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

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES
23 JUN 28, 2011
SACHI A. HAMAI
EXECUTIVE OFFICER

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June 28, 2011

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:

AMENDMENT NO. 2 TO LEASE NO. 72576
SHERIFF DEPARTMENT
1000 SOUTH FREMONT AVENUE, ALHAMBRA
(FIFTH DISTRICT) (3 VOTES)

SUBJECT

This letter recommends approval of a lease amendment to extend the Sheriff's Department occupancy at 1000 South Fremont Avenue, Alhambra for uninterrupted usage of 43,313 square feet and 140 parking spaces for an additional 49 months.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the project is exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).

2. Approve and instruct the Mayor to sign the lease amendment with The Alhambra Office Community, LLC for 35,073 rentable square feet of office space, 8,240 rentable square feet of warehouse space, and 140 parking spaces at 1000 South Fremont Avenue, Alhambra, to be occupied by the Sheriff's Department at a maximum first year cost of $984,599. The rental costs are 100 percent net County cost.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to enter into a lease amendment that allows the Sheriff's Department (Sheriff) to continue occupancy at the subject premises for an additional 49 months. Lease No. 72576 expired on July 31, 2010, and occupancy has continued on a month-to-month holdover tenancy. The premises houses the Sheriff Facilities Services Bureau, Facilities Planning Bureau, Court Services Division, and Pay and Leave Management Unit. The Sheriff intends to vacate the premises and plans to relocate certain operations to the Hall of Justice (HOJ) anticipated in January 2015. The remaining Sheriff staff at the Alhambra lease is identified to backfill the Sheriff Monterey Park headquarters upon their move to the HOJ and reconfiguration of the emptied space.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of the County's operations to support the timely delivery of customer-oriented and efficient public services. Approval of the lease amendment will provide the continued occupancy of the office and warehouse space for the Sheriff programs. The lease amendment is in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The maximum first year rental costs will be $984,599.

1000 South Fremont Ave., Alhambra	**Existing Lease**	**Proposed Amendment**	**Changes**
Area	43,313 sq. ft.	43,313 sq. ft.	None
Term	8/1/2000 to 7/31/2010; Month-to-Month (8/1/10-Present)	7/1/2011 to 7/31/2015	+49 months
Annual Base Rent	$698,087 ($16.12 per sq. ft.)	$900,599 ($20.80 per sq. ft.)	+$202,512
Annual Operating Expense Rent	$445,571 ($10.29 per sq. ft.)	$0	-$445,571
Annual Parking Rent	$0	$84,000 ($600 per parking space per year)	+$84,000
Total Annual Cost	**$1,143,658 ($26.41 per sq. ft.)**	**$984,599 ($22.74 per sq. ft.)***	**-$159,059**
Annual Base Rent Adjustment	Consumer Price Index (CPI) Adjustment: minimum of 2 percent and maximum of 5 percent	CPI Adjustment: minimum of 2 percent and maximum of 5 percent	None
Parking	140 spaces	140 spaces	None
Cancellation	After 73rd month, upon 12 months notice	None	No Cancellation

*The total cost is a combination of rent for office space, warehouse space and parking. Office rent is $24.24 per sq.ft. per year. Warehouse rent is $6.12 per sq.ft. per year. Parking is $600 per parking space per year.

Sufficient funding for the proposed lease amendment has been included in the 2011-12 Rent Expense budget and will be billed back to the Sheriff. Sufficient funds have been allocated by the Sheriff in its 2011-12 operating budget to cover the projected lease costs. The rental costs are 100 percent net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The existing terms and conditions of the original lease shall remain unchanged for the proposed amendment, except the following provisions:

- The lease renewal term shall commence on July 1, 2011, and terminate on July 31, 2015.

- The rent shall be adjusted annually in accordance with changes in the CPI, but the annual adjustment shall not be less than 2 percent nor more than 5 percent.

- The previous cancellation option is null and void. The lease renewal term of 49 months is not subject to early termination.

- As recommended by the Auditor-Controller, the CEO evaluated modifying the lease terms. As a result, the proposed lease amendment converts the lease to full-service gross, whereby the operating expense rent component is being eliminated. Additionally, the Sheriff will now be responsible for paying parking rent.

- The restructuring of the rent has impacted the rental terms for the other departments housed in 162,831 rentable square feet (RSF) at this facility. Amendment No. 1 to Lease No. 72576 stipulates a rental adjustment at the beginning of the 11th year for the programs housed in 162,831 RSF. This rental adjustment and restructuring of the rent was effective August 1, 2010, whereby the operating expense rent was replaced by parking rent. The net effect of the rental adjustment was a nominal cost increase for the various programs housed in 162,831 RSF. All of the tenant departments were notified of the rental adjustment, and they concurred with the proposed terms.

Based upon an appraisal report commissioned by this office, the rental range excluding parking for similar office space and similar lease terms is between $24 and $27 per square foot per year. Thus, the proposed annual rental rate for office space of $24.24 is within the market rental range for the area. The rental range excluding parking for similar warehouse space and similar lease terms is between $3.96 and $6.60 per square foot per year. Thus, the proposed annual rental rate for office space of $6.12 is within the market rental range for the area.

A child care center in this building is not feasible.

An evaluation of the subject building was conducted by the Department of Public Works (DPW) Architectural Engineering Division. DPW engineers have indicated the building's structural system is suitable for County-leased buildings.

Notice has been sent to the City of Alhambra pursuant to Government Code Sections 65402 and 25351. The City has no objections to the proposed renewal.

ENVIRONMENTAL DOCUMENTATION

The Chief Executive Office (CEO) has concluded that this project is exempt from California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will provide the office and storage space necessary for the Sheriff to maintain its programs at the current location. The Sheriff concurs with the recommendation herein.

CONCLUSION

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

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:WLD
CEM:KW:hd

Attachments

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

1000Fremont.b

Attachment A

SHERIFF DEPARTMENT
1000 SOUTH FREMONT AVENUE, ALHAMBRA
Asset Management Principles Compliance Form[1]

			Yes	No	N/A
1.	**Occupancy**				
	A	Does lease consolidate administrative functions?[2]	X		
	B	Does lease co-locate with other functions to better serve clients? [2]			X
	C	Does this lease centralize business support functions?[2]			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person?[2] **43,313 sq.ft. / 249FTE = 174 sq.ft. per person**	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] **Sheriff staff at this facility are slated to be relocated to the Hall of Justice and other Sheriff's facilities in 2015.**	X		
3.	**Portfolio Management**				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?	X		
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. ____ 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]	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

SHERIFF DEPARTMENT
FIVE MILE RADIUS SEARCH – 1000 SOUTH FREMONT AVENUE, ALHAMBRA

LACO	FACILITY NAME	ADDRESS	SQUARE FEET GROSS	SQUARE FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
A215	ALT PUBLIC DEFENDER-PASADENA OFFICE	221 E WALNUT ST, PASADENA 91101	3200	2960	LEASED	NONE
A043	DA-JUVENILE/BD OF SUPERVISOR-THE WALNUT PLAZA	215 N MARENGO AVE, PASADENA 91101-1505	5784	5162	LEASED	NONE
A426	DCFS PASADENA OFFICE	532 E COLORADO BLVD, PASADENA 91101	75235	70721	LEASED	NONE
5397	PASADENA COURTHOUSE	300 E WALNUT ST, PASADENA 91101	193054	126899	FINANCED	**252**
T416	PASADENA COURTHOUSE-TRAILER (DAY ONE, INC)	300 E WALNUT ST, PASADENA 91101	1500	1425	OWNED	NONE
5805	MENTAL HEALTH COURTHOUSE	1150 N SAN FERNANDO RD, LOS ANGELES 90065	25768	20734	OWNED	NONE
C760	DPSS-EAST L A GROW EMPLOYMENT SERVICES CENTER	2200 N HUMBOLDT ST, LOS ANGELES 90031	23655	17554	LEASED	NONE
A095	DMH-LOS ANGELES NORTHEAST WELLNESS CTR	5564 N FIGUEROA ST, LOS ANGELES 90042	3800	3610	LEASED	NONE
C269	DPSS-LINCOLN HEIGHTS WS DISTRICT OFFICE	4077 N MISSION RD, LOS ANGELES 90032	26000	18575	OWNED	NONE
A539	MENTAL HEALTH-COURT PROGRAM OFFICES	1499 HUNTINGTON DR, SOUTH PASADENA 91030	4210	4000	LEASED	NONE
A471	THE ALHAMBRA COMPLEX - EAST TOWER	1000 S FREMONT AVE, ALHAMBRA 91803	194140	165995	LEASED	NONE
A473	THE ALHAMBRA COMPLEX - SHERIFF'S OMBUDSMAN	1000 S FREMONT AVE, ALHAMBRA 91803	3774	3265	LEASED	NONE
0122	THOMAS A TIDEMANSON BUILDING-ANNEX BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	43500	36975	FINANCED	NONE
X900	THOMAS A TIDEMANSON PUBLIC WORKS BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	536168	363876	FINANCED	NONE
X327	PROBATION-CENTRAL TRANSCRIBING OFFICE	200 W WOODWARD AVE, ALHAMBRA 91801	11273	7360	OWNED	NONE
5883	ALHAMBRA COURTHOUSE	150 W COMMONWEALTH AVE, ALHAMBRA 91801	99123	65494	FINANCED	NONE
0901	DHS-ALHAMBRA HEALTH CENTER	612 W SHORB ST, ALHAMBRA 91803	25344	14292	FINANCED	NONE
A450	APD - ALHAMBRA OFFICE	1611 S GARFIELD AVE, ALHAMBRA 91801	3000	2850	LEASED	NONE
5460	PUBLIC LIBRARY-SAN GABRIEL LIBRARY	500 S DEL MAR AVE, SAN GABRIEL 91776	13718	11190	OWNED	NONE
5329	PUBLIC LIBRARY-ROSEMEAD LIBRARY	8800 VALLEY BLVD, ROSEMEAD 91770	29860	23394	OWNED	NONE
3154	CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTR	210 W TEMPLE ST, LOS ANGELES 90012	683388	516275	OWNED	NONE
0156	HALL OF RECORDS	320 W TEMPLE ST, LOS ANGELES 90012	438095	260776	OWNED	NONE
5979	CENTRAL ARRAIGNMENT COURTHOUSE	429 BAUCHET ST, LOS ANGELES 90012	65494	46440	FINANCED	NONE
5260	CORONER-ADMINISTRATION / INVESTIGATIONS BLDG	1102 N MISSION RD, LOS ANGELES 90033	22479	14251	OWNED	NONE
0808	CORONER-PUBLIC SERVICES/SKELETON STORE	1104 N MISSION RD, LOS ANGELES 90033	18651	11430	OWNED	NONE
5699	MED CTR-CHAPLAIN'S CENTER	1200 N STATE ST, LOS ANGELES 90033	1940	1454	OWNED	NONE
T620	MED CTR-EMERGENCY MEDICAL SVCS TRAILER T-18	1200 N STATE ST, LOS ANGELES 90033	1200	1049	OWNED	NONE
0284	MED CTR-HEALTH RESEARCH ASSOC'N-TRAILER T-25A	1200 N STATE ST, LOS ANGELES 90033	1200	1000	OWNED	NONE
T541	MED CTR-HOME CARE TRAILER T-4	1200 N STATE ST, LOS ANGELES 90033	1376	1223	OWNED	NONE
T226	MED CTR-LOCAL WORKER HIRING PROGRAM BLDG 304	1200 N STATE ST, LOS ANGELES 90033	1440	1200	PERMIT	NONE
T547	MED CTR-PATIENT FINANCIAL SERVICES T-15	1240 N MISSION RD, LOS ANGELES 90033	2588	1967	OWNED	NONE
T555	MED CTR-PATIENT FINANCIAL SERVICES T-17	1200 N STATE ST, LOS ANGELES 90033	4661	3482	OWNED	NONE
T542	MED CTR-PATIENT FINANCIAL SERVICES T-5	1200 N STATE ST, LOS ANGELES 90033	10512	7872	OWNED	NONE
T556	MED CTR-PATIENT FINANCIAL SERVICES TRAILER	1200 N STATE ST, LOS ANGELES 90033	2973	2461	OWNED	NONE
T546	MED CTR-PATIENT FINANCIAL SRVICES OFFICE T-16	1240 N MISSION RD, LOS ANGELES 90033	5190	4095	OWNED	NONE
0837	MED CTR-PERSONNEL OFFICE BUILDING	1200 N STATE ST, LOS ANGELES 90033	2980	1761	OWNED	NONE
0838	MED CTR-QUALITY ASSURANCE UTILIZATION REVIEW	1200 N STATE ST, LOS ANGELES 90033	2980	2341	OWNED	NONE
T544	MED CTR-QUALITY ASSURANCE/UTILIZATION REVIEW	1200 N STATE ST, LOS ANGELES 90033	4334	3629	OWNED	NONE
3102	JUVENILE HALL-ADMINISTRATION BUILDING-4	1605 EASTLAKE AVE, LOS ANGELES 90033	75907	33945	OWNED	NONE
3100	NORTHEAST JUVENILE JUSTICE CENTER BLDG-1	1601 EASTLAKE AVE, LOS ANGELES 90033	49189	26578	OWNED	NONE
4799	PW CENTRAL YARD-DIVISION ADMINISTRATION	1525 ALCAZAR ST, LOS ANGELES 90033	10438	7224	OWNED	NONE
3374	PW CENTRAL YARD-SURVEY OFFICE (CLOSED)	1525 ALCAZAR ST, LOS ANGELES 90033	2219	1616	OWNED	**1616**
4946	MED CTR-INTERNS & RESIDENTS BUILDING	2020 ZONAL AVE, LOS ANGELES 90033	142448	79494	OWNED	NONE
X294	PW CENTRAL YARD-SHOP OFFICE BLDG	2275 ALCAZAR ST, LOS ANGELES 90033	1400	1260	OWNED	NONE
1491	PH-CREMATORY OFFICE/RESIDENCE	3301 E 1ST ST, LOS ANGELES 90063	1517	1106	OWNED	NONE
Y307	PUBLIC LIBRARY-CITY TERRACE LIBRARY	4025 E CITY TERRACE DR, EAST LOS ANGELES 90063	8007	6984	OWNED	NONE
4526	BISCAILUZ-ADMINISTRATION BUILDING	1060 N EASTERN AVE, LOS ANGELES 90063	16571	11428	OWNED	NONE
4231	BISCAILUZ-TRAINING/INTELLIGENCE FACILITY	1060 N EASTERN AVE, LOS ANGELES 90063	1660	1372	OWNED	NONE
6131	DCSS-EAST LOS ANGELES SERVICE CENTER	133 N SUNOL DR, EAST LOS ANGELES 90063	28514	21777	OWNED	NONE
X707	PUBLIC LIBRARY-ANTHONY QUINN LIBRARY	3965 E CESAR E CHAVEZ AVE, CITY TERRACE 90063	7275	6077	OWNED	NONE
A930	PUBLIC LIBRARY-EL CAMINO REAL LIBRARY	4264 E WHITTIER BLVD, EAST LOS ANGELES 90023	3280	2563	OWNED	NONE
X201	EDMUND D EDELMAN CHILDREN'S COURT	201 CENTRE PLAZA DR, MONTEREY PARK 91754	258426	205280	FINANCED	NONE
A423	SHERIFF-PERSONNEL AND RECRUITMENT CENTER	101 CENTRE PLAZA DR, MONTEREY PARK 91754	37590	33831	LEASED	NONE
3542	FIRE-ADMINISTRATIVE HEADQUARTERS BUILDING	1320 N EASTERN AVE, LOS ANGELES 90063-3294	39015	24288	FINANCED	NONE
X155	ISD-EASTERN AVE COMPLEX TELECOM BUTLER BLDG	1112 N EASTERN AVE, LOS ANGELES 90063	4960	4638	OWNED	NONE
5863	ISD-ADMINISTRATIVE HEADQUARTERS	1100 N EASTERN AVE, LOS ANGELES 90063	80309	58826	OWNED	NONE
5870	ISD-EASTERN AVE COMPLEX TELECOM BRANCH BLDG	1110 N EASTERN AVE, LOS ANGELES 90063	37742	28973	FINANCED	NONE
T590	ISD-EASTERN AVE TELECOM CUSTOMER SERVICE BLDG	1110 N EASTERN AVE, LOS ANGELES 90063	1224	1016	GRATIS USE	NONE
T061	ISD-EASTERN COMPLEX PROJECT MANAGEMENT TRAILR	1100 N EASTERN AVE, LOS ANGELES 90063	7200	6840	LEASED	NONE
T039	SHERIFF-EASTERN COMPLEX FLEET SERVICES OFFICE	1104 N EASTERN AVE, LOS ANGELES 90063	1548	1428	OWNED	NONE
X167	SHERMAN BLOCK SHERIFF'S HEADQUARTERS BUILDING	4700 W RAMONA BLVD, MONTEREY PARK 91754	125000	106250	FINANCED	NONE
A015	DCFS CORPORATE CENTER OFFICE	2525 CORPORATE PL, MONTEREY PARK 91754	29542	27820	LEASED	NONE
A324	FIRE-EMPLOYEE RELATIONS OFFICE	1255 CORPORATE CENTER DR, MONTEREY PARK 91754	3079	2925	LEASED	NONE
A327	HS-OFFICE OF MANAGED CARE	1100 CORPORATE CENTER DR, MONTEREY PARK 91754	15280	14516	LEASED	NONE
A023	LASD/FIRE/OPS/ISD CORPORATE PLACE	2525 CORPORATE PL, MONTEREY PARK 91754	10941	7428	LEASED	NONE
Y135	CENTRO MARAVILLA SERVICE CENTER-BLDG B	4716 CESAR E CHAVEZ AVE, EAST LOS ANGELES 90022	3612	1948	OWNED	NONE
Y136	CENTRO MARAVILLA SERVICE CENTER-BLDG C	4716 CESAR E CHAVEZ AVE, EAST LOS ANGELES 90022	4073	3112	OWNED	NONE
5412	EAST LOS ANGELES COUNTY HALL	4801 E 3RD ST, EAST LOS ANGELES 90022	14848	10741	OWNED	NONE
3241	EAST LOS ANGELES COURTHOUSE	4848 E CIVIC CENTER WAY, EAST LOS ANGELES 90022	93285	68003	FINANCED	NONE
4364	PROBATION-EAST LOS ANGELES AREA OFFICE	4849 E CIVIC CENTER WAY, EAST LOS ANGELES 90022	15584	11327	OWNED	NONE
0522	PUBLIC LIBRARY-EAST LOS ANGELES LIBRARY	4837 E 3RD ST, LOS ANGELES 90022	20000	18000	OWNED	NONE
A497	DPSS-SAN GABRIEL VALLEY GAIN PROGRAM REG III	3216 ROSEMEAD BLVD, EL MONTE 91731	41836	39744	LEASED	NONE
A304	SHERIFF-VEHICLE THEFT PROGRAM HEADQUARTERS	9040 TELSTAR AVE, EL MONTE 91731	5320	5054	LEASED	NONE
A470	DIST ATTY-VICTIM-WITNESS ASSISTANCE PROGRAM	3204 ROSEMEAD BLVD, EL MONTE 91731	6405	5868	LEASED	NONE
A387	DPSS-GAIN PROGRAM HEADQUARTERS/DA-CLAIMS UNIT	3220 ROSEMEAD BLVD, EL MONTE 91731	26335	25313	LEASED	NONE
A497	DPSS-SAN GABRIEL VALLEY GAIN PROGRAM REG III	3216 ROSEMEAD BLVD, EL MONTE 91731	41836	39744	LEASED	NONE
A522	PH/DPSS/DCFS-TELSTAR EL MONTE COUNTY CENTER	9320 TELSTAR AVE, EL MONTE 91731	163000	146700	LEASED	NONE
A493	SAN GABRIEL VALLEY FAMILY SERVICE CENTER I	3350 AEROJET AVE, EL MONTE 91731	120000	108000	LEASED	NONE
A554	SAN GABRIEL VALLEY FAMILY SERVICE CENTER II	3400 AEROJET AVE, EL MONTE 91731	131806	120000	LEASED	NONE
4465	DF KIRBY CENTER-ADMINISTRATION BUILDING	1500 S MCDONNELL AVE, COMMERCE 90022	18169	10117	OWNED	NONE
5428	DPSS-BELVEDERE AP DISTRICT OFFICE	5445 E WHITTIER BLVD, EAST LOS ANGELES 90022	70493	49261	OWNED	NONE
A460	DHS-FERGUSON ADMINISTRATIVE SERVICES CENTER	5555 FERGUSON DR, CITY OF COMMERCE 90022	268400	246550	OWNED	NONE
5395	PUBLIC LIBRARY-MONTEBELLO LIBRARY	1550 W BEVERLY BLVD, MONTEBELLO 90640	50530	23989	OWNED	NONE

AMENDMENT NO. 2 TO COUNTY LEASE NO. 72576
SHERIFF – HEALTH SERVICES

1000 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA

THIS AMENDMENT NO. 2 TO COUNTY LEASE NO. 72576 ("**Amendment**") is made and entered into as of the 14th day of April, 2011 by and between **THE ALHAMBRA OFFICE COMMUNITY, LLC**, a Delaware limited liability company ("**Lessor**") and **COUNTY OF LOS ANGELES**, a body politic and corporate ("**Lessee**").

WITNESSETH:

WHEREAS, Lessor and Lessee entered into that certain Lease No. 72576 dated January 18, 2000 ("**Initial Lease**"), as amended by that certain Amendment No. 1 to County Lease No. 72576 dated July 23, 2001 ("**First Amendment**") (the Initial Lease and the First Amendment shall collectively hereinafter be referred to as the "**Lease**"), pursuant to which Lessor leased to Lessee certain premises ("**Premises**") consisting of a total of 206,144 square feet of space in the office building project located at 1000 South Fremont Avenue, Alhambra, California (the "**Complex**") upon the terms and conditions contained therein.

WHEREAS, Lessor and Lessee desire to (a) extend the Term of the Lease with respect to certain portions of the Premises on the same terms and conditions as set forth in the Lease, except as modified by the provisions of this Amendment, and (b) amend the Lease in certain other respects as set forth herein.

NOW, THEREFORE, for and in consideration of the mutual covenants and promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Defined Terms**. Capitalized terms used and not otherwise defined herein shall have the same meanings ascribed to them in the Lease.

2. **Extension of Lease Term**. Effective as of the date hereof, the Term of the Lease for only that portion of the Premises containing therein Suite A and Suite E (as defined in the First Amendment) is hereby extended for four (4) years and one (1) month (the "**Suite A and Suite E Extended Term**") so that the Suite A and Suite E Extended Term shall commence on July 1, 2011 ("**Suite A and Suite E Extension Date**") and expire, unless terminated sooner pursuant to the terms of the Lease, on July 31, 2015 ("**Suite A and Suite E Expiration Date**"). Accordingly, with the extension of the Lease Term for Suite A and Suite E as set forth herein, the Lease Term for all of the Premises shall be coterminous and expire, unless sooner terminated pursuant to the terms of the Lease, on July 31, 2015. All references to "**Lease Term**" in the Lease and this Amendment shall be deemed references to the Term as extended by this Amendment. For the period commencing as of August 1, 2010 through and including June 30, 2011, Tenant shall continue to occupy Suite A and Suite E pursuant to the terms and conditions of the Lease.

72576 SUPPLEMENT 1

3. **Condition of the Premises**. Lessor shall have no obligation whatsoever to construct leasehold improvements for Lessee or to repair or refurbish the Premises. The taking of possession of the Premises by Lessee shall be conclusive evidence that Lessee accepts the same "AS IS" and that the Premises is suited for the use intended by Lessee and was in reasonably satisfactory condition at the time such possession was taken. Lessee acknowledges that neither Lessor nor Lessor's agents has made any representation or warranty as to the condition of the Premises or the Buildings or the Complex or its suitability for Lessee's purposes.

4. **Base Rent for Suite A and Suite E**.

(a) **Base Rent for Suite A and Suite E**. Effective as of July 1, 2011, and in addition to all other costs and expenses payable by Lessee pursuant to the terms of the Lease, Lessee shall pay the following Base Rent for Suite A and Suite E in accordance with Paragraph 4 of the First Amendment:

(i) $70,847.46 per month for the office portion of Suite A and Suite E (35,073 square feet at a rental rate of $2.02 per square foot per month); and

(ii) $4,202.40 per month for the storage space portion of Suite A and Suite E (8,240 square feet at a rental rate of $0.51 per square foot per month).

The amounts set forth in (i) and (ii) above total $75,049.86 per month due and payable by Lessee as Base Rent for Suite A and Suite E.

(b) **Increase in Base Rent for Suite A and Suite E**. On August 1, 2012, and each August 1st thereafter during the remainder of the Lease Term (as extended herein), the Base Rent for Suite A and Suite E set forth in Section 4(a) of this Amendment shall be adjusted in accordance with the CPI formula set forth in Paragraph 30 of the Initial Lease, with the following revisions:

(i) The "**Base Index**" shall be amended to be the index published for the month of August, 2011.

(ii) The "**Net Base Rent**" shall be amended to be $75,049.86, and accordingly, 2% of the Net Base Rent shall be amended to be $1,501.00 and 5% of the Net Base Rent shall be amended to be $3,752.49.

(iii) The formula shall not include any amounts to amortize tenant improvements and/or change orders.

5. **Additional Rent for Suite A and Suite E**. The parties hereto acknowledge and agree that the Base Rent for Suite A and Suite E set forth in Section 4(a) of this Amendment is based on a full service gross basis, and accordingly effective as of July 1, 2011, and continuing for the remainder of the Lease Term (as amended herein), any and all references in the Lease to Operating Expense, Operating Expense Rent and operating costs only with respect to Suite A and Suite E are hereby deleted and of no further force and effect. Furthermore, Paragraph 31 of the Initial Lease is hereby deleted and of no further force and effect as of July 1, 2011 only with

respect to Suite A and Suite E. Notwithstanding the terms set forth herein, Tenant shall retain the right to apply any Operating Expense credits or overpayments by Tenant from any current or prior years or that shall accrue during the period up to July 1, 2011 to payments of Base Rent due and payable during the Suite A and Suite E Extended Term until fully utilized by Tenant.

6. **Parking**.

(a) **Initial Parking Rent.** Effective as of July 1, 2011 and continuing through and including January 31, 2013, Tenant shall pay to Landlord the monthly rent of $7,000.00 for 140 unreserved parking passes in the covered parking structure ($50.00 per parking pass per month) in connection with Suite A and Suite E.

(b) **Increase in Parking Rent**. Effective as of February 1, 2013 and continuing for the remainder of the Lease Term (as amended herein) through and including July 31, 2015, Tenant shall pay to Landlord the monthly rent of $7,700.00 for the 140 unreserved parking passes in the covered parking structure ($55.00 per parking pass per month) in connection with Suite A and Suite E.

7. **Additional Revisions**. Paragraph 5 (Cancellation), Paragraph 25 (Tenant Improvements) and Exhibit G of the Initial Lease are hereby deleted and of no further force and effect. Paragraphs 5, 6, 7, 8, 11 and 12 of the First Amendment are hereby deleted and of no further force and effect.

8. **Brokers**. Lessee hereby represents and warrants to Lessor 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 Amendment, and shall indemnify, defend and hold harmless Lessor against any loss, cost, liability or expense incurred by Lessor as a result of any claim asserted by any such broker, finder or other person, including CB Richard Ellis, Inc. ("**Lessor's Broker**") on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Lessee.

9. **Continuing Effectiveness**. The Lease, except as amended hereby, remains unamended, and, as amended hereby, remains in full force and effect. In the event of any conflict between the provisions of the Lease and the provisions of this Amendment, the provisions of this Amendment shall control.

10. **Execution by Both Parties**. Submission of this instrument for examination or signature by Lessee does not constitute a reservation of or option to lease, and it is not effective as an amendment to lease or otherwise until execution by and delivery to both Lessor and Lessee, and execution and delivery hereof.

11. **Authorization**. Lessor and Lessee hereby represent and warrant that the execution and delivery of this Amendment has been duly authorized on behalf of such party.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Lessor has executed this Amendment to Lease No. 72576 or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Amendment to be executed on its behalf by the Chair of said Board and attested by the Clerk thereof the day, month and year first above written.

"LESSOR"

THE ALHAMBRA OFFICE COMMUNITY, LLC,
a Delaware limited liability company

By: **AIGGRE-TRC Alhambra Stabilized Project, LLC**,
a Delaware limited liability company,
its Sole Member

By: **AIGGRE-TRC Alhambra, LLC,**
a Delaware limited liability company,
its Sole Member

By: **Ratkovich 1000, LLC,**
a California limited liability company,
its Administrative Member

By: **Ratkovich Investment Company, LLC,**
a California limited liability company,
its Managing Member

By: _____

Print Name: CLAIRE DE BRIERE

Title: COO / EVP / MEMBER

[SIGNATURES CONTINUE ON NEXT PAGE]

"LESSEE"

COUNTY OF LOS ANGELES

By: Mike Antonovich
Michael D. Antonovich
Mayor, Board of Supervisors

ATTEST:

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

By: _____
Deputy JUN 28, 2011

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

72576 SUPPLEMENT 1

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

23 JUN 28 2011

SACHI A. HAMAI
EXECUTIVE OFFICER

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