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

August 21, 2012

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES
8 August 21, 2012
SACHI A. HAMAI
EXECUTIVE OFFICER

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. 1 TO LEASE NO. 73292
DEPARTMENT OF PUBLIC HEALTH
DEPARTMENT OF PUBLIC SOCIAL SERVICES
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
9320 TELSTAR AVENUE, EL MONTE
(FIRST DISTRICT) (3 VOTES)

SUBJECT

This recommendation is for a seven-year lease amendment for 176,310 rentable square feet for the Departments of Public Health, Public Social Services, and Children and Family Services to provide continued use of existing office and warehouse space and 560 parking spaces.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease amendment is categorically 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, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).

2. Approve and instruct the Chairman to sign an amendment to the seven-year lease agreement with KW Telstar, LLC (Lessor) for the Departments of Public Health, Public Social Services, and Children and Family Services to continue occupancy of 176,310 square feet of office and warehouse space and 560 parking spaces located at 9320 Telstar Avenue, El Monte, at an initial annual rental cost of $3,476,934. The rental costs for Public Health is approximately 90 percent funded by State and

Federal funding sources and 10 percent net County cost; Public Social Services approximately 91 percent funded by State and Federal funds; and Children and Family Services is approximately 70 percent funded by State and Federal funds and the remainder net County cost.

3. Authorize the Chief Executive Officer and the Directors Public Health, Public Social Services, and Children and Family Services to implement the project. The lease amendment will be effective upon approval by the Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since October 2001, the Departments of Public Health (DPH), Public Social Services (DPSS), and Children and Family Services (DCFS) have occupied office space at the office building located at 9320 Telstar Avenue, El Monte.

The proposed lease amendment herein will continue to provide the three departments with sufficient office and support space for their operations. DPH, which occupies 86,639 rentable square feet at the facility, houses the administrative headquarters for DPH's Children's Medical Services (CMS) program which is comprised of California Children's Services (CCS), the Medical Therapy Program (MTP), and Child Health and Disability Prevention (CHDP), including the Heath Care Program for Children in Foster Care (HCPCFC).

CCS is a Statewide program that coordinates and pays for medical care and therapy services for children under 21 years old with certain health care needs. CCS works with private insurance and Medi-Cal programs to provide medically eligible services that they do not currently provide. The MTP provides medically necessary physical therapy and occupational therapy services for eligible patients at no cost; works in collaboration with local school districts, regional centers, and with patients and their families on therapy goals, including visits to home, schools to access specific equipment needs, attend individual educational assessment planning meetings, and conferences or clinics at no cost to eligible patients. The CHDP is a preventive program that delivers periodic health assessments and services to low income children and youth. The program provides care coordination to assist families with medical appointment scheduling, transportation, and access to diagnostic and treatment services. Health assessments are provided by enrolled private physicians, local health departments, community clinics, managed care plans, and some local school districts. The County department's programs provide administrative oversight, including quality assurance, coordination of care, outreach to eligible families and provider network maintenance for approximately two thousand health care practitioners who provide approximately 600,000 health screens annually to low income children. The HCPCFC is a public health nursing program located in County child welfare service agencies and probation camps/agencies to provide public health

nurse expertise in meeting the medical, dental, mental, and developmental needs of children and youth in foster care.

DPSS, which occupies 66,416 square feet in the facility, houses its Eligibility Systems Division (ESD), part of Unisys Corporation, Auditor-Controller, consultants, Bureau of Workforce Services Line Operations, Integrated Services Section, and Management Information and Evaluation Region III. The Auditor-Controller works and collaborates with ESD on the existing Los Angeles Eligibility Automation Determination Evaluation and Reporting (LEADER) system, which is an integral part of the ESD operation, as is Unisys. In addition, DPSS acts as the lead department for the Child Care Center operation at the facility.

The DCFS programs, in 23,255 square feet at the facility, include the Out-of-Home Care Management Division (Division), the Resource Utilization Management (RUM) section, and the Wraparound Section. The Division supports the County and DCFS mission, vision, strategic plan and goals for child safety, permanency, quality of life for children, well-being and educational competency. The goal of the Division is to develop and provide the highest quality placement and treatment resources for children and families, assist with ensuring the appropriate use of these resources and that the needs of children are being met and achieving positive outcomes. These goals require collaboration and partnership with various interdepartmental and community stakeholders. The RUM section is responsible for providing direct support services for all line operational service bureaus. This includes assisting regional staff with identifying the most appropriate placement and treatment resources for children requiring high levels of care, placement matching, securing mental health services, or necessary developmental services. The Wraparound section is a family-centered, strength-based, needs-driven planning and service-delivery process. It advocates a family professional partnership to ensure family voice, choices, and ownership of intervention strategies to normalize and include community options, activities, and opportunities. It includes a commitment to create and provide highly individualized services that promotes safe and competent care of children.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of processes, structure, and operations to support timely delivery of customer-oriented and efficient public services. In this case, the County is supporting this goal by providing an office in the community it serves to increase effectiveness, enhance customer service, and providing responsive services to the public. The lease amendment is in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed lease amendment will provide the County uninterrupted use of 176,310 square feet of office and warehouse space, and at least 560 parking spaces at a monthly base rent of $289,744.50 per month, or $3,476,934 annually, i.e. $1.70 per square foot per month for 163,000 square feet of office space and $.95 per square foot per month for the warehouse space. A Tenant Improvement (TI) allowance of $1,763,100 included in the rent was negotiated for miscellaneous deferred maintenance and improvements within the facility.

9320 Telstar Ave. El Monte	**Existing Lease**	**Proposed Lease/ Amendment No. 1**	**Change**
Area (square feet)	DPH: 86,639 DPSS: 66,416 DCFS: 23,255 Total = 176,310	176,310	None
Term	(10/01/2001-09/30/2011) currently month-to-month	Seven years upon Board adoption	+7 years
Annual Rent	$3,768,300* ($21.37/sq.ft.)	$3,476,934* ($19.72/sq.ft.)	- $291,366 (-$1.65/sq.ft.)
Base TI Allowance (non reimbursable)	$2,037,500* ($12.50/sq.ft. of office)	$1,763,100 ($10.00/sq.ft. total)	- $274,400 (-$2.50/sq.ft.)*
Cancellation	County after 8 years with 360 days notice	County after 5 years with 180 days notice	-3 years; -180 days notice
Parking (included)	560	560 (w/option for 599)	+39 (if exercised)
Option to Renew	One five-year option	One five-year option	None
Rental Adjustment	Consumer Price Index (CPI) increases of 2 percent minimum and 6 percent maximum	CPI increases capped at 3 percent with no floor	-2 percent cap on CPI

* Lease is comprised of 163,000 square feet of office space at $1.70/sq.ft per month, and 13,310 square feet of warehouse at $0.95/sq.ft. per month.

This is a modified full-service gross lease whereby the Lessor is responsible for all operating costs associated with the County's occupancy, less electricity. The rent is subject to CPI increases capped at 3 percent in lieu of the previous minimum 2 percent increases capped at 6 percent of CPI annually. Parking is included in the rental rate and will be provided in the on-site secured parking lots or nearby off-site structures.

Sufficient funding for the proposed lease costs is included in the Fiscal Year (FY) 2012-13 Rent Expense budget and will be billed back to the departments. DPH, DPSS, and DCFS have sufficient funding in their FY 2012-13 operating budgets to cover the projected lease costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease amendment will provide uninterrupted use of 176,310 square feet of office space and warehouse space and at least 560 parking spaces with the County maintaining the right to expand to 599 parking spaces at its discretion at Lessor's cost. The proposed lease amendment contains the following provisions:

- Commencement of new rent and seven-year term upon approval by the Board.
- A modified full-service gross basis with the Lessor responsible for all operational and maintenance costs, and the County responsible for electricity costs.
- A non-reimbursable TI allowance of $1,763,100 for new carpet, paint, and miscellaneous improvements included in the base rent.
- The Lessor will mitigate existing accessibility barriers to conform to the Americans with Disabilities Act (ADA).
- A cancellation provision allowing the County to cancel any time after five years with 180 days prior written notice.
- Annual rental rate adjustments based upon CPI with a maximum increase of 3 percent per annum and no floor.
- One five-year option to extend the lease at the same terms and conditions with 120 days prior written notice.

The Chief Executive Office (CEO) Real Estate staff conducted a survey within the search area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically, nor are there any County-owned or leased facilities available for this program. Based upon said survey, staff has established that the rental range for similar space is between $16.20 and $27 per square foot per year on a full-service basis, excluding parking. Thus, the combined base annual rent of $19.72 per square foot per year on a full-service basis, including parking, for the proposed lease represents a rate within the market range for the area. Attachment B shows County-owned or leased facilities in the proximity of the service area, and there are no suitable County-owned or leased facilities available for the program.

The leased premises and related common areas were assessed in regards to ADA accessibility compliance. A report identifying barriers to accessibility has been completed and provided to the CEO and the departments. Pursuant to the report, the CEO, the departments, and the Lessor are engaged in a collaborative effort to address the removal of barriers to improve accessibility to the existing program, services, and activities.

The Department of Public Works has inspected this facility and found it suitable for the County's occupancy. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.

ENVIRONMENTAL DOCUMENTATION

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

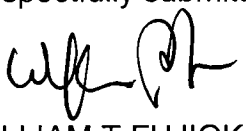
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will adequately provide the necessary office space for this County requirement. DPH, DPSS, and DCFS concur with the proposed recommendations.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return three originals of the executed lease amendment, 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,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:CMM
CEM:NCH:ls

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Children and Family Services
Public Health
Public Social Services

Attachment A

DEPARTMENT OF PUBLIC HEALTH
DEPARTMENT OF PUBLIC SOCIAL SERVICES
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
9320 TELSTAR AVENUE, EL MONTE
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] **Ratio = 219 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? **The proposed building is offered at a competitive market rate and County already occupies the facility.**		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]	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

DEPARTMENTS OF PUBLIC HEALTH / PUBLIC SOCIAL SERVICES / CHILDREN & FAMILY SERVICES
SPACE SEARCH - 3-MILE RADIUS OF 9320 TELSTAR AVENUE, EL MONTE

Laco	Name	Address	Gross	Net	Ownership	Available
0229	AG COMM/WTS & MEAS HQ/ PROBATION SPECIAL SVCS	12300 LOWER AZUSA RD, ARCADIA 91706	35,878	32,290	OWNED	None
0901	(FORMER) DHS-ALHAMBRA HEALTH CENTER	612 W SHORB ST, ALHAMBRA 91803	25,344	14,292	FINANCED	None
5200	PUBLIC LIBRARY-TEMPLE CITY LIBRARY	5939 GOLDEN WEST AVE, TEMPLE CITY 91780	12,182	11,157	OWNED	None
5329	PUBLIC LIBRARY-ROSEMEAD LIBRARY	8800 VALLEY BLVD, ROSEMEAD 91770	29,860	23,394	OWNED	None
5395	PUBLIC LIBRARY-MONTEBELLO LIBRARY	1550 W BEVERLY BLVD, MONTEBELLO 90640	50,530	23,989	OWNED	None
5460	PUBLIC LIBRARY-SAN GABRIEL LIBRARY	500 S DEL MAR AVE, SAN GABRIEL 91776	13,718	11,190	OWNED	None
5883	ALHAMBRA COURTHOUSE	150 W COMMONWEALTH AVE, ALHAMBRA 91801	111,727	65,494	FINANCED	None
6064	EL MONTE COURTHOUSE	11234 E VALLEY BLVD, EL MONTE 91731	136,511	79,129	CA & CNTY	None
6144	MACLAREN CHILDREN'S CENTER	4024 N DURFEE AVE, EL MONTE 91732	71,733	39,555	OWNED	None
A130	DPSS-ADMINISTRATIVE HEADQUARTERS	12860 CROSSROADS PKWY S, INDUSTRY 91745	55,000	41,943	LEASED	None
A253	SHERIFF-SAN GABRIEL VALLEY VEHICLE THEFT PRGM	4200 SHIRLEY AVE, EL MONTE 91731	3,081	2,619	PERMIT	None
A275	COMMUNITY DEVELOPMENT COMMISSION HDQ	2 CORAL CIR, MONTEREY PARK 91755	67,500	60,750	LEASED	None
A304	SHERIFF-VEHICLE THEFT PROGRAM HEADQUARTERS	9040 TELSTAR AVE, EL MONTE 91731	5,320	5,054	LEASED	None
A387	DPSS-GAIN PROGRAM HEADQUARTERS/DA-CLAIMS UNIT	3220 ROSEMEAD BLVD, EL MONTE 91731	26,335	25,313	LEASED	None
A450	APD - ALHAMBRA OFFICE	1611 S GARFIELD AVE, ALHAMBRA 91801	3,000	2,850	LEASED	None
A470	DIST ATTY-VICTIM-WITNESS ASSISTANCE PROGRAM	3204 ROSEMEAD BLVD, EL MONTE 91731	6,405	5,868	LEASED	None
A493	SAN GABRIEL VALLEY FAMILY SERVICE CENTER I	3350 AEROJET AVE, EL MONTE 91731	120,000	108,000	LEASED	None
A497	DPSS-SAN GABRIEL VALLEY GAIN PROGRAM REG III	3216 ROSEMEAD BLVD, EL MONTE 91731	41,836	39,744	LEASED	None
A507	DPSS-ADMINISTRATIVE HEADQUARTERS WEST ANNEX	12820 CROSSROADS PKWY S, INDUSTRY 91745	33,331	28,331	LEASED	None
A522	PH/DPSS/DCFS-TELSTAR EL MONTE COUNTY CENTER	9320 TELSTAR AVE, EL MONTE 91731	163,000	146,700	LEASED	None
A554	SAN GABRIEL VALLEY FAMILY SERVICE CENTER II	3400 AEROJET AVE, EL MONTE 91731	131,806	120,000	LEASED	None
A645	MENTAL HEALTH-ADULT SYSTEMS OF CARE	2620 S CALIFORNIA AVE, MONROVIA 91016	4,500	4,275	LEASED	None
B002	DPSS-ADMINISTRATIVE HEADQUARTERS EAST ANNEX	12900 CROSSROADS PKWY S, INDUSTRY 91745	34,245	31,420	LEASED	None
B119	ASSESSOR-EAST DISTRICT OFFICE	1190 DURFEE AVE, SOUTH EL MONTE 91733	38,000	34,200	LEASED	None
D072	DCSS-POTRERO HEIGHTS PARK	8051 ARROYO DR, MONTEBELLO 90640	2,970	2,822	GRATIS	None
D930	SAN GABRIEL VALLEY SERVICE CENTER	1441 SANTA ANITA AVE, SOUTH EL MONTE 91733	17,650	12,701	OWNED	None
T680	MACLAREN CHILDREN'S CTR-R.U.M. TRAILER	4024 N DURFEE AVE, EL MONTE 91732	3,600	3,240	OWNED	None
X327	PROBATION-CENTRAL TRANSCRIBING OFFICE	200 W WOODWARD AVE, ALHAMBRA 91801	11,273	7,360	OWNED	None
Y195	PUBLIC LIBRARY-NORWOOD LIBRARY	4550 N PECK RD, EL MONTE 91732	10,303	8,610	OWNED	None
Y212	PUBLIC LIBRARY-SOUTH EL MONTE LIBRARY	1430 N CENTRAL AVE, SOUTH EL MONTE 91733	6,416	5,408	OWNED	None
Y246	PUBLIC LIBRARY-EL MONTE LIBRARY	3224 N TYLER AVE, EL MONTE 91731	11,906	10,153	OWNED	None
Y249	PUBLIC LIBRARY-SUNKIST LIBRARY	840 N PUENTE AVE, LA PUENTE 91746	8,314	6,957	OWNED	None

AMENDMENT NO. 1 TO LEASE NO. 73292
DEPARTMENT OF PUBLIC HEALTH
DEPARTMENT OF PUBLIC SOCIAL SERVICES
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
9320 TESTAR AVENUE, LOS ANGELES

THIS AMENDMENT NO. 1 TO LEASE NO. 73292 ("Amendment " or "Amendment No. 1") is made, entered and dated as of this 21st day of August, 2012, by and between KW TELSTAR, LLC, a California limited liability company ("Lessor") and the COUNTY OF LOS ANGELES, a body corporate and politic ("Lessee").

RECITALS:

WHEREAS, Lease No. 73292 (the "Lease") was executed by and between Lessor and Lessee on April 3, 2001, whereby the Lessor leased to Lessee those certain premises containing approximately 163,000 rentable square feet of office space, and approximately 13,310 rentable square feet of warehouse space, for a total of 176,310 square feet, in a building located at 9320 Telstar Avenue, El Monte, ("Premises"), for a term of ten years, and;

WHEREAS, Lessor and Lessee further desire to extend the Lease Term and amend the Lease under this Amendment No. 1 to Lease No. 73292, and;

WHEREAS, the terms of this Amendment No. 1 shall not become effective until such time that said Amendment is executed by all the parties herein,

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements herein contained, Lessor and Lessee hereby covenant and agree to amend the Lease as follows:

1. **EXTENSION OF THE LEASE TERM:** Lessor and Lessee acknowledge that Lessee's lease of the Premises entered into a bi-monthly tenancy as of October 1, 2011, pursuant to the Holdover provision of Paragraph 6 of the Lease. Notwithstanding anything to the contrary in the Lease, Paragraph 2 of Lease No. 73292 is hereby amended to extend the Lease term for an additional seven (7) years commencing upon the full execution of this Amendment No. 1 ("Extension Commencement Date"). The period of time commencing on the Extension Commencement Date and terminating on the last day of the seventh year following the Commencement Date shall be referred to herein as the "Extension Term."

2. **RENT:** Effective upon execution of this Amendment No. 1 by the parties hereto, and for remainder of the Extension Term but not retroactively, Paragraph 3, RENT, of the Lease is hereby amended by the addition of the following:

73292 Supplement No. 1

Lessee hereby agrees to pay as rent for the Premises during the Extension Term the sum of two hundred eighty-nine thousand, seven hundred forty-four and 50/100 dollars ($289,744.50) per month, i.e., one dollar seventy cents ($1.70) per rentable square foot per month for 163,000 of office space, and ninety-five cents ($.95) per rentable square foot per month for 13,310 of warehouse space, payable in advance by Auditor's General Warrant. Rental payments shall be payable within fifteen (15) days after the first day of each and every month of the Extended Term, provided Lessor has caused a claim therefor for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month.

3. **RENTAL ADJUSTMENT:** Effective upon execution of this Amendment No. 1 by the parties hereto, and for remainder of the Extension Term but not retroactively, Paragraph 29, RENTAL ADJUSTMENT, of the Lease is hereby amended by the addition of the following:

Beyond year 1 of the Extended Term, the rental rate shall be adjusted as follows:

(a) CPI. Commencing after the first anniversary of the commencement of the Extended Term, on the first day of the first full calendar month thereafter (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Basic Rent shall be adjusted by applying the CPI Formula set forth below. The "Basic Index" shall be the Index published for the month the Lease commences.

(b) CPI Formula. The "Index" means the Consumer Price Index ("CPI") 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). The "CPI Formula" means Basic Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Basic Index. If the Index is changed so that the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Extended Term, such other governmental index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

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

$$\frac{\text{New Index}}{\text{Basic Index}} \times \$289,744.50 \text{ (Basic Rent)} = \text{Monthly Basic Rent}$$

(d) Limitations on CPI Adjustment. In no event shall the monthly Basic Rent adjustment based upon the CPI Formula result in an annual increase greater than three percent (3%) per year of the Basic Rent.

In no event shall the monthly rent be adjusted by the CPI Formula to result in a lower monthly Basic Rent than was payable during the previous year of the Lease.

4. **CANCELLATION:** Effective upon execution of this Amendment No. 1 by the parties hereto, and for the remainder of the Extension Term, Section 5, CANCELLATION, of the Lease is hereby deleted in its entirety and the following is substituted therefor:

Lessee shall have a continuous right to cancel all or a portion of this Lease, subject to Lessor access, at or any time after the fifth (5^{th}) year of the Extension Term by providing Lessor not less than one hundred eighty (180) days prior written notice by Chief Executive Office letter.

5. **PARKING:** Effective upon execution of this Amendment No. 1 by the parties hereto, and for the remainder of the Extension Term, Section 21, PARKING SPACES, of the Lease is hereby amended by the addition of the following:

During the Extension Term, Lessee shall continue to provide five hundred sixty (560) structured, in-and-out parking spaces located within the building parking structure adjacent to the Premises. In addition, the County shall have the right to expand its parking requirement to a minimum of five hundred ninety-nine (599) spaces at anytime during the Extension Term with ninety (90) days notice. In the event of such expansion, no more than forty percent (40%) tandem spaces will be included in the total amount of leased spaces. In the event of such expansion or reconfiguration of the existing parking conditions on the property, or applicable alternative location, a parking attendant provided by the Lessor at no cost to the County will be provided during normal business hours to accommodate staff required to manage parking associated with the use of tandem parking spaces. If additional spaces are acquired at an off-site location, it must be within a commercially reasonable walking distance of 9320 Telstar Avenue and all spaces will be in-and-out as long as that design is consistent with County policy. In the event parking at an off-site location requires a parking attendant or staffing, such attendant will be at the cost of the Lessor. Any alternate parking structure, if applicable, is subject to review and approval by the Los Angeles County Department of Public Works. Parking of County vehicles overnight at 9320 Telstar Avenue will be allowed by Lessor.

6. **TENANT IMPROVEMENTS:** Effective upon execution of this Amendment No. 1 by the parties hereto, and for the remainder of the Extension Term, Section 26, TENANT IMPROVEMENTS, of the Lease is hereby deleted in its entirety and the following substituted therefor:

Lessor, within thirty (30) days after receipt of a duly executed copy of this Lease, shall begin work on Tenant improvements per forthcoming County plans and

specifications, up to a maximum cost of $1,763,100, i.e., ten dollars and zero cents ($10.00) per rentable square foot (the "Tenant Improvement Allowance"). Said improvements shall be to improve the Premises related to paint, carpet and other deferred maintenance items in the existing space as the Lessee desires ("Improvements"). The Improvements will be under the authority of Lessor, or its authorized agent, and approved by an assigned representative of Lessee's Chief Executive Office. Any unused portion of the Tenant Improvement Allowance may be used to offset rent due per an itemized breakdown of such improvements. This Tenant Improvement Allowance is not subject to reimbursement by Lessee. In addition, Lessor shall at its sole cost mitigate the applicable Americans with Disabilities Act (ADA) barriers identified on the Barrier ID Removal Report dated January 20, 2012, a copy of which has been provided the Lessor.

7. Each of the signatories for the Lessor personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Amendment No. 1 upon the terms and conditions stated herein and each agrees to indemnify and hold harmless Lessee from all damages, costs, and expenses, which result from a breach of this representation.

8. In the event of a conflict between the terms and conditions of this Amendment No.1 and the terms and conditions of the Lease, this Amendment No. 1 shall prevail. All other terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor has executed this Amendment No. 1 to Lease No. 73292, or caused it to be duly authorized executed, and the County of Los Angeles by the order of the Board of Supervisors, has caused Amendment No. 1 to be executed on its behalf by the Chairman of said Board and attested by the Clerk thereof on the day, month, and year first above written.

LESSOR
KW TELSTAR, LLC

By: KW Fund IV – Telstar, LLC
a Delaware limited liability company,
its co-Managing Member

By: _____

Name: John Prabhu

Title: Vice President

By: KWF Real Estate Venture V, L.P.,
a Delaware limited partnership
its co-Managing Member

By: KWF Manager V, LLC,
a Delaware limited liability company,
its General Partner

By: _____

Name: John Prabhu

Title: Vice President

Signatures on following page

LESSEE

COUNTY OF LOS ANGELES
a body politic and corporate

By _____
Supervisor Zev Yaroslavsky
Chairman, Board of Supervisors

ATTEST:

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

By _____
Deputy

APPROVED AS TO FORM:
John F. Krattli
County Counsel

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

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

8 AUG 21 2012

Sachi A. Hamai
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EXECUTIVE OFFICER

73292 Supplement No. 1