)	Basic Rent Reduction:	Not Applicable
(f)	Tenant's Work Letter Representative:	Farron Chavarria/Nevin Harrison and/or an assigned staff person of the Chief Executive Office-Real Estate Division to act on behalf of Tenant.
(g)	Landlord's Work Letter Representative:	Myron D. Maurer or an assigned staff person of Landlord.
(h)	Landlord's Address for Work Letter Notice:	Merchandise Mart Properties, Inc. Attn: General Manager 1933 South Broadway, Suite 542 Los Angeles, California 90007

(i) Tenant's Address for Workletter Notice:	Board of Supervisors Kenneth Hahn Hall of Administration, Room 383 500 West Temple Street Los Angeles, California 90012 With a copy to: Chief Executive Office Real Estate Division 222 South Hill Street, 3rd Floor Los Angeles, California 90012 Attention: Director of Real Estate Fax Number: (213) 830-0927
1.3 Exhibits to Lease:	Exhibit A - Floor Plan of Premises Exhibit B- Legal Description of Property Exhibit C - Commencement Date Memorandum and Confirmation of Lease Terms Exhibit D - HVAC Standards Exhibit E - Cleaning and Maintenance Schedule
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
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) Tenant shall have the right within 30 days of approval of this Lease by the Board of Supervisors of the County of Los Angeles ("Board of Supervisors") to field-measure and verify the exact footage of the Premises and/or the Building. All measurements shall be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association ("BOMA") International except that no penthouse mechanical room space shall be included in the measurement. Should this measurement be less than the square footage stated above, Tenant shall have the right to adjust such square footage and reduce the Basic Rent in Section 1 accomplished by the mutual execution of a memorandum of understanding between the Landlord and the Tenant. Landlord acknowledges the space has been marketed at the above-indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no adjustment made to either the square footage or the Basic Rent in the event the measured square footage exceeds the

amount represented by Landlord. Should Landlord and Tenant not agree with respect to the results of the measurement conducted pursuant to this subsection (b) Landlord shall appoint an independent firm or person who is experienced in making such measurements whose determination with respect to which measurement is correct shall be final and binding upon the parties. Landlord and Tenant shall share equally in the fees of such firm.

3. COMMON AREAS. Tenant may use the following areas ("Common Areas") in common with Landlord of the Building: the Tenant shall have its own designated entrance, lobby and two elevators, and access to 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 30 days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C. The Commencement Date shall begin the earlier of a) 30 days after Tenant's Acceptance of the Premises or b) the date the Tenant first occupies the Premises. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Premises are Substantially Complete. The term "Substantially Complete" or "Substantial Completion" as used in this Lease shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises; (2) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease, including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises; (3) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent; (4) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease; and (5) if Landlord is responsible for the installation of telecommunication systems, then such systems shall be completely operational.

(b) Termination Right. If the Commencement Date has not occurred within 120 days from 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 Possession. Tenant shall be entitled to possession of the Premises not less than 30 days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Such early occupancy 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. Tenant shall have the right to terminate this Lease at any time after the Early Termination Notice Date, as defined in Section 1, by giving Landlord not less than 180 days prior written notice executed by the Chief Executive Officer of Tenant. In the event of such termination, Tenant shall pay Landlord a termination fee in an amount equal to the unamortized portion of the Tenant Improvement Allowance and Change Orders (as defined in

the Landlord's Work Letter attached hereto) amortized at 8% interest rate, if any, not yet paid by Tenant pursuant to Sections 6.2 and 6.3, 8 and 9 of the Landlord's Work Letter. Said termination fee shall be paid within 30 days after such termination.

5. RENT. Tenant shall pay Landlord the Basic Rent, without any deduction or offset, unless otherwise provided for in this Lease, stated in Section 1 during the Term hereof within 15 days after a claim therefor for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "County") prior to the first day of each month. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month. Basic Rent for the year 1 of the Term of the Lease is as follows:

	Rate/Square foot	Initial Monthly Rent
Premises A: (62,124 rsf)	$2.00	$124,248.00
Premises B: (80,236 rsf)	$1.80	$144,424.80

All additional amounts owed pursuant to this Lease, including but not limited to Additional Tenant Improvement Allowance and Change Orders, shall be considered Additional Rent hereunder.

Beyond year 1of the Term, the rental rate shall be adjusted as defined herein:

(a) Rental Adjustment: For each successive twelve (12) months of the original Term of this Lease and in the event Tenant exercises its Option pursuant to Section 33 hereof for each successive twelve (12) month period thereafter, the monthly Basic Rent as set forth in Paragraph 1.1 hereof shall be subject to adjustment. From and after the first anniversary date of the first day of the first full calendar month following the commencement of this Lease and every twelve months thereafter, the Basic Rent shall be adjusted in accordance with the CPI formula set forth in this Section 5.

(b) CPI Formula: The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84 = 100), herein referred to as the "Index".

The rental adjustment for the Initial Monthly Rent for the first month of the Lease shall be calculated by multiplying the initial Basic Rent of $268,672.80 per month by a fraction, the numerator being the New Index and the denominator being the Base Index. The New Index is the Index published for the month immediately preceding the month the adjustment is to be effective, and the Base Index is the Index published for the month the Lease commences. Then the rental adjustment for the monthly Basic Rent shall be calculated by multiplying the prior year's Adjusted Monthly Rent, by a fraction, the numerator being the New Index and the denominator being the Base Year's Index.

The formula shall be illustrated as follows:

First Anniversary's Calculation

(New Index ÷ Base Index) X $268,672.80 (Initial Monthly Rent) = New Adjusted Monthly Rent

Each Anniversary Thereafter:

(New Index ÷ Base Year's Index) X (Prior Year's Adjusted Monthly Rent) = New Monthly Rent

If the Index is changed so that the base year of the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United State Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute index (if the original Index is discontinued without a replacement) then upon demand by either party, the matter shall be submitted to arbitration for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

(c) General Provisions:

(i) In no event shall the monthly rent adjustment based upon the CPI formula result in an annual increase greater than four percent (4%) per year.

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

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

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon 60 days written notice from Landlord or 60 days written notice from the Chief Executive Officer of Tenant at the last monthly 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 or as a result of Tenant-installed alterations.

9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable, Tenant shall promptly deliver notice to the Landlord thereof as soon as practicable. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days, then Landlord shall promptly, except when the Lease is terminated pursuant to Section 9 (b), 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 cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. Basic Rent shall abate as of the date of the casualty 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) Termination Rights

(i) Tenant Termination Rights. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days for any reason, then (unless Landlord decides to relocate Tenant to a comparable space in the Building and Landlord provides space that is equal to or greater than the rentable square footage provided for in this Lease) Tenant may terminate this Lease by giving written notice within ten days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the 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.

(ii) Landlord Termination Rights. If such damage renders the Premises untenantable, in whole or in part, and if, in Landlord's judgment, such damage cannot reasonably be repaired and restored within one hundred and fifty (180) days (plus such additional time during which Landlord may be prevented or delayed from completing the repairs for causes beyond its reasonable control, including without limitation, adjustments on insurance policies), Landlord shall have the right to cancel and terminate this Lease as of the date of such damage.

(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 30 days after such destruction, in which case (i) Landlord shall have no obligation to restore the Premises, (ii) Landlord may retain all insurance proceeds relating to such destruction, and (iii) this Lease shall terminate as of the date which is 30 days after such written notice of termination.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may (i) declare a default hereunder, or (ii) 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 Tenant that to the best of its knowledge that as of the date hereof (i) the Premises, the Building and all Common Areas, (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with (or are in the process of being brought into compliance with and will comply with by the Commencement Date), 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; (iii) the Premises 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 that has not been cured. Landlord represents, based upon a professional inspection of the Premises and the Asbestos Report that the Premises contains no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

(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 the following elements, systems and areas in the Building as they relate to the Premises : (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering (if such floor covering is carpeting it shall be replaced as needed during the eighth Lease Year or thereafter; (2) interior partitions; (3) doors; (4) the interior side of demising walls (which shall be repainted as needed during the eighth Lease year or thereafter); and (5) Building signage. Landlord shall be required to maintain and repair the separate, environmental air handling units that Tenant will require in its data room. Landlord may, however, at its costs contract with a third-party contractor to maintain these additional units.Landlord agrees to maintain property insurance and or applicable warranties on all environmental air handling equipment in Tenant's data rooms and Tenant agrees to look solely to Landlord's insurance coverage or such warranties for losses caused by failures in environmental air handling units in Tenant's data rooms. As stated above, during the eighth lease year or thereafter, Landlord agrees to paint and replace carpet in the Premises if requested by Tenant.

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

(d) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to the Premises or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, then after the giving of an additional ten (10) business days notice (or one (1) business day notice in the event of an emergency) such notice to Landlord specifying the Tenant intends to take such required action, then Tenant may make the necessary repairs or perform the necessary maintenance (unless Landlord shall commence to perform such repairs within the applicable notice period), and if such work or repairs were required under Section 10 (b), then Tenant may proceed to take the

required action. 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 Landlord does not deliver a written objection to Tenant within thirty (30) days after its receipt of an invoice from Tenant setting forth a particularized breakdown of the out-of-pocket costs incurred by Tenant in performing any work or repairs permitted under this Section 10(d) to be performed by Tenant and that Tenant claims should have been performed by Landlord, then, if not reimbursed by Landlord within ten days, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. If the parties cannot come to an agreement as to the repair charges, they agree the dispute shall be resolved by arbitration under the auspices of the American Arbitration Association. The remedies provided in this Section are in addition to the remedies provided in Section 14. Notwithstanding anything to the contrary herein, for any repair Tenant chooses to perform under this Section 10(d), Tenant agrees that except in cases of emergency, Tenant will not conduct work which would affect Buildings systems which could adversely affect the Building or other Tenants.

11. SERVICES AND UTILITIES.

Landlord shall furnish the following services and utilities to the Premises which utilities have been or will be separately metered where applicable by the Landlord and if Utility is able to permit and reasonably accommodate such request and if such request is economically feasible, separate metering will be billed directly to Tenant by Utility. :

(a) Heating, Ventilation and Air Conditioning. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to the manner in which such services are performed as of the date of the Lease Commencement and not less than the standard set forth in Exhibit D attached hereto.

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

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

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

(e) Janitorial. Landlord shall provide janitorial service, including trash removal, on work days designated in Section 1.1 (o) 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. Landlord shall provide day porter services to the Premises.

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

(g)Payment of Utilities.

Premises A: Landlord agrees to pay when due all utilities to Premises A.

Premises B: Tenant agrees to pay when due all electricity charges for all of the equipment in Premises B, including but not limited to the data center equipment, accruing or payable in connection with Premises B during the Term of this Lease or any renewal, extension, Option term or holdover thereof, whether the same are pro-rated or measured by separate meters.

Landlord shall in no event be liable for any damages directly or indirectly resulting from or arising out of the interruption or failure of utility services on the Premises. Tenant shall have no right to terminate this Lease nor shall Tenant be entitled to any abatement in Rent as a result of any such interruption or failure of utility services. No such interruption or failure of utility services shall be deemed to constitute a constructive eviction of Tenant. This paragraph does not apply where the failure of utility services to the Premises is the result of Landlord's failure to pay the appropriate utility for such services.

12. 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, including but not limited to perform any of Landlord's obligations hereunder or for offering the Premises for Lease during the last six months of the Term. If Landlord temporarily closes any portion of the Premises for more than three business days, Basic Rent shall be prorated based upon the percentage of the Premises rendered untenantable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises, with or without notice in the event of an emergency.

13. TENANT DEFAULT.

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

(i) The failure by Tenant to make any payment of 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 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 30 days after written notice from Landlord specifying in detail the nature of the Tenant Default; provided, however, if more than 30 days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

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

(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.

14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9(d), 10(d) 19 and 20(b), Landlord shall be in default ("Landlord Default") in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within thirty (30) days after the giving of written notice with respect thereto by Tenant; provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably be cured within such thirty (30) day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (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; (ii) to pursue the remedy of specific performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Basic Rent next coming due; and/or (iv) to terminate this Lease.

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

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises. In the event that Tenant takes any action to cure any default by Landlord under this Section 14(c), and such action will affect the Building Systems or the Building, Tenant shall use only those contractors approved by Landlord in the Building for work for such items.

15. 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 consent shall not be unreasonably withheld, conditioned or delayed: provided, however, that no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease. Notwithstanding anything herein to the contrary, Tenant must give Landlord written notice of the assignment or transfer 30 days prior to such assignment or transfer and such assignment or transfer must be in compliance with the Section 1 (l) "Use", above.

16. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively,

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

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

17. CONDEMNATION.

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

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

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

(d) Restoration. Notwithstanding the preceding paragraph, if, within 30 days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within 90 days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that 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 entire Award (as defined below) shall belong to Landlord except that Tenant shall be entitled to independently pursue any separate award awardable to Tenant relating to (i) the loss of, or damage to, Tenant's Personal Property and (ii) Tenant's relocation costs. "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.

18. INDEMNIFICATION.

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

19. 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), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates); and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value. Landlord shall carry insurance on any furniture, furnishings and equipment which will become the property of Tenant at the expiration of the Term and on all modular furniture installed in the Premises. Tenant agrees that it will provide Landlord with a list of all furniture and equipment to be covered pursuant to this Section 19(a)(i). Insurance proceeds shall be payable to Landlord and Tenant as their interests may appear and be utilized for repair and restoration of the Premises.

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) 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.

(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.

(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 Landlord shall be written as primary policies, not contributing with, and not in excess of coverage which Tenant may carry.

(c) Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least 15 days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates shall include the address of the leased premises and must document that each party has named the other as an additional insured (or its equivalent) on its general liability and property insurance policy, and that Tenant has been named a loss payee on Landlord's commercial property insurance policy, as required. Further, all certificates shall expressly provide that no less than 30 days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates. At the sole option of the Tenant, it may self-insure by self-funding any or all of its insurance obligations required under this Agreement. It is understood that if Tenant elects to self-insure as permitted above, Landlord shall have the same benefits and protections as if Tenant carried insurance with a third party insurance company satisfying the requirements of this Lease (including, without limitation, waiver of subrogation provisions).

(d) Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered or would be covered by the property insurance policies required to be carried hereunder including any and all deductibles that would apply. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

20. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of exclusive reserved parking stalls set forth in Section 1 without charge for the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building. Tenant shall receive 806 staff parking keycards/passes from the Landlord based on parking spaces listed in Section 1.1(n). During regular business hours, 7:00 a.m. to 5:00 p.m., Monday through Friday, Tenant will utilize the parking lot located at the northeast corner of South Broadway and East Washington Boulevard, with the exception of off-peak hours and days, Monday through Friday, between the hours of 5:00 p.m. and 6:00 a.m., and anytime Saturdays and Sundays, during which times Tenant shall be permitted to park in the main southerly lot adjacent to the Building. Notwithstanding, Tenant agrees that Landlord may change the lot in which the parking is now available to a similarly convenient location anywhere in the East or South lot, in either a surface or elevated parking environment. Further, should Landlord choose to construct new or

repair any parking structures, at Landlord's sole cost, Landlord will work with Tenant to provide temporary, alternative parking as close to the Building as possible for Tenant during such construction period.

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

21. 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 or other violation of laws relating to Hazardous Materials other than caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall

survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

22. ESTOPPEL CERTIFICATES. Tenant shall, within 30 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.

23. TENANT IMPROVEMENTS. Prior to the Commencement Date, Landlord shall construct the Tenant Improvements in the manner set forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

24. 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 byTenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

25. SUBORDINATION AND MORTGAGES

(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 substantially the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein.

(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 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.

26. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition and in good repair, subject to reasonable wear and tear. Tenant may (but shall not be required to) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises

by Tenant, or under its authority (including any modular furniture). Tenant shall repair any and all damage to the Premises caused by removal of any property or improvements.

27. SIGNAGE. Subject to Landlord's prior approval, which shall not be unreasonably withheld, conditioned or delayed, Tenant at its sole cost and expense shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances.

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

29. 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) Brokers. Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation. Tenant shall receive from Landlord or Landlord's broker, a fee which is based on a separate brokerage agreement, which fee shall be equal to two times as much of the fee due to Landlord's broker, but which amount shall be no less than $200,000. One half of said payment shall be due within ten days after execution of the lease and the remaining half due within ten days of rental commencement.

(d) 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.

(e) 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.

(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 ten (10) 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 III 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) No Security Measures. Tenant hereby acknowledges that the Basic Rent payable to Landlord hereunder does not include the cost of guard services or other security measures, and that Landlord shall have no obligation whatsoever to provide same. Tenant assumes all responsibility for the protection of Tenant and its property from acts of third parties, except as may be provided by law.

(n) Force Majeure. Neither Landlord nor Tenant shall incur any liability to the other with respect to, and shall not be responsible for any failure to perform, any of their non-monetary obligations hereunder if such failure is caused by any reason beyond the control of Landlord or Tenant, as applicable, including, but not limited to, strike, labor, acts of terrorism, government rule, regulations, ordinance, statue or interpretation, or by fire, earthquake, civil commotion, or failure or disruption of utility services.

(o) Limitation of Landlord Liability. Under no circumstances shall Landlord be liable for consequential damages, including, without limitation, for injury to business or lost income or profits.

30. AUTHORITY. Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord

may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Officer of the County or its delegee (the "Chief Executive Officer") 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. 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), 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.

(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 prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County. Notwithstanding the foregoing, the County hereby acknowledges and agrees that Landlord shall have the right to encumber the Property with CMBS (collateralized mortgage backed securities) financing or other traditional real estate financing. However, Landlord may not encumber the Property through any type of bond financing vehicle, including but not limited to certificate of participation financing.

(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 County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(v) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of 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 County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, other than Landlord's owners, members, trustees, agents and financial and legal advisors, except with County's prior written consent. Notwithstanding anything to the contrary herein, Landlord may furnish any information concerning the County or this lease to the extent required by law. regulatory or administrative procedures. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

(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.

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

33. OPTION TO RENEW.

(a) Terms of Option. Provided that no material Default has occurred and is continuing under the Lease at the time the option is exercised, Tenant shall have one option to renew this Lease (the "Option") for an additional period of five (5) years (the "Extension Term").

(b) Exercise of Option. Tenant must exercise the Option to extend this Lease by giving Landlord written notice of its intent to do so by Chief Executive Office letter no later than 180 days prior to the end of the initial Term. The actual exercise of the Option shall be only by the Board of Supervisors of the County of Los Angeles.

(c) Terms and Conditions of Extension Term. The Extension Term shall be on all the terms and conditions of this Lease, except that no Base Tenant Improvement Allowance or Additional Tenant Improvement Allowance shall be due, and provided that Basic Rent for the Extension Term shall be the rate in effect during the last year of the original Lease Term as adjusted in accordance with Article 5 of the Lease, and upon each anniversary date of the commencement of the Extension Term the rent then in effect will increase according to the terms of this Lease, except that Basic Rent shall be readjusted for the Extension Term.

THE REMAINDER OF THE PAGE IS INTENTIONALLY BLANK

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

LANDLORD:

L.A. MART PROPERTIES L.L.C., a Delaware limited liability company

By: VORNADO REALTY L.P., its sole member

By: VORNADO REALTY TRUST, its general partner

By: _____
Christopher G. Kennedy, President
Merchandise Mart Properties, Inc.

TENANT:

COUNTY OF LOS ANGELES
a body politic and corporate

By: _____
Name: GLORIA MOLINA
Chair, Board of Supervisors

ATTEST:

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

By: _____
Deputy

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

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By _____
Deputy

APPROVED AS TO FORM:
Andrea Sheridan Ordin
County Counsel

By: _____
Amy M. Caves
Senior Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#13 MAY 18 2010

SACHI A. HAMAI
EXECUTIVE OFFICER

77274

EXHIBIT A

FLOOR PLAN OF PREMISES

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

A PARCEL OF LAND LOCATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, WITH A SITUS ADDRESS OF 1933 S BROADWAY, LOS ANGELES CA 90007-4501 CURRENTLY OWNED BY LA MART PROPERTIES LLC HAVING A TAX ASSESSOR NUMBER OF 5126-031-010 AND BEING THE SAME PROPERTY MORE FULLY DESCRIBED AS FOR DESC SEE ASSESSOR'S MAPS AND DESCRIBED IN DOCUMENT NUMBER 1546654 DATED 10/02/2000 AND RECORDED 10/03/2000

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated _____, 200_, between County of Los Angeles, a body politic and corporate ("Tenant"), and _____, a _____ ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at _____ ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

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

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

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

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

(5) Basic Rent per Month is _____.

IN WITNESS WHEREOF, this Memorandum is executed this ___day of _____, 200_.

"Tenant"	"Landlord"
COUNTY OF LOS ANGELES, a body politic and corporate By: _____ Name: _____ Its: _____	_____, a _____ By: _____ Name: _____ Its: _____

EXHIBIT D

HVAC STANDARDS

Tenant HVAC provided via chilled water fan coils located in the Premises. Each fan coil is regulated with a thermostat to maintain comfort.

EXHIBIT E

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.
M. Exclusive day/night porter service as applicable per Section 1.1(o) **(provided by contract).**

2. WEEKLY

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

3. MONTHLY

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

4. QUARTERLY

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

5. SEMI-ANNUALLY

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

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

6. ANNUALLY

A. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.

B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.

C. Touch-up paint all interior painted surfaces in a color and finish to match existing.

7. AS NEEDED

A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.

B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning: (i) heavy traffic areas as needed with a minimum frequency of 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 and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence"). The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute and Occurrence for the purpose of determining the frequency of this work.

8. GENERAL

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

LANDLORD'S WORK LETTER

For

COUNTY OF LOS ANGELES

CHIEF EXECUTIVE OFFICE

LEASE AND AGREEMENT

DEPARTMENT: CHILDREN AND FAMILY SERVICES, as Tenant

LANDLORD: L.A. MART PROPERTIES L.L.C.

1933 South Broadway, Los Angeles, California 90007

be reimbursed to Tenant and any delay caused thereby shall not be a Tenant Delay, as defined below.

3. **Selection of Architect and Engineer.** Landlord shall promptly solicit at least three proposals from qualified, mutually agreed upon licensed architects ("Architect") and engineers ("Engineer") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings as defined below. The Architect and the Engineer shall be selected by Landlord subject to Tenant's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within three business days after Landlord has submitted the name of the Architect and the Engineer to Tenant together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Tenant and written consent has been delivered to and received by Landlord.

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

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

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

5.2 Preparation and Approval of Working Drawings. Within ten business days of the date the Space Plan is submitted to Landlord (the "Plan Submission 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 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 work with the Architect and Engineer to insure that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions.

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

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

5.5 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 Tenant Improvements.

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

6. Final Construction Budget and Payment of Tenant Construction Costs.

6.1 Construction Budget. Within fifteen business days after Tenant's approval of Working Drawings, Landlord shall submit to Tenant a preliminary budget (the "Preliminary Budget"). Such budget shall be revised into final form within ten days from of the date the Contractor is selected and will be referred to herein as the "Final Construction Budget". Tenant shall have five days from the date of receipt of the Final Construction Budget to approve or disapprove the Final Construction Budget. Construction of the Tenant Improvements shall not begin until such time as Tenant indicates its approval or disapproval of the Final Construction Budget or the five day period expires without any response from Tenant. In the event Tenant disapproves the Final Construction Budget due to matters related to cost and the Final Construction Budget is fifteen percent (15%) or more higher in cost than was projected in the Preliminary Construction Budget, then any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay. Landlord shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense. No fee for profit, overhead or general conditions in connection with the construction of the Tenant Improvements shall be included in the Final Construction Budget unless approved by Tenant.

6.2 Additional Tenant Improvement Allowance. All improvements required by the Working Plans and modular furniture described in the Modular Specifications, as further described in Addendum B hereto (collectively, the "Tenant Improvements") shall be at Landlord's sole cost and expense. Costs of Tenant Improvements shall include, without limitation, construction costs for furniture, telecommunications equipment, soft costs and any other costs designated in writing

by Tenant not to exceed, in the aggregate, the sum of the Base Tenant Improvement Allowance, the Additional Tenant Improvement Allowance and costs of Change Orders, as defined below (collectively "Tenant Improvement Costs"). Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements except for delays or costs arising from Tenant Delays as defined below. It is anticipated that the Tenant Improvement Costs will exceed the Tenant Improvement Allowance, and Tenant's Chief Executive Office may authorize Landlord to pay the overage in an amount not exceeding the Additional Tenant Improvement Allowance. The Additional Tenant Improvement Allowance shall be paid to Landlord as provided herein.

6.3 Method of Payment. That portion of the Additional Tenant Improvement Allowance used to pay for the Tenant Improvement Costs may, at Tenant's election be paid to Landlord (i) in a lump sum when the Tenant Improvements are Substantially Complete, or (ii) in equal amortized monthly payments, payable with the monthly rent, over the term of the Lease, or shorter time period at its discretion, at the Tenant Improvement Amortization Rate. Tenant may at any time during the Term prepay Landlord in a lump sum for all or any portion of the Tenant Improvement Costs, amortizing any remaining amount in monthly payments over the term of the Lease, or shorter time period at its discretion, at the Tenant Improvement Amortization Rate. All amounts owed pursuant to this to Additional Tenant Improvement Allowance and Change Orders, shall be considered Additional Rent under the Lease.

7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. 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 Tenant Improvements.

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

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

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

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

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

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

(c) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the 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.

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

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

8. **Change Orders.** Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. The amount of the Maximum Change Order Allowance set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of all authorized Change Orders but only the Chief Executive Officer is authorized to approve Change Orders on behalf of Tenant and then only if the aggregate amount of such approved Change Orders does not exceed the Maximum Change Order Allowance. Tenant may elect to pay for Change Orders by: (a) payment in a lump sum upon Substantial Completion of the Tenant Improvements, or (b) amortization of such costs over the initial Term of the Lease, or shorter time period at its discretion, at the Change Order Amortization Rate payable in equal monthly installments over the initial Term of the Lease. Landlord shall submit to the Chief Executive Officer with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the Chief Executive Officer.

9. **Furniture System.**

9.1 Tenant shall deliver to Landlord within ten days after execution hereof, modular furniture plans and specifications (the "Modular Specifications"). Based on the Modular Specifications, Landlord and /or Landlord's Architect, shall prepare a modular furniture specifications bid package for submission to no less than three furniture vendors. Prior to submission for bids, Landlord shall review the bid package with Tenant and Tenant shall have the right to approve or disapprove the bid package. Landlord shall provide at its cost the modular furniture set forth in the Modular Specifications and shall not be responsible for the cost of such modular furniture in excess of the Additional Tenant Improvement Allowance. Tenant shall reimburse the Landlord in a lump sum or in accordance with a financed transaction entered into between Landlord and the furniture vendor acceptable to the Tenant, including, but not limited to, a lease purchase agreement, provided the outstanding balance can be no more than One Dollar ($1) at the end of a term not to exceed 120 months.

9.2 Tenant may opt to finance the lump-sum payment for the cost of modular furniture through lease-purchase financing with a third-party vendor ("Creditor"). In the event the Tenant elects to enter into a lease-purchase financing of the furniture and telecommunications equipment (the "Personal Property") through a Creditor, Landlord expressly agrees as follows:

(a) The Personal Property shall not become part of the realty or real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage occasioned by such removal shall be repaired by Creditor.

(b) Landlord shall be notified by Creditor of any plan by Creditor to remove the Personal Property.

(c) This section shall be binding on the representatives, successors and assigns of all parties hereto and shall inure to the benefit of the successors-in-interest to all parties hereto.

(d) Landlord does hereby waive any right to gain possession of any of Personal Property during the term of this Lease.

10. **Tenant Improvement Costs Adjustment and Right to Audit.** Within ten business days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of Los Angeles, which ever occurs first, Landlord shall provide to Tenant a statement showing in reasonable detail all Tenant Improvement Costs and the total amount payable hereunder by Tenant to Landlord. Upon approval of the statement by Tenant, payments by either party pursuant to the Lease and this Landlord's Work Letter shall be adjusted as appropriate, based upon such statement. Tenant shall have the right to audit these costs for a period of 24 months from the date of acceptance by Tenant of the Premises. In the event the audit shows that Tenant is entitled to a reduction in payments to the Landlord under this Landlord's Work Letter, Tenant shall provide Landlord with a copy of the audit summary and Landlord, within 30 days, shall refund to Tenant the amount of any overpayment made by Tenant and all future payments shall be adjusted as appropriate based upon the audit results.

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

12. **Telephone/Computer Room and Equipment.** Landlord shall complete the telephone equipment room(s) including permanent power and HVAC, in compliance with the Space Plan and specifications provided by Tenant, at least 30 days prior to the Projected Commencement Date. During this 30 day period, the Landlord shall be solely responsible for any telephone/data equipment delivered to the site for programming prior to the Projected Commencement Date.

13. **Delay.**

13.1. Tenant Delays and Force Majeure Delays. Except as set forth herein, no delay in the completion of construction of the 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 Tenant Improvements. Subject to the provisions of Section 13.2, 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, Tenant requests Changes Orders, or Tenant does not accomplish any task it is solely responsible for as related to preparing the Premises for Substantial Completion, but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); or (ii) Substantial Completion of the 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)").

13.2. Limitations.

(a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within 72 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 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 days of Tenant Delays and four days of Force Majeure Delays which occur during the same ten day

period of such Tenant Delays, then the Projected Commencement Date would be extended by only ten 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 14 days.

(d) Change Orders. Landlord may claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements and such delay shall be discussed and agreed to between the parties at the time of the Change Order authorization.

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

14.1. Cancel the Lease upon 30 days written notice to Landlord; or

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

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

(b). Rent shall be reduced by Tenant's total additional expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of six percent (6%) (collectively, "Tenant's Total Expense"). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five years and deducted from the rent payable hereunder and under the Lease.

14.3 Any default by Landlord under the terms of this Landlord's Work Letter shall constitute a default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

15. **Representatives.**

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

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

16. **Elevator Usage During Move-In.** In the event that the use of the freight elevators and/or hoists is not sufficient to meet Tenant's requirements, Landlord shall cause to be made operational (a) a temporary construction elevator and hoist, or (b) Tenant shall have priority usage of two passenger elevators in the elevator bank that services the Premises in order to assist Tenant in the installation of Tenant's fixtures, furniture and equipment.

17. **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 days of the date the Contractor is selected.

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

LANDLORD:

LA MART PROPERTIES L.L.C., a Delaware
Limited liability company

By: VORNADO REALTY L.P., its sole member

By: VORNADO REALTY TRUST, its general partner

By: _____
Name: Christopher G. Kennedy
Title: President, Merchandise Mart Properties, Inc.
Date Signed: _____

TENANT:

COUNTY OF LOS ANGELES,
a body politic and corporate

By:_____
Name: William L. Dawson
Title: Director of Real Estate
Date Signed: _____

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) as affecting the Premises and not covered by Addendum B, 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) Public stairways;

(f) Passenger (minimum of 2) and freight elevators;

(g) Parking facilities;

(h) Ground floor lobby;

(i) First Floor finished elevator lobbies (with stone flooring, lights, finished walls and ceiling);

(j) Exterior plazas and landscaping;

(k) Loading dock and/or area;

(l) Drinking fountains at the core;

(m) Electrical/telephone closet with not less than seven watts per square foot of rentable area of connected load per floor. Area sufficient to accommodate a backup generator if applicable, and requested by tenant;

(n) 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 1, 5, and 6, as applicable, in which case Landlord, at no cost to Tenant and without deduction from the Tenant Improvement Allowance, 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);

(o) Two 208/120 and one 480/277 volt panels connected to the Building power system. Premises B, containing all 24/7 spaces shall be separately metered, installation of which to be provided by Landlord;

(p) Mechanical equipment room with ducted mechanical exhaust system;

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

(r) Standard window coverings;

(s) Primary HVAC duct for cooling and primary HVAC duct for heating per engineered drawings (Tenant will distribute);

(t) If applicable, hot and cold air loops located within the Premises;

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

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

(w) 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

(x) Intentionally deleted.

(y) Fiber Optic access to the building.

ADDENDUM B To Landlord's Work Letter

TENANT IMPROVEMENTS

Tenant improvements shall include:

(a) Tenant ceilings and lighting;

(b) Floor finish in the Premises (except elevator lobbies and public corridors on multi-tenant floors and toilet rooms);

(c) Interior finishes of any kind within the Premises (except elevator lobbies and public corridors on multi-tenant floors and core area toilet rooms);

(d) Interior partitions, doors and hardware within the Premises;

(e) Terminal boxes and reheat coils or other HVAC or air distribution devices to or within the Premises and separate supplemental chillers for data rooms

(f) As applicable, Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor;

(g) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;

(h) Any and all signs for Tenant and the power therefor;

(i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;

(j) Additional and/or above standard electrical capacity;

(k) Fiber optic distribution; and

(l) Finished elevator lobbies on 5^{th} and 6^{th} floors (with carpet, lights, finished walls and ceilings).