Members of the Public may address the Operations Cluster on any agenda item by submitting a written request prior to the meeting. Two (2) minutes are allowed for each item.

1. **Call to order** – Mark Baucum/Gevork Simdjian

2. **Public Comment**
   (2 minutes each speaker)

3. **INFORMATIONAL ITEM(S):**
   (5 minutes)

   A) Board Letter:
   APPOVAL OF THE COUNTY OF LOS ANGELES COMMUNITY FACILITIES DISTRICTS GOALS AND POLICIES
   TTC – Keith Knox, Acting Treasurer and Tax Collector or designee

   B) Board Memo:
   ADVANCED NOTICE OF INTENT TO NEGOTIATE SOLE SOURCE AGREEMENT EXTENSION TO AGREEMENT NUMBER 75985 FOR CONTINUED MAINTENANCE AND SUPPORT OF THE TREASURER AND TAX COLLECTOR IMAGE MANAGEMENT SYSTEM
   TTC – Keith Knox, Acting Treasurer and Tax Collector or designee

   C) Board Letter:
   RECOMMENDATION TO AWARD A CONTRACT FOR ONLINE AUCTIONS OF TAX DEFAULTED PROPERTY SERVICES TO BID4ASSETS, INC.
   TTC – Keith Knox, Acting Treasurer and Tax Collector or designee

   D) Board Letter:
   APPROVAL OF A NEW EIGHT YEAR LEASE OF OFFICE AND PARKING SPACE FOR FIRE DEPARTMENT
   CEO/RE – Joyce Chang, CEO Manager

**CONTINUED ON PAGE 2**
E) Board Letter:
APPROVAL OF A NEW EIGHT YEAR LEASE AMENDMENT OF OFFICE AND PARKING SPACE FOR DEPARTMENT OF MENTAL HEALTH
CEO/RE – Joyce Chang, CEO Manager

F) Board Letter:
APPROVE AND ORDER PUBLICATION OF NOTICE OF INTENTION TO PURCHASE LEASEHOLD INTEREST IN REAL PROPERTY AND ACCEPT TRANSFER OF TITLE TO LEASEHOLD INTEREST IN REAL PROPERTY AND RELATED ACTIONS
CEO/RE – Joyce Chang, CEO Manager and Michael Rodriguez, Chief Program Specialist

G) Board Letter:
ON CALL MASTER PLAN AND STRATEGIC FACILITIES PLANNING SERVICES – AWARD CONSULTANT SERVICES AGREEMENTS
CEO/MASTER PLANNING – Kelly Quinn, CEO Manager

4. PRESENTATION/DISCUSSION ITEMS:
None available at this time.

5. Adjournment

FUTURE AGENDA TOPICS

CALENDAR LOOKAHEAD:
(5 minutes)
A. Board Letter:
CIVIL GRAND JURY 2018-19 COUNTY RESPONSES
CEO – Harvey Kawasaki, CEO Manager

B. Board Letter:
FISCAL YEAR 19/20 ADOPTED BUDGET
CEO – Irish Wong, CEO Analyst

C. Board Letter:
APPROVAL OF MASTER AGREEMENT TEMPLATE FOR AS-NEEDED TEMPORARY STAFFING SERVICES AND DELEGATED AUTHORITY TO ENTER INTO MASTER AGREEMENTS WITH TEMPORARY STAFFING VENDORS
RR/CC – Dean Logan, Registrar-Recorder/County Clerk or designee

CONTINUED ON PAGE 3
D. Board Letter:
REQUEST APPROVAL TO ENTER INTO A MOU AGREEMENT
BETWEEN THE DEPARTMENT OF REGISTRAR RECORDER/COUNTY
CLERK AND THE CITY OF SANTA BARBARA
RR/CC – Dean Logan, Registrar-Recorder/County Clerk or designee

E. Board Letter:
APPROVAL OF CONTRACT WITH SCANNER HOLDINGS
CORPORATION (IBML) FOR IBML SCANNER MAINTANENCE AND
SUPPORT SERVICES
RR/CC – Dean Logan, Registrar-Recorder/County Clerk or designee

F. Board Letter:
APPROVAL OF CONTRACT WITH MYTIME, INC. FOR APPOINTMENT
AND CUSTOMER FLOW SYSTEM
RR/CC – Dean Logan, Registrar-Recorder/County Clerk or designee

G. Board Letter:
AWARD A CONTRACT FOR A LOCAL TARGETED WORKER HIRE
PROGRAM MONITORING AND BUSINESS UTILIZATION TRACKING
SYSTEM
DPW – Jose Quevedo, Assistant Deputy Director

H. Board Letter:
APPROVAL OF AMENDMENT NUMBER 9 TO SOLE SOURCE
AGREEMENT WITH THE CHUDY GROUP, LLC DBA TCGRx
DHS – Christopher Kinney, Administrative Services Manager III
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<th>OPERATIONS CLUSTER</th>
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<td>DEPARTMENT</td>
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<td>SUBJECT</td>
<td>County of Los Angeles Community Facilities Districts Goals and Policies</td>
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<tr>
<td>PROGRAM</td>
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<tr>
<td>SOLE SOURCE CONTRACT</td>
<td>No</td>
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<tr>
<td>DEADLINES/ TIME CONSTRAINTS</td>
<td>None</td>
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<tr>
<td>COST &amp; FUNDING</td>
<td>Total cost: $0 Funding source: N/A</td>
</tr>
<tr>
<td>PURPOSE OF REQUEST</td>
<td>Update the current County of Los Angeles Community Facilities Districts Goals and Policies and incorporate into the Board Policy Manual.</td>
</tr>
<tr>
<td>BACKGROUND</td>
<td>California Government Code Section 53312.7 requires all local agencies to adopt Community Facilities Districts (CFD) Goals and Policies to govern the use and application of the CFD prior to the initiation of the formation process. As a result, the County adopted the Mello-Roos Community Facilities Act Goals and Policies in 1994, which established guidelines to govern the formation of CFDs, the sale of CFD bonds to finance public improvements, and the subsequent administration of special taxes levied by CFDs on parcels within its parameters. Since that time, the Government Code was updated to permit financing of services in addition to public facilities. The updated Policy reflects this change and includes various updates to the list of eligible facilities that can be financed, as well as an increased value-to-lien ratio from 3:1 to 4:1 as it pertains to the aggregate property value within a CFD relative to the amount of bonds sold. The Mello-Roos Task Force reviewed and provided input to the updated CFD Policy and it is recommended for inclusion in the Board Policy Manual.</td>
</tr>
</tbody>
</table>
| DEPARTMENTAL AND OTHER CONTACTS | Teresa Gee, Chief Public Finance Officer (213) 974-8359 tgee@ttc.lacounty.gov  
John Patterson, Senior Finance Analyst (213) 974-2310 jpatterson@ttc.lacounty.gov |
September 3, 2019

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:

APPROVAL OF COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT GOALS AND POLICIES
(ALL DISTRICTS)
(3-VOTES)

SUBJECT

Recommendation to approve the updated County of Los Angeles Community Facilities District Goals and Policies (the “CFD Policy”) as Board Policy 4.047 in order to ensure that the development and financing of public infrastructure and services within the County of Los Angeles using community facilities districts (“CFDs”) is managed in accordance with sound fiscal policy for the benefit of County residents.

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution approving the CFD Policy and approve its incorporation into the Board Policy Manual as Board Policy 4.047.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the CFD Policy is to govern the formation of CFDs, the sale of CFD bonds to finance public infrastructure, and the subsequent administration of special taxes levied by CFDs on parcels within their respective jurisdictions. On January 5, 1994, the County of Los Angeles adopted local goals and policies (the “1994 CFD Policy”) concerning the use and application of the Mello-Roos Community Facilities Act of 1982 (the “Mello-Roos Act”) to comply with the requirements of Section 53312.7 of the California Government Code (the
“Government Code”). Our departments are recommending that your Board approve an updated CFD Policy and incorporate the CFD Policy in the Board of Supervisors’ Policy Manual. In the process of updating the 1994 CFD Policy, our departments sought input from the Mello-Roos Task Force consisting of staff from the Chief Executive Office, Los Angeles County Development Authority, County Counsel, Fire, Health Services, Library, Parks and Recreation, Public Works, and Sheriff.

The updated CFD Policy includes clarification and updates to key aspects of the 1994 CFD Policy, with the most significant changes including the following:

- The list of eligible facilities that can be financed with CFD bonds is expanded to include facilities for flood and storm protection services and other governmental facilities.
- Revisions to allow for the financing of certain services with an annual CFD tax levy that are authorized under Section 53313 of the Government Code. Such services include, but are not limited to: police, fire and paramedic services; operation and maintenance of recreational facilities; biological mitigation measures, street lighting and public rights of way landscaping; and road maintenance.
- The minimum value-to-lien ratio increased from 3:1 to 4:1 as it pertains to the aggregate property value within a CFD relative to the amount of bonds sold.

**Implementation of Strategic Plan Goals**

The recommended action supports County Strategic Plan Strategy III.3 - Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability.

**FISCAL IMPACT/FINANCING**

All expenses for each CFD, including debt service payments on CFD bonds issued to finance public infrastructure, are the legal obligation of the property owners within the CFD, with no financial recourse to the County.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Mello-Roos Act was enacted by the State of California in 1982 to enable local governments to form CFDs to fund the construction, acquisition, operation, maintenance, or enhancement of certain public facilities and services. The Mello-Roos Act authorizes the issuance of bonds to finance public facilities, and the levying of special taxes to pay the debt
service on CFD bonds and to provide funding for certain public services provided to property owners and residents within a CFD.

Pursuant to Section 53312.7 of the Government Code, the CFD Policy is a document that is required to be adopted by the Board prior to the initiation of CFD formation proceedings and which must include the following:

1. A statement of the priority that various kinds of public facilities and services shall have for financing through the use of the Mello-Roos Act, including public facilities to be owned and operated by other public agencies, including school districts, and services to be provided by other public agencies.

2. A statement concerning the credit quality to be required of bond issues, including criteria to be used in evaluating the credit quality.

3. A statement concerning steps to be taken to ensure that prospective property purchasers are fully informed about their taxpaying obligations imposed under the Mello-Roos Act.

4. A statement concerning criteria for evaluating the equity of tax allocation formulas, and concerning desirable and maximum amounts of special tax to be levied against any parcel pursuant to the Mello-Roos Act.

5. A statement of definitions, standards, and assumptions to be used in appraisals required by Section 53345.8 of the Government Code.

The County adopted the 1994 CFD Policy on January 25, 1994 in compliance with Government Code Section 53312.7. The revised CFD Policy that is being recommended for adoption by your Board includes updated guidelines for the County's use of CFDs to finance various types of public facilities and services for the benefit of County residents.

Subject to Board approval, the CFD Policy allows for any policy or goal stated therein to be supplemented or amended and for any provision set forth therein to be waived or changed for a specific project. The CFD Policy is subject to periodic review and update (with Board approval) by the TTC and Regional Planning, either as the result of material changes in market conditions, best practices, or if any legal and/or regulatory requirements warrant such an update. All updates to the CFD Policy will require approval by your Board.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There is no impact on current services or projects.
CONCLUSION

Upon approval, it is requested that the Executive Officer-Clerk of the Board of Supervisors return two originally executed copies of the adopted Resolution to the Treasurer and Tax Collector and Regional Planning.

Respectfully submitted,

KEITH KNOX
Acting Treasurer and Tax Collector

AMY J. BODEK
Director, Regional Planning

Attachments

c: Sheriff
   Chief Executive Office
   County Counsel
   Community Development Commission
   Fire
   Health Services
   Library
   Parks & Recreation
   Public Works
PURPOSE

The purpose of this Community Facilities District Goals and Policies is to establish written policies and guidelines to govern the formation and financing of public infrastructure and services within the County of Los Angeles using community facilities districts (“CFDs”) in accordance with sound fiscal policy for the benefit of County residents. While controls have been in place since 1987, the Board adopted the Mello-Roos Community Facilities Act Goals and Policies in January 1994, which have been updated in September 2019 for incorporation into the Board's Policy Manual.

REFERENCE

Attachment 1 Communities Facilities District Task Force
Attachment 2 Communities Facilities District Formation Process
Attachment 3 Communities Facilities District Appraisal Guidelines
January 10, 1994 Treasurer and Tax Collector and Regional Planning Board Letter
August 14, 1987 Department of Public Works Board Letter
August 20, 1985 Title 21 Los Angeles County Code, Ordinance No. 85-0136

POLICY

SECTION I: INTRODUCTION

The County of Los Angeles Community Facilities District Goals and Policies (Policy) concerning the use of the Mello-Roos Community Facilities Act of 1982 (Act) has been adopted by the County of Los Angeles (County) pursuant to Section 53312.7 of the California Government Code (Government Code). Accordingly, the County is authorized to initiate proceedings to establish Community Facilities (Mello-Roos) Districts (CFDs) pursuant to the Act. The Policy includes guidelines to govern the formation of CFDs, the sale of CFD bonds and the subsequent administration of special taxes levied by CFDs on parcels within their respective jurisdictions.

The County will consider applications for the formation of CFDs initiated by owners or developers of vacant property proposed to be developed, owners of property within existing developed areas or registered voters residing in existing developed areas, or the County itself may provide for the establishment of CFDs to finance public improvements or
to provide public services authorized under the Act and approved in accordance with the provisions hereof.

The determination to proceed with the formation of any CFD and/or provide for the issuance of CFD bonds is solely with the discretion of the County. Any policy or goal stated herein may be supplemented or amended and any provision set forth herein may be waived or changed for a specific project by an action of the County of Los Angeles Board of Supervisors (Board).

SECTION II: ELIGIBLE FACILITIES AND SERVICES

Pursuant to Government Code Section 53312.7(a)(1), the County will prioritize various kinds of public facilities and services for financing as described below.

Subject to the requirements of the Act, facilities eligible for CFD financing include public facilities required by residential, commercial and industrial subdivisions, when those facilities represent a significant regional benefit. For purposes of this Policy, public facilities are defined as those facilities which benefit the surrounding community. The County shall prioritize for CFD financing, public facilities for which the County, or a public agency as determined appropriate by the County, has normal operating and maintenance responsibility, that provide a significant regional benefit.

Subject to the requirements of the Act, the types of facilities which may be financed include any facility eligible to be financed under Section 53313.5 of the Government Code as it now exists or may be amended in the future. Eligible facilities which may be financed include, but are not limited to:

1. Streets
   a. Streets and roads
   b. Collector streets which significantly improve the level of service on adjacent or connecting highways

2. Utilities, sewer, water and drainage facilities as permitted by law, such as:
   a. Facilities located within an eligible road, as specified above
   b. Regional facilities required as a condition of approval of a tentative map
   c. Facilities for flood and storm protection services

3. Additional facilities which may be financed include, but are not limited to:
   a. Parks, recreational facilities, open-space facilities, and multi-use trails
   b. Libraries
   c. Senior centers
   d. Fire and sheriff stations
   e. Health care facilities
   f. School sites
   g. Other governmental facilities
   h. Child care facilities

The County shall determine, in its sole discretion, whether a proposed facility shall be CFD financed.

It is the policy of the County to give priority to the provision of public facilities benefiting the County in any CFD established by the County. The Board shall have the final determination as to the prioritization of financing of any facilities.
Subject to the requirements of the Act, the services eligible for CFD financing include services that are authorized under Section 53313 of the Government Code as it now exists or may be amended in the future. These services include, but are not limited to:

1. Police, fire protection and paramedic facilities and services
2. Operation and maintenance of parks, recreational facilities, open space, and multi-use trails
3. Biological mitigation measures involving land acquisition, dedication and revegetation
4. Street lighting and public rights of way landscaping
5. Road maintenance

In accordance with Section 53313, the County will not issue bonds to fund any of the services specified in Section 53313, although it may issue bonds to fund capital facilities to be used in providing these services.

Generally, a CFD formed by the County may not finance public services provided by any other public agency, but the County retains the right and sole discretion to consider applications to finance services on a case-by-case basis.

SECTION III: ELIGIBLE SUBDIVISION PROJECTS

It is the strong preference of the County that subdivision project entitlements have progressed to the approved tentative map stage prior to formation of a CFD. In extraordinary circumstances, the County may consider formation of a CFD prior to tentative map approval when such a formation can be justified to the County’s satisfaction. In no event will the County issue CFD bonds prior to the developer obtaining approved tentative maps for all land that will provide security for a bond issue.

SECTION IV: APPLICATION AND DEPOSIT PROCESS

The Application to Consider Formation of County of Los Angeles Community Facilities (Mello-Roos) District for a proposed CFD can be obtained from the County Treasurer and Tax Collector (TTC) and completed applications should be returned to the TTC. The TTC will forward completed applications to each member of the County of Los Angeles Community Facilities (Mello-Roos) District Task Force (Task Force) for review (Attachment 1 is a listing of Task Force members). The Task Force will review the application for conformance with the Policy and make a recommendation to the Board regarding the application (Attachment 2 lists the steps to be taken by the Board relating to formation of a proposed CFD). The County reserves the right to request additional reports, information and/or studies reasonably necessary to evaluate an application. The failure of an applicant to provide complete and accurate information and/or the failure to notify the County of material changes may result in the County’s cessation of CFD evaluation, formation and/or bond issuance.

The County will not incur any costs or make any advance payments in connection with its review of a proposed CFD. All costs incurred by the County prior to formation of a CFD, including but not limited to consultant costs, County staff and administrative costs and related expenses, costs of printing notices, printing and publication costs, and all expenses directly or indirectly relating to these items, shall be advanced by the applicant.

The County shall require an initial deposit in an amount determined by the County to fund initial staff and consultant costs associated with CFD review and implementation. The deposit shall be replenished as needed to off-set costs and expenses incurred by the County. If the applicant fails to make a necessary deposit of additional funds within 10 business days of receiving notice that
additional funds are needed, the County may suspend all work related to the CFD formation until receipt of such additional deposit.

Advances to the County for formation review costs shall be made pursuant to a Deposit and Reimbursement Agreement entered into between the applicant and the County. The County shall not accrue or pay any interest on any portion of the deposit refunded to any applicant or the costs and expenses it reimburses to an applicant.

After formation of a CFD and the sale of bonds, an applicant may be reimbursed from bond proceeds for certain expenses approved by the County, subject to the limitations of applicable State and federal law. Such reimbursement does not include applicant's counsel or their consultants. Neither the County nor the CFD shall be required to reimburse an applicant or property owner from any funds other than the proceeds of CFD bonds and monies remaining in any fund or account created pursuant to the Deposit and Reimbursement Agreement.

SECTION V: USE OF CONSULTANTS

The County shall select and employ consultants necessary for the review of any application, the formation of the CFD and the sale of CFD bonds. Such consultants can include municipal advisors, bond counsel, disclosure counsel, market absorption analysts, special tax advisors, appraisers, engineering firms and other consultants as deemed necessary by the County. The County shall also select the underwriter(s) for the sale of CFD bonds. Prior consent of the applicant shall not be required in the County's determination of the consultant and underwriting teams.

An applicant may retain its own consultants for its own benefit and at its own expense.

SECTION VI: APPROVED FACILITIES

After review by the Task Force, an applicant must negotiate with the appropriate County department regarding financing and acquisition by the CFD of facilities that would normally be operated or maintained by that department. For example, a fire station financed by the CFD would need the approval of the Fire Department.

The developer must negotiate a single Funding and Acquisition Agreement between the developer and the appropriate County departments for those eligible facilities to be financed by a CFD. Such an agreement will require that the CFD acquires only facilities that are complete, or discrete portions or phases of facilities that are complete. The appropriate County department will make the determination as to when facilities, or discrete portions or phases of facilities, are complete.

SECTION VII: VALUE-TO-LIEN RATIO AND APPRAISAL

The County may sell CFD bonds only if it determines that the value of the real property that would be subject to the special tax to pay debt service on the CFD bonds will be at least four times the principal amount of the CFD bonds to be sold plus the principal amount of all other bonds outstanding that are secured by a special tax levied on property within the CFD or a special assessment levied on property within the CFD. The County will consider overlapping CFDs in determining the minimum value-to-lien ratio, without exception. The County, in its sole discretion, may require a higher value-to-lien ratio based on market and economic conditions. The value-to-lien ratio for each parcel within the CFD may be less than 4:1, but not less than 2:1, as long as the overall valuation of the CFD is at least 4:1. The County retains sole discretion as to whether to sell CFD bonds
when the 4:1 minimum value-to-lien ratio for the overall CFD as well as the 2:1 minimum value-to-lien ratio for each parcel in the CFD are met. The County may consider the use of escrow bonds to finance additional improvements. Proceeds may be released from escrow upon satisfaction of the County’s required minimum value-to-lien ratio for the specific financing. Proceeds not released for improvements shall be used to redeem bonds.

The appraised value of the land within a proposed CFD will be determined by an independent appraiser selected by the County. The appraiser will consider the cost of improvements that have been financed by the CFD or that will be financed in the current bond issue by the CFD and only those existing developer financed improvements in place at the time of appraisal. The appraisal criteria and methodology will be specified by the County in its contract with the appraiser.

Attachment 3 Community Facilities District Appraisal Guidelines contains appraisal guidelines for CFDs.

SECTION VIII: MARKET ABSORPTION STUDY

The County may require an independent absorption study of any proposed residential development project within a proposed CFD, and in such other cases as may be appropriate, prior to the issuance of CFD bonds. The County retains the right and sole discretion to require an independent absorption study. The County shall use the independent absorption study (1) as a basis to verify the proposed base pricing of the finished properties (lots or completed buildings or dwelling units) subject to the levy of the special tax, (2) to determine the projected market absorption of such properties and (3) as a basis to verify that sufficient special tax revenues can be generated to fund the special tax requirement for the CFD. The County may require an independent absorption study of any proposed industrial or commercial development within a proposed CFD. Additionally, the County will provide the projected absorption rates to the appraiser for use in the appraisal.

SECTION IX: SPECIAL TAX FORMULA AND RATE AND METHOD OF APPORTIONMENT

Pursuant to Government Code Section 53312.7(a)(4), the County will consider the information described below when evaluating the equity of tax allocation formulas, as well as desirable and maximum amounts of special tax to be levied against any parcel pursuant to the Act.

The special tax formula will be developed in a manner which treats landowners in the CFD equitably. In a residential CFD, ultimately the County will seek to ensure that the property owner’s interest is protected. Accordingly, the following components will be built into the special tax formula as appropriate:

Special Taxes for Facilities:
   a. Interest earnings for funds established in the CFD financing will accrue to the benefit of each specific fund during the life of the fund. Excess interest earnings shall be used as an offset to the calculation of the annual special tax levy.
   b. Debt service will be structured to be level.
   c. Undeveloped land will bear a fair share of the annual special tax.
   d. The special tax will be structured not to exceed 2% of the projected assessed value of each improved parcel within the CFD when added to the ad valorem property tax, voted indebtedness, overlapping CFDs and direct assessments.
A backup special tax or equivalent thereof will be required for every CFD to account for changing land uses after bonds are issued.

The special tax will be structured as a flat tax, with no annual escalation.

The term of the bonds secured by the special tax shall not exceed the maximum term permitted under the Act.

Capitalized interest may be limited to the time required to levy and collect the special tax on the tax roll so that it will be available for debt service payments.

**Special Taxes for Services:**

- Annual special taxes for services will be identified and included in the formula.
- Annual special taxes may include escalators taking into account the actual cost of services. In developing the initial special tax formula, a reasonable annual escalator should be included in the special tax for services.
- If a special tax for services is levied, the special tax for services must be included when calculating the not-to-exceed 2% cap described above under "Special Taxes for Facilities."

The rate and method of apportionment for the special taxes must be structured so as to produce special tax revenues sufficient to pay:

- Debt service on the CFD bonds and
- Reasonable and necessary annual administrative expenses of the CFD and the CFD bonds.

Additionally, the rate and method of apportionment may be structured so as to produce amounts sufficient to fund:

- Any amounts required to establish or replenish a debt service reserve fund for the bonds,
- Amounts to pay directly costs of facilities authorized by the CFD,
- Amounts equal to delinquencies, and
- Any other costs or payments permitted by law.

The special tax rate and method of apportionment must be structured such that the projected maximum special tax that could be levied in any fiscal year would produce special tax revenues at least equal to (a) 110% of projected annual debt service on the bonds for the current fiscal year plus (b) projected administrative expenses of the CFD for the current fiscal year. Generally, the special tax rate and method of apportionment will be structured to allow prepayment of special taxes by property owners.

The CFD may designate one or more improvement areas, and a separate rate and method of apportionment may be applicable to each improvement area.

The CFD may also designate future improvement areas, which may be annexed to the CFD into an improvement area as prescribed in the Act.

**SECTION X: APPLICANT CREDIT EVALUATION**

The applicant must demonstrate the financial ability to make all special tax payments during the time that the project being financed by the CFD is being constructed. Among other things, the applicant must make available all necessary audited financial statements, as determined by the County and its consultants. In certain cases, the County may require that the applicant post a letter of credit or cash as security for the payment of special taxes during the construction period.

**SECTION XI: JUDICIAL VALIDATION**
The County retains the right and sole discretion to require a judicial validation of CFD formation proceedings and special taxes prior to the sale of any CFD bonds.

SECTION XII: TERMS AND CONDITIONS OF BOND SALES

Pursuant to Government Code Section 53312.7(a)(2), the County will evaluate the credit quality of CFD bonds and will establish all terms and conditions of any CFD bond sales. The terms and conditions include, but are not limited to:

1. Determination of the amount of capitalized interest required, if any.
   a. Capitalized interest may be limited to the time required to levy and collect the special tax on the tax roll so that it will be available for debt service payments.
   b. The capitalized interest period shall not exceed the statutory limit of 24 months.

2. Determination of the term and interest rate on the bonds.
   a. The maximum term of CFD bonds issued should not exceed the maximum term permitted under the Act.
   b. Debt will typically be structured for the shortest reasonable period possible.
   c. The County may issue fixed or variable rate bonds based on its financing needs and market conditions existing at the time of issuance.

3. Determination of the debt service reserve fund amount and its funding source.
   a. The County shall allocate a portion of the proceeds from CFD bonds to a debt service reserve fund in order to achieve the lowest possible cost of financing.
   b. The County reserves the right to waive establishment of a debt service reserve fund.
   c. Per federal tax rules at the time this Policy was formed, the size of the reserve fund on a tax-exempt bond issue shall be the lesser of:
      i. 10% of the initial principal amount of the debt;
      ii. 125% of average annual debt service; or
      iii. 100% of maximum annual debt service.

4. In lieu of holding a cash funded reserve, the County may substitute a reserve surety bond or other credit instrument in its place, if such alternative reserve instrument provides a more cost-effective solution.

5. Sale of the bonds.
   a. Except as otherwise approved by the County, the County will require all major land use approvals and governmental permits necessary for development of land in the CFD to be substantially in place before bonds may be issued.
   b. The property tax delinquency rate on properties within a CFD shall be no greater than 5% at the time of any sale of CFD bonds, with an exception for the issuance of refunding bonds.
   c. It is the ultimate decision of the County to sell bonds.
   d. Determination of the need for credit enhancement.

6. Credit enhancement may be used to improve or establish a credit rating on the bonds. Types of credit enhancement include letters of credit (LOC), bond insurance and surety policies. LOCs shall be issued by an institution, in a form and upon terms and conditions satisfactory to the County. The County may require the use of credit enhancement if it reduces the overall cost of the proposed financing or if the use of such credit enhancement furthers the overall financial objectives.
SECTION XIII: DISCLOSURE REQUIREMENTS

Pursuant to Government Code Section 53312.7(a)(3), the County will take steps to ensure that prospective property purchasers are fully informed about their taxpaying obligations imposed under the Act. In addition to any disclosure provided by the developer, the developer will be contractually obligated through the Funding and Acquisition Agreement and under State law, to give to each prospective property purchaser, prior to or at the time a purchase contract is entered into, the disclosure regarding the special tax on the property and the facilities and/or services financed by the CFD. The County reserves the right to require additional disclosure procedures in any particular case. The County may prescribe specific forms to be used to disclose the existence and extent of obligations imposed by the CFD.

Additionally, State law requires that the governing body of the CFD provide to any person who requests it, a disclosure notice as detailed in the Government Code.

Each owner of a property within the CFD that has not reached its planned development stage and who will be responsible for a substantial portion (as determined by the County) of the payment of special taxes, will be required to provide for inclusion in the official statement or other offering materials distributed in connection with the offering and sale of the CFD bonds, such information as may be required for the County to satisfy requirements of, or avoid liability under, any applicable federal or State securities laws.

Each owner of a property within the CFD that has not reached its planned development stage, and each subsequent owner therein, that will be responsible for a substantial portion (as determined by the County) of the payment of special taxes will be required to provide such information, on an ongoing basis, as may be required for the underwriter of the CFD bonds to satisfy the requirements imposed on it pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

SECTION XIV: SPECIAL ASSESSMENT FINANCING POLICY

This Policy is intended as a supplement to the Board’s existing policy for Special Assessment Financing for Subdivision Improvements. In the event of any material conflict between the terms of this Policy and the Board’s existing policy for Special Assessment Financing for Subdivision Improvements, the terms of this Policy shall control.

RESPONSIBLE DEPARTMENT

Treasurer and Tax Collector
Regional Planning

DATE ISSUED/SUNSET DATE

Issue Date: September 3, 2019   Sunset Date: September 2, 2023
County of Los Angeles
Community Facilities District Task Force
Department Members
(in alphabetical order)

Chief Executive Office
Los Angeles County Development Authority
County Counsel
Fire
Health Services
Library
Parks & Recreation
Public Works
Regional Planning
Sheriff
Treasurer and Tax Collector
Communities Facilities District
Formation Process

- Accept Application
- Adopt Local Goals and Policies
- Adopt Resolution of Intention to form CFD
- Conduct Public Hearing
- Consider formation of the CFD
- Conduct CFD Election/Certify Results
- Consider adoption of Special Tax Ordinance
Community Facilities District
Appraisal Guidelines

Pursuant to Government Code Section 53312.7(a)(5), the following definitions, standards, and assumptions will be used in appraisals required by Government Code Section 53345.8 relating to the sale of CFD bonds under the Act.

Definitions

For purposes of this section, the following definitions will be utilized:

1. "Bulk Sale Value" means the most probable price, in a sale of all parcels within a tract or development project, to a single purchaser or purchasers, over a reasonable absorption period, discounted to a present value, as of a specified date, in cash or in terms equivalent to cash, for which the property rights should sell after reasonable exposure, in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgably, and for self-interest, and assuming that neither is under undue stress.

2. "Discounted Cash Flow" means the measurement of the cash flows associated with the development and sale of real estate parcels, based on an independent judgment of the prices and times at which individual parcels or properties would be sold, after applying a discount rate to such cash flows to reflect the risk-adjusted rate or return necessary to attract the debt and equity investment necessary to undertake and complete the acquisition, entitlement, development and sale of the parcels or properties.

3. "Lien" means, in the case of public debt imposed on a parcel or parcels, the amount of debt attributable to a parcel or parcels, based on an apportionment of the debt to such parcel or parcels in relation to the probable debt service to be borne by such parcel or parcels.

4. "Value" or "Fair Market Value" means the amount of cash or its equivalent which property would bring if exposed for sale in the open market under conditions in which neither buyer nor seller could take advantage of the exigencies of the other, and both have knowledge of all the uses and purposes to which the property is adapted and for which it is capable of being used, and of the enforceable restrictions upon uses and purposes.

5. "Value-to-Lien Ratio" means a calculation to measure the number of times the value of a property exceeds the sum of the Liens, including any proposed liens.

Standards and Assumptions

1. The appraisal shall be approved and signed by a State certified General Real Estate Appraiser who has a minimum of five years' experience and has a designation from an established and recognized appraisal society which tests and
certifies its members.

2. If required, the appraisal shall be conducted by improvement area within the CFD as well as by assessor parcel number within the improvement area.

3. The appraisal date of value shall be within a time period considered to be current by the County in order to support a bond sale.

4. The appraisal shall estimate the fair market value assuming the improvements to be acquired by the CFD have been completed with funding from bond proceeds in its “as is” condition.

5. The appraisal shall include the market approach as well as a discounted cash flow analysis which will consider the improvements, additional costs borne by the developer and total period for absorption.

6. The appraisal shall meet all the standards set by the Uniform Standards of Professional Appraisal Practices pertaining to Mello-Roos appraisals.

Required Appraisal Format

1. Title page
2. Table of contents
3. Transmittal letter
4. Color photographs
5. Certification of appraiser and permission to reproduce and use report as required for bond issuance
6. Purpose of appraisal - to include the reason for the appraisal, definition of all values required, and property rights appraised
7. Legal description - to include a complete description so that property can be properly identified
8. General data relating to the area and local economy as well as specific data relating to the subject property
9. In-depth analysis of development trends in the subject area, valuation analysis by residual land value with supportive data by the market approach
10. Qualifications of all appraisers and technicians contributing to the report
11. Exhibits
   a. location map
   b. comparable sales map
   c. detail of comparative data (market data sheets)
   d. matrix of comparative data (spreadsheets)
   e. construction drawings or portions thereof
   f. plot plans
   g. floor plans (if needed to explain value)
   h. photographs
   i. title reports
   j. subdivision layout plans and engineering estimates
   k. subject property land use map
   l. other pertinent items
January 10, 1994

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:

MELLO-ROOS COMMUNITY FACILITIES ACT
GOALS AND POLICIES
(3-VOTES)

Recent amendment to Government Code Section 53312.7 requires that after January 1, 1994, a local agency to have considered and adopted local Goals and Policies concerning the use of the Mello-Roos Community Facilities Act. This must take place prior to any further initiation of Community Facilities District (CFD) formation proceedings. Because the County has been proactive in providing direction and safeguards in the formation of its CFDs, the addition of new goals or policies has not been necessary to address the criteria contained in State law.

In 1987, the Board amended its subdivision improvement financing policy to allow for the formation of CFDs. Among other things, this policy required that only regional facilities were eligible for financing. Additionally, County departments have instituted various policies to further safeguard future homeowners as well as the County as the sponsoring agency. Some of the issues covered in these policies include:

- disclosure of special tax to prospective homebuyers
- special tax formulation and operation
- validation of legal proceedings
- acquisition of facilities

In order to comply with the new requirement, this office has worked with the Mello-Roos District Task Force to compile those policies and guidelines that have been put into place by the Board and County departments to govern CFD formation and operation. The attached Goals and Policies reflect the various controls that have been put in place since 1987 to govern CFD formation and operation.
The Honorable Board of Supervisors
January 10, 1994
Page 2

The Countywide Mello-Roos District Task Force has reviewed and
approved the attached Goals and Policies and County Counsel has
reviewed for compliance with State law.

THEREFORE, IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the attached Goals and Policies concerning the use of

Very truly yours,

NANCY J. MORTON
Acting Treasurer and Tax Collector

JAMES E. HARTL
Director, Regional Planning
Chairman, Countywide Mello-
Roos District Task Force

Attachment

c: Chief Administrative Officer
County Counsel
GOALS AND POLICIES
COMMUNITY FACILITIES ACT OF 1982
COUNTY OF LOS ANGELES

1. INTRODUCTION

These Goals and Policies concerning the use of the Mello-Roos Community Facilities Act of 1982 (Act) have been adopted by the County of Los Angeles pursuant to Section 53312.7 of the Government Code. This document contains the policies and guidelines which have been put in place to govern the formation of Community Facilities Districts (CFDs), the sale of CFD bonds and the subsequent administration of special taxes levied by CFDs within the unincorporated area of the County.

Pursuant to the Act, an applicant can request that the County Board of Supervisors consider the formation of a CFD on property owned by the applicant/developer. The decision as to whether or not to utilize the County’s authority to form any such CFD rests solely with the discretion of the County.

2. ELIGIBLE FACILITIES

Facilities eligible for district financing include public facilities required by residential, commercial and industrial subdivisions, when those facilities represent a significant regional benefit. For purposes of this policy, such regional facilities are defined as those facilities which benefit the surrounding community.

The major portion of the cost of eligible facilities to be financed should be public facilities for which the County, or a public agency as determined appropriate by the County, has normal operating and maintenance responsibility.

Types of eligible facilities which may be financed include, but are not limited to:

a. Streets
   - Streets and Roads
   - Collector streets which significantly improve the level of service on adjacent or connecting highways

b. Utilities, Sewer, Water and Drainage Facilities as permitted by law, provided they are either:
   - Facilities located within an eligible road, as specified above
   - Regional facilities required as a condition of approval of a tentative map
2. **ELIGIBLE FACILITIES - cont.**

   c. Additional facilities may include the following:
      - Parks, recreation and open space facilities
      - Libraries
      - Senior centers and child care facilities
      - Fire and Sheriff stations
      - Health Care facilities
      - School sites and fees

   **Note:** An exception to the eligible facilities criteria is that the value of land to be transferred to a public agency as a regional facility may not be financed through a CFD, unless the land was acquired offsite by the proponent specifically for that purpose.

   Similarly, right-of-way or land to be dedicated by a subdivider and facilities regulated by a public utility are generally not eligible for financing.

3. **ELIGIBLE SUBDIVISION PROJECTS**

   It is the strong preference of the County that subdivision project entitlements have progressed to the approved tentative map stage prior to formation. In extraordinary circumstances formation of a CFD may be considered prior to tentative map approval when such a formation can be justified to the County's satisfaction. In no event will bonds be issued prior to approved tentative maps being obtained for all land providing security for a bond issue.

4. **APPLICATION AND DEPOSIT PROCESS**

   The application form for a proposed CFD can be obtained from the Office of the Treasurer and Tax Collector. A completed application will be forwarded to the Mello-Roos District Task Force for review. The Task Force will review the application for conformance with Board policy and is responsible for making a recommendation to the Board of Supervisors regarding the proposed facilities.

   There should be no advance payment by, or net cost to, the County for reviewing the formation of a proposed CFD. All costs incurred by the County prior to formation of a district, including but not limited to consultant costs, County staff and administrative costs and related expenses, costs of printing notices, printing and publication costs, and all expenses directly or indirectly relating to these items, shall be advanced by the applicant.
4. APPLICATION AND DEPOSIT PROCESS - cont.

Advances to the County for formation review costs shall be made pursuant to a Deposit and Reimbursement Agreement entered into between the applicant and the Treasurer and Tax Collector.

After formation of a CFD and sale of bonds, an applicant can be reimbursed from bond proceeds for paid consultant costs, but reimbursement shall be limited to those district related consultants approved by the County. Such reimbursement does not include developer's counsel.

5. USE OF CONSULTANTS

The County shall select and employ consultants necessary for the review, formation, and sale of bonds for a proposed CFD. Such consultants can include underwriters, financial advisors, bond counsel, market absorption analysts, special tax advisors, appraisers and engineering firms.

An applicant may retain its own consultants for its own benefit and expense, but such consultants will work through the County and the consultants hired by the County.

6. APPROVED FACILITIES

After review by the Mello-Roos Task Force, an applicant needs to negotiate with the appropriate County department regarding financing and acquisition by the CFD of a facility that will be normally operated or maintained by that department.

A Funding and Acquisition Agreement must be negotiated with the appropriate County departments for those eligible facilities to be financed by a CFD. Such an Agreement will require that the CFD acquires only facilities that are complete. Such facilities can be in components, which must be functional and complete. For facilities under the purview of the Department of Public Works, this determination is evidenced by a "Notice of Completion" which is executed by the Permits and Subdivision Section Head, Construction Division, Department of Public Works.

As required by State law, a Joint Financing Agreement must be in place for any facility which will be owned and operated by any entity other than the County before formation of the CFD.
7. **VALUE TO LIEN RATIO AND APPRAISAL**

By State law, the value of property within a proposed CFD must be three times the principal amount of any bonds secured by the special taxes or levied against the land. The County may require a higher value-to-lien ratio, in its sole discretion, depending on market and economic conditions.

The appraised value of the land within a proposed CFD will be determined by an independent appraiser hired by the County. The appraiser will take into account the value of improvements that have been financed by the CFD or will be financed in the current bond issue by the CFD and only those existing developer financed improvements actually in place at the time of the appraisal. The appraisal criteria and methodology will be specified by the County in its contract with the appraiser.

Attachment 1 contains appraisal guidelines for CFDs.

8. **MARKET ABSORPTION STUDY**

The County will select and employ a consultant who will perform a market absorption analysis of the applicant's proposed project. This analysis will be used to verify the applicant's projections regarding the timing and marketability of the proposed project.

9. **SPECIAL TAX FORMULA**

The Special Tax formula will be developed in a manner which treats landowners in the CFD equitably. In a residential CFD, the County will seek to ensure that the ultimate homeowner's interest is protected. Accordingly, the following components will be built in to the Special Tax formula as appropriate:

- When available, interest earnings will benefit all taxpayers.
- Debt service will be structured to be level.
- Undeveloped land will bear a fair share of the annual Special Tax.
- The Special Tax will be structured to, when added to the ad valorem property tax, voted indebtedness, and direct assessments, not exceed 2% of the projected assessed value of each improved parcel within the CFD.
9. **SPECIAL TAX FORMULA - cont.**

   Capitalized interest will be limited to the lesser of the time it takes to construct the financed facilities or the time required to levy and collect the Special Tax on the tax roll so that it will be available for debt service payments. In any case, the capitalized interest period cannot exceed the statutory limit of 24 months.

10. **CREDIT EVALUATION**

    The applicant must demonstrate the financial ability to make all Special Tax payments during the time that the project is being constructed. The applicant must make available all necessary audited financial statements, as determined by the County and its consultants, in order for a determination to be made regarding the feasibility of any proposed bond sales.

    All information reasonably required by the County and its underwriters will be furnished by the applicant. This information will be made available by the underwriters to all interested prospective bond buyers. An Official Statement regarding all proposed bond sales will be prepared and distributed in accordance with all applicable State and federal laws and regulations.

11. **JUDICIAL VALIDATION**

    A successful judicial validation of CFD formation proceedings and Special Tax will be required prior to the sale of any CFD bonds.

12. **TERMS AND CONDITIONS OF BOND SALES**

    All terms and conditions of any bond sales will be established by the County. The Treasurer and Tax Collector will set such terms and conditions and will be responsible for the administration of the CFD. The responsibilities of the Treasurer include, but are not limited to:

   - Determination of the amount of capitalized interest required, if any.
   - Determination of the term and interest rate on the bonds.
   - Determination of the amount of reserve account.
   - Authorization of disbursement of bond proceeds.
12. **TERMS AND CONDITIONS OF BOND SALES - cont.**

- Determination of authorized investment of bond proceeds.
- Determination of compliance with federal and state tax law.
- Sale of the bonds.
- Determination of the need for credit enhancement.

13. **DISCLOSURE REQUIREMENTS**

In addition to any disclosure provided by the developer, the developer will be contractually obligated through the Funding and Acquisition Agreement to give to each prospective homebuyer, at the time the purchase contract is entered into, the County's one-page information sheet regarding the Special Tax lien on the property and the facilities financed by the CFD.

Additionally, State law requires that the governing body of the CFD provide to any person who requests it, a disclosure notice which is detailed in the Government Code.

14. **SPECIAL ASSESSMENT FINANCING POLICY**

These Goals and Policies are intended as a supplement for the Board's existing policy for Special Assessment Financing for Subdivision Improvements.
COMMUNITY FACILITIES DISTRICTS

APPRAISAL GUIDELINES

Standards and Assumptions

1. The appraisal shall be approved and signed by a State certified General Real Estate Appraiser who has a minimum of five years experience and has a designation from an established and recognized appraisal society which tests and certifies its members.

2. If required, the appraisal shall be conducted by improvement area within the district as well as by assessor parcel number within improvement area.

3. The appraisal date of value shall be within a time period considered to be current by the County in order to support a bond sale.

4. The appraisal shall estimate the fair market value assuming the improvements to be acquired by the district have been completed with funding from bond proceeds in its "as is" condition.

5. The appraisal shall include the market approach as well as a discounted cash flow analysis which will consider the improvements, additional costs borne by the developer and total period for absorption.

6. The appraisal shall meet all the standards set by the Uniform Standards of Professional Appraisal Practices pertaining to Mello-Roos appraisals.

Required Format

1. Title page

2. Table of contents

3. Letter of transmittal

4. Color photographs

5. Certification of appraiser and permission to reproduce and use report as required for bond issuance.

6. Purpose of appraisal - to include the reason for the appraisal, definition of all values required, and property rights appraised.
Appraisal Guidelines - continued

7. Legal description - to include a complete description so that property can be properly identified.

8. General data relating to the area and local economy as well as specific data relating to subject property.

9. In-depth analysis of development trends in subject area, valuation analysis by residual land value with supportive data by the market approach.

10. Qualification of all appraisers and technicians contributing to report.

11. Exhibits
   a. location map
   b. comparable sales map
   c. detail of comparative data (market data sheets)
   d. matrix of comparative data (spread sheets)
   e. construction drawings or portions thereof
   f. plot plans
   g. floor plans (if needed to explain value)
   h. photographs
   i. title reports
   j. subdivision layout plans and engineering estimates
   k. subject property land use map
   l. other pertinent items

12. Separate summary letter to be used in Official Statement.
### BOARD LETTER/MEMO – FACT SHEET

**OPERATIONS CLUSTER**

<table>
<thead>
<tr>
<th>OPERATIONS CLUSTER AGENDA REVIEW DATE</th>
<th>8/8/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOARD MEETING</td>
<td>N/A. Filing only.</td>
</tr>
<tr>
<td>SUPERVISORIAL DISTRICT AFFECTED</td>
<td>All</td>
</tr>
<tr>
<td>DEPARTMENT</td>
<td>Treasurer and Tax Collector</td>
</tr>
<tr>
<td>SUBJECT</td>
<td>Advanced Notice of Intent to Negotiate Sole Source Agreement Extension to Agreement Number 75985 (Wausau Financial Systems, Inc.) for Continued Maintenance and Support of the Treasurer and Tax Collector Image Management System</td>
</tr>
<tr>
<td>PROGRAM</td>
<td>N/A</td>
</tr>
<tr>
<td>SOLE SOURCE CONTRACT</td>
<td>Yes</td>
</tr>
<tr>
<td>If Yes, please explain why:</td>
<td>The Image Management System (IMS) is a proprietary system of Wausau Financial Systems, Inc. (Wausau). Wausau is the only known source that can provide maintenance and support for IMS.</td>
</tr>
<tr>
<td>DEADLINES/TIME CONSTRAINTS</td>
<td>The current agreement with Wausau for maintenance and support expires on January 31, 2020.</td>
</tr>
<tr>
<td>COST &amp; FUNDING</td>
<td>Total cost: Unknown at this time.</td>
</tr>
<tr>
<td>TERMS (if applicable):</td>
<td></td>
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<tr>
<td>Explanation:</td>
<td>Based on historical figures, the TTC estimates costs to be approximately $120,000. The funding source will be remaining Pool Dollars on the existing Wausau agreement.</td>
</tr>
<tr>
<td>PURPOSE OF REQUEST</td>
<td>In accordance with Board Policy 5.100, Sole Source Contracts, the Treasurer and Tax Collector (TTC) wishes to inform the Board of Supervisors that the TTC intends to begin Sole Source Contract negotiations for continued maintenance and support services of IMS for 12 months, for the period from February 1, 2020, to January 31, 2021, to allow the TTC sufficient time to implement a replacement system for IMS.</td>
</tr>
<tr>
<td>BACKGROUND (include internal/external issues that may exist)</td>
<td>IMS is a customized document management system that allows TTC staff to scan and route documents received from constituents to various work queues, allowing staff to research and resolve constituent inquiries. IMS is an existing component of the TTC’s Remittance Processing System, which the TTC is currently replacing. The replacement Remittance Processing System, which the TTC expects will go live in September 2019, does not include a replacement for IMS. To continue to provide service to our constituents, the TTC is developing and implementing a replacement IMS system; however, the TTC anticipates that it will need an additional 12 months of maintenance and support from Wausau to allow time for the implementation of the replacement IMS system.</td>
</tr>
<tr>
<td>DEPARTMENTAL AND OTHER CONTACTS</td>
<td>Name, Title, Phone # &amp; Email:</td>
</tr>
<tr>
<td></td>
<td>Bruce Robert, Assistant Treasurer and Tax Collector</td>
</tr>
<tr>
<td></td>
<td>(213) 974-7363 <a href="mailto:brobert@ttc.lacounty.gov">brobert@ttc.lacounty.gov</a></td>
</tr>
</tbody>
</table>
August XX, 2019

TO: Supervisor Janice Hahn, Chair
    Supervisor Hilda L. Solis
    Supervisor Mark Ridley-Thomas
    Supervisor Sheila Kuehl
    Supervisor Kathryn Barger

FROM: Keith Knox
    Acting Treasurer and Tax Collector

SUBJECT: ADVANCE NOTIFICATION OF INTENT TO NEGOTIATE SOLE SOURCE AGREEMENT EXTENSION TO AGREEMENT NUMBER 75985 (WAUSAU FINANCIAL SYSTEMS, INC.) FOR CONTINUED MAINTENANCE AND SUPPORT OF THE TREASURER AND TAX COLLECTOR IMAGE MANAGEMENT SYSTEM

In accordance with Board Policy 5.100, Sole Source Contracts, this correspondence provides notification to your Board that the Treasurer and Tax Collector (TTC) intends to begin Sole Source Contract negotiations with Wausau Financial Systems, Inc. (Wausau) for maintenance and support services for its Image Management System (IMS) for the period from February 1, 2020, to January 31, 2021, to allow the TTC sufficient time to implement a replacement system, which the TTC plans to develop using internal staffing resources.

BACKGROUND

The TTC serves as the processor for all property tax payments in the County of Los Angeles (County), as well as mail-in payments for several County departments and related agencies. To process these mail-in payments, as well as walk-in payments made at the Kenneth Hahn Hall of Administration, the TTC utilizes a system of hardware and software referred to as the Remittance Processing System (RPS), which the TTC first implemented in August 2000. The existing RPS includes IMS, which is a customized document management system that allows TTC staff to scan and route documents received from constituents to various work queues, allowing staff to research and resolve constituent inquiries. These work queues allow for supervisory review and approval of staff responses, ensuring effective and efficient resolution of
constituent inquiries. The Auditor-Controller also utilizes IMS to manage constituent inquiries regarding property tax matters.

The TTC has three contracts currently for the maintenance and support of RPS.

- Wausau: Provides maintenance and support for the software used to process and deposit mail-in payments and manage the input and review of documents for the resolution of constituent issues.

- OPEX Corporation (OPEX): Provides hardware maintenance and support for the hardware used to open envelopes and scan payments.

- CORE Business Technologies (CORE): Provides maintenance and support for the software and hardware used to process walk-in payments.

In 2013, the TTC determined that its RPS would reach end-of-life and it was necessary to begin the process to replace it. Between October 2013 and March 2015, the TTC submitted to your Board Sole Source Agreement extensions to the existing contracts with Wausau, OPEX, and CORE, and aligned the expiration date of these contracts to provide sufficient time to release a competitive solicitation and implement a new RPS. Your Board approved these Sole Source Agreement extensions.

On July 20, 2017, the TTC issued a competitive solicitation for a new Remittance Processing Replacement System (RPRS), which included requirements for processing mail-in and over-the-counter payments. The TTC did not include replacement of IMS as a requirement in the competitive solicitation, as this service is generally outside the scope of payment processing system providers. In addition, IMS only managed correspondence, while the TTC receives constituent inquiries via correspondence, emails, phone calls, and in-person visits. The TTC began researching available options to provide a more comprehensive replacement for IMS that would better serve constituent needs.

On July 17, 2018, your Board approved a contract with Fairfax Imaging, Inc. (Fairfax) for the provision of a new RPRS. Your Board also approved Sole Source Agreement extensions with Wausau, OPEX, and CORE to extend the term of the agreements through January 31, 2020, to allow sufficient time to complete the implementation of the new RPRS.

**JUSTIFICATION**

This Sole Source Agreement extension is required for the provision of maintenance and support services for Wausau's IMS while TTC staff develops and implements a case management system to replace IMS. In reviewing available options, the TTC
considered Fairfax’s proposed RPRS, which does include limited functionality for document workflow; however, after careful examination, the TTC determined that this solution would not meet the TTC’s existing needs, let alone the expanded needs that the TTC was attempting to address. The TTC determined that it can develop and implement a case management system internally, which will allow for greater flexibility and control of the system. The new system will be able to track constituent phone calls, visits to the public service counter, emails, and correspondence from a central application. The TTC anticipates going live with RPRS by September 2019, so the TTC will not require further extensions with OPEX or CORE, nor will the TTC require further extensions of Wausau’s software to process mail-in payments. However, the TTC anticipates that it will need Wausau to provide up to 12 months of additional maintenance and support for IMS to accommodate the implementation of its replacement.

The Wausau system is a proprietary system. Wausau is the only known source that can provide the respective comprehensive maintenance and support services for IMS.

The Chief Information Office has reviewed and concurs with this sole source justification. In addition, the TTC briefed this item at the Operations Cluster Meeting on August 8, 2019.

CONCLUSION

Unless otherwise directed by your Board within 20 business days from the date of this notification, the TTC will proceed with Sole Source Contract negotiations with Wausau to provide maintenance and support services for IMS, which will ensure continuity of operations while the TTC implements the new case management system.

Should you have any questions, you may contact me directly or your staff may contact Bruce Robert, Assistant Treasurer and Tax Collector, of my staff at (213) 974-7363 or brobert@ttc.lacounty.gov.

KK:BR:lc

Attachment

   c. Auditor-Controller
      Chief Executive Officer
      County Counsel
      Executive Officer, Board of Supervisor
      Chief Information Officer
SOLE SOURCE CHECKLIST

Department Name: Treasurer and Tax Collector

☐ New Sole Source Contract
☑ Sole Source Amendment to Existing Contract

Date Existing Contract First Approved: December 11, 2018

<table>
<thead>
<tr>
<th>Check (✓)</th>
<th>JUSTIFICATION FOR SOLE SOURCE CONTRACTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Identify applicable justification and provide documentation for each checked item.</td>
</tr>
<tr>
<td>✓</td>
<td>Only one bona fide source (monopoly) for the service exists; performance and price competition are not available. A monopoly is an “Exclusive control of the supply of any service in a given market. If more than one source in a given market exists, a monopoly does not exist.”</td>
</tr>
<tr>
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<td>Compliance with applicable statutory and/or regulatory provisions.</td>
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<td></td>
<td>Compliance with State and/or federal programmatic requirements.</td>
</tr>
<tr>
<td></td>
<td>Services provided by other public or County-related entities.</td>
</tr>
<tr>
<td></td>
<td>Services are needed to address an emergent or related time-sensitive need.</td>
</tr>
<tr>
<td></td>
<td>The service provider(s) is required under the provisions of a grant or regulatory requirement.</td>
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<tr>
<td></td>
<td>Additional services are needed to complete an ongoing task and it would be prohibitively costly in time and money to seek a new service provider.</td>
</tr>
<tr>
<td></td>
<td>Services are needed during the time period required to complete a solicitation for replacement services; provided services are needed for no more than 12 months from the expiration of an existing contract which has no available option periods.</td>
</tr>
<tr>
<td>✓</td>
<td>Maintenance and support services are needed for an existing solution/system during the time to complete a solicitation for a new replacement solution/system; provided the services are needed for no more than 24 months from the expiration of an existing maintenance and support contract which has no available option periods.</td>
</tr>
<tr>
<td></td>
<td>Maintenance service agreements exist on equipment which must be serviced by the original equipment manufacturer or an authorized service representative.</td>
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<tr>
<td></td>
<td>It is more cost-effective to obtain services by exercising an option under an existing contract.</td>
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<tr>
<td></td>
<td>The contractor was selected through a competitive solicitation process conducted by an outside entity (e.g. other municipalities, public agencies, State/federal government or non-profit organizations).</td>
</tr>
<tr>
<td></td>
<td>It is in the best economic interest of the County (e.g., significant costs to replace an existing system or infrastructure, administrative cost savings and excessive learning curve for a new service provider, etc.). In such cases, departments must demonstrate due diligence in qualifying the cost-savings or cost-avoidance associated with the best economic interest of the County.</td>
</tr>
</tbody>
</table>

________________________________________  ____________________________  ____________
Chief Executive Office                                  Date
<table>
<thead>
<tr>
<th><strong>OPS CLUSTER AGENDA REVIEW DATE</strong></th>
<th>8/8/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BOARD MEETING</strong></td>
<td>9/3/2019</td>
</tr>
<tr>
<td><strong>SUPERVISORIAL DISTRICT AFFECTED</strong></td>
<td>All Supervisorial Districts</td>
</tr>
<tr>
<td><strong>DEPARTMENT</strong></td>
<td>DEPARTMENT OF TREASURER AND TAX COLLECTOR (TTC)</td>
</tr>
<tr>
<td><strong>SUBJECT</strong></td>
<td>RECOMMENDATION TO AWARD A CONTRACT FOR ONLINE AUCTIONS OF TAX DEFAULTED PROPERTY SERVICES TO BID4ASSETS, INC.</td>
</tr>
<tr>
<td><strong>SOLE SOURCE CONTRACT</strong></td>
<td>☒ Yes ☐ No</td>
</tr>
<tr>
<td>If Yes, please explain why:</td>
<td></td>
</tr>
<tr>
<td><strong>DEADLINES/ TIME CONSTRAINTS</strong></td>
<td>Current contract expires on 9/17/19.</td>
</tr>
<tr>
<td><strong>COST &amp; FUNDING</strong></td>
<td>Total cost: $0 Funding source: This is a no-cost Contract. Bid4Assets will assess its own fees to each winning bidder of the online auction of tax-defaulted properties.</td>
</tr>
<tr>
<td><strong>TERMS (if applicable):</strong></td>
<td>Three years, plus two optional one-year extensions.</td>
</tr>
<tr>
<td><strong>EXPLANATION</strong></td>
<td></td>
</tr>
<tr>
<td><strong>PURPOSE OF REQUEST</strong></td>
<td>Request for approval to award and execute contract for Online Auctions of Tax Defaulted Property Services to Bid4Assets, Inc.</td>
</tr>
<tr>
<td><strong>BACKGROUND (include internal/external issues that may exist)</strong></td>
<td>State law requires the Tax Collector to offer at auction, tax-defaulted properties Subject to the Tax Collector's Power to Sell (STPTS) within four years of the property becoming STPTS and if unsold, every six-years thereafter. With the large number of tax-defaulted properties, an online auction has the potential to generate a large number of bidders and avoid costs for rental, security, and other in-person auction related expenses, thus ensuring compliance with State law.</td>
</tr>
</tbody>
</table>
| **DEPARTMENTAL AND OTHER CONTACTS** | Name, Title, Phone # & Email:  
  ¡ Deondria Barajas, Operations Chief (213) 974-0070 dbarajas@ttc.lacounty.gov  
  ¡ Keith Knox, Chief Deputy (213) 974-0703 kknox@ttc.lacounty.gov |
September 3, 2019

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:

TREASURER AND TAX COLLECTOR
RECOMMENDATION TO AWARD A CONTRACT FOR
ONLINE AUCTIONS OF TAX DEFAULTED PROPERTY SERVICES TO
BID4ASSETS, INC.
(ALL DISTRICTS) (3 VOTES)

CIO RECOMMENDATION:  APPROVE (X) APPROVE WITH MODIFICATION (   )
DISAPPROVE (   )

SUBJECT

The recommended action is to approve a contract award to Bid4Assets, Inc. (Bid4Assets) for the provision of Online Auctions of Tax Defaulted Property Services.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Award and instruct the Chair of the Board of Supervisors (Board) to sign the attached Contract with Bid4Assets to provide Online Auctions of Tax Defaulted Property Services to the County of Los Angeles (County) Department of Treasurer and Tax Collector (TTC) commencing on September 18, 2019, or upon the date of Board approval, whichever is later, for a three-year term at no cost to the County.

2. Delegate authority to the Acting Treasurer and Tax Collector, or his designee, to execute amendments to the Contract to: (1) exercise the optional two one-year extensions, and (2) add, delete, and/or revise certain terms and conditions as required under federal or state law or regulation, policies of the County, Board,
3. Delegate authority to the Acting Treasurer and Tax Collector, or his designee, to modify the terms that affect the SOW, but do not materially alter the Contract, as required by the Board or CEO, provided the TTC obtains County Counsel’s approval prior to the execution of such amendments and/or change notices.

4. Delegate authority to the Acting Treasurer and Tax Collector, or his designee, to execute applicable Contract amendments in the event an entity acquires the original contracting entity, the original contracting entity merges, or otherwise undergoes a corporate action.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The California Revenue and Taxation Code (R&TC) mandates the Treasurer and Tax Collector to collect secured property taxes and auction properties that are Subject to the Tax Collector’s Power to Sell due to defaulted property taxes exceeding five years or more for residential or agricultural property and three years or more for non-residential commercial property and vacant land (Tax-Defaulted Property).

In an effort to ensure statutory requirements are met and to maximize the number of parcels returned to a tax-paying status, the TTC conducts online “B” Auctions for vacant land that had been previously offered at an in-person “A” Auction, but did not sell.

The benefit of an online auction is that it provides easier access for participation, which affords a greater opportunity to expand the pool of bidders. With a larger bidder pool, there is an increased likelihood of selling more Tax-Defaulted Properties. In-person auctions conducted by the TTC typically draw about four hundred to five hundred registered bidders; however, with an online auction, that number could be much higher as the constraints of having to appear in-person would not apply.

The TTC’s cost savings that result from implementation of an online auction system is approximately $23,000, on an annual basis. These savings result from reduced rental, security, meal, and other related in-person auction expenses.

The existing contract expires on September 17, 2019. The incumbent provider of these services is Bid4Assets.
Implementation of Strategic Plan Goals

The approval of this Contract is consistent with the County Strategic Plan Strategy III.3 - Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability.

FISCAL IMPACT/FINANCING

There is no cost to the County. Bid4Assets will assess its own fees to each winning bidder of the online auction of tax-defaulted properties.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to California Government Code Section 31000, your Board is authorized to contract for special services.

Pursuant to R&TC Division 1, Part 6, Chapter 7, the Treasurer and Tax Collector is mandated to offer tax-defaulted property for sale within four years after the property becomes Subject to the Tax Collector’s Power to Sell for nonpayment of taxes, and if unsold, to offer the property at intervals of no more than six years thereafter.

The recommended Contract contains your Board’s required provisions, including the requirement for the Contractor to notify and assist its employees with the Federal Earned Income Tax Credit application process; the consideration of qualified GAIN/GROW participants for employment openings; the compliance with the Jury Service Program; Safely Surrendered Baby Law; Contractor notification to the County when Contract is within six months from the expiration of the term of the Contract; and the Contractor’s compliance with the Defaulted Property Tax Reduction Program.

CONTRACTING PROCESS

On April 1, 2019, the TTC released the Request for Proposals (RFP) for the provision of Online Auctions of Tax Defaulted Property Services and posted it on the County’s open bids website of registered vendors (Attachment A) under the following Commodity Code, which consisted of approximately 31 registered vendors:

- Auctioneering Services

The TTC also posted the RFP on its website.

Subsequently, the TTC issued one RFP addendum to provide written responses to Proposer’s questions and updated information related to the RFP’s Timetable and Proposal Submission.
The Honorable Board of Supervisors  
September 3, 2019  
Page 4

The proposal submission due date was April 30, 2019 at 5:00 p.m. (Pacific Time). The TTC received two proposals by the proposal submission due date; the first from Bid4Assets, and the second from Grant Street Group, Inc (Grant Street Group). Both proposals were missing information; consequently, the TTC issued Supplemental Data Requests to each Proposer requiring a response and both Proposers complied by providing the requested information. An Evaluation Committee comprised of staff from TTC’s Tax Collections Branch, Banking Operations Branch, and Systems Branch utilized the County’s Informed Averaging scoring methodology to score the proposals.

The proposal submitted by Bid4Assets was the highest ranked, the most responsive and responsible proposal, and demonstrated that Bid4Assets understands the SOW’s requirements. Bid4Assets has verifiable experience providing Online Auctions of Tax Defaulted Property Services.

On June 26, 2019, the TTC notified the non-awarded proposer, Grant Street Group, in writing and provided them with instructions for requesting a debriefing. Grant Street Group requested a debriefing from the TTC. On July 3, 2019 the TTC debriefed Grant Street Group and provided them with instructions for submitting a Notice of Intent to Request a Proposed Contractor Selection Review (PCSR). On July 8, 2019, Grant Street Group filed a Notice of Intent to Request a PCSR. On July 11, 2019 the TTC responded to Grant Street Group’s Notice of Intent to Request a PCSR. Grant Street Group did not file a request for a PCSR.

Bid4Assets accepted all of the County’s terms and conditions in the Contract without taking any exceptions.

The County Counsel has approved the Contract, as to form. The Chief Information Office (CIO) concurs with the TTC’s recommendation and the CIO Analysis is included (Attachment B).

The TTC has determined that the recommended Contract is exempt from Proposition A (County Code Chapter 2.121) and the Living Wage Program (County Code Chapter 2.201) does not apply.

A summary of the Community Business Enterprise Program Statistical Information for the recommended Contractor is included (Attachment C). On final analysis and consideration of award, the TTC selected the Contractor without regard to race/ethnicity, color, religion, sex, national origin, age, sexual orientation, or disability.

**IMPACT ON CURRENT SERVICES**

Approval of the attached Contract will allow the TTC to continue conducting Online
Auctions of Tax Defaulted Property Subject to the Tax Collector’s Power to Sell.

Respectfully submitted,       Reviewed by:

KEITH KNOX       WILLIAM S. KEHOE
Acting Treasurer and Tax Collector   Chief Information Officer

KK:DB:SG:NK:DS:lc

Enclosures

c:  Chief Executive Officer
    County Counsel
    Executive Officer, Board of Supervisors
    Chief Information Officer
<table>
<thead>
<tr>
<th><strong>OPS CLUSTER</strong></th>
<th><strong>AGENDA REVIEW DATE</strong></th>
<th>8/8/2019</th>
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<tbody>
<tr>
<td><strong>BOARD MEETING</strong></td>
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<td>9/3/2019</td>
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<tr>
<td><strong>SUPERVISORIAL DISTRICT AFFECTED</strong></td>
<td></td>
<td>4th</td>
</tr>
<tr>
<td><strong>DEPARTMENT</strong></td>
<td></td>
<td>Fire</td>
</tr>
<tr>
<td><strong>SUBJECT</strong></td>
<td>Approve a proposed new eight-year Lease for approximately 2,676 square feet of office space and 13 on-site parking spaces at 12610-12622 Leffingwell and 13238 and 13248 Imperial Highway, Santa Fe Springs.</td>
<td></td>
</tr>
<tr>
<td><strong>PROGRAM</strong></td>
<td>Southeast District Health Hazardous Materials Division (HHMD) Inspection Field Office</td>
<td></td>
</tr>
<tr>
<td><strong>SOLE SOURCE CONTRACT</strong></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>If Yes, please explain why:</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DEADLINES/ TIME CONSTRAINTS</strong></td>
<td>The Irrevocable Offer Expiration Date on the proposed lease is September 3, 2019.</td>
<td></td>
</tr>
<tr>
<td><strong>COST &amp; FUNDING</strong></td>
<td>Total cost: $940,611 rental costs over 96 months, comprised of the $571,101 base rent, the $324,775 total amortized TI payments and the $74,735 low voltage costs.</td>
<td></td>
</tr>
<tr>
<td>Funding source: 100 percent funded through permit fees.</td>
<td></td>
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<tr>
<td><strong>TERMS (if applicable):</strong> The proposed base rent is subject to 3 percent increases annually. The County will have one five-year option to extend the lease with 12 months prior written notice to Landlord. There is no holdover penalty. The proposed lease provides an early termination right any time after the 60th month with nine months prior written notice.</td>
<td></td>
<td></td>
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<tr>
<td><strong>Explanation:</strong> Funding for the proposed lease will be included in the Fiscal Year 2019-2020 Rent Expense budget and will be billed back to Fire.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PURPOSE OF REQUEST</strong></td>
<td>Approval of the recommended actions will authorize and adequately provide the necessary office space for Fire</td>
<td></td>
</tr>
<tr>
<td><strong>BACKGROUND (include internal/external issues that may exist)</strong>*</td>
<td>The proposed lease will allow Fire to relocate its HHMD inspection field office from the break/lunch room of Fire’s 5825 Rickenbacker Road, Commerce leased facility and into more appropriate office space. The break/lunch room is not an adequate or compatible space for this use and HHMD needs to be relocated to a more suitable space.</td>
<td></td>
</tr>
<tr>
<td><strong>DEPARTMENTAL AND OTHER CONTACTS</strong></td>
<td>Name, Title, Phone # &amp; Email: Michael Navarro CEO- Real Estate Division 213-974-4364 <a href="mailto:Mnavarro@ceo.lacounty.gov">Mnavarro@ceo.lacounty.gov</a></td>
<td></td>
</tr>
</tbody>
</table>
September 03, 2019

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

Dear Supervisors:

NEW EIGHT-YEAR LEASE
FIRE DEPARTMENT
12610-12622 LEFFINGWELL ROAD AND
13238-13248 IMPERIAL HIGHWAY, SANTA FE SPRINGS
(FOURTH DISTRICT)
(3 VOTES)

SUBJECT

Approval of a new eight-year lease for approximately 2,676 square feet of office space, and
13 onsite parking spaces, for the Fire Department’s Southeast District Health Hazardous Materials
Division.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed new lease is exempt from the California Environmental Quality Act
(CEQA), for the reasons stated in this Board letter and in the record of the project.

2. Authorize the Chief Executive Officer, or her designee, to execute the proposed eight-year lease
with Golden Springs Development Company, LLC (Landlord), for approximately 2,676 square feet of
office space and 13 onsite parking spaces at 12610-12622 Leffingwell Road, and 13238-13248
Imperial Highway, Santa Fe Springs, at a maximum first year rental cost not to exceed $64,224.
The rental costs will be 100 percent funded through permit fees.
3. Authorize the Chief Executive Officer, or her designee, to reimburse Landlord up to $267,600 for County’s Tenant Improvement (TI) contribution. The County's TI contribution will either be paid in a lump sum payment or fully amortized over five years at 8.5 percent interest per annum, for a total amortized cost of $324,775 should the entire County’s TI contribution be expended, which equals annual payments of $64,955 costs comprised of a $214,080 reimbursable TI Allowance and a $53,520 Change Order Allowance.

4. Authorize the Fire Chief, or his designee, to contract with the Internal Services (ISD) or Landlord’s County-approved vendor, for the acquisition of materials and labor to install telephone, data, and low-voltage systems, at a cost not to exceed $67,500 if financed. The telephone, data, and low-voltage equipment and vendor installation may be either paid in a lump sum not to exceed $67,500 or be financed not to exceed $74,735 over a five-year term. Labor costs for the Smart Net (enhanced technical support and extended equipment warranty) and ISD services will be paid in lump sum not to exceed $30,375. The telecommunications and low-voltage amount is in addition to the rental costs and TI reimbursements payable to the Landlord.

5. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the terms of the proposed lease, and authorize the Chief Executive Officer, or her designee, to take other actions necessary and appropriate to implement and effectuate the terms of the proposed lease, including, without limitation exercising early termination rights and/or any options to extend the lease.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Fire Department (Fire) Southeast District Health Hazardous Materials Division (HHMD) inspection field office is currently housed in the break/lunch room of Fire’s 5825 Rickenbacker Road, Commerce leased facility. The break/lunch room is not an adequate or compatible space for this use and HHMD needs to be relocated to a more suitable space. The proposed lease will allow Fire to relocate its HHMD inspection field office to a more appropriate office space.

HHMD provides permits and conducts periodic field inspections of businesses, to ensure that they manage, store, and handle hazardous materials and waste according to regulatory requirements. The program emphasizes preventative environmental measures by providing education and other resources to business and community representatives. They help businesses develop employee training and contingency plans to establish preventative rather than reactive measures.

The proposed office space is centrally located within Fire’s Southeast District service area, providing convenient access by the public and clients/businesses. The office will house nine staff, and will receive approximately 2 to 3 clients per week, each staying up to one hour per visit.

Approval of the recommended actions will find that the proposed lease is exempt from CEQA and will allow Fire to operate at the subject facility.
Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of “Make Investments That Transform Lives” (Goal 1) directs that we will aggressively address society’s most complicated social, health, and public safety challenges. We want to be a highly responsive organization capable of responding to complex societal challenges – one person at a time. The proposed lease supports this goal with a facility that provides proper accommodations for staff to provide services, education, and resources to businesses, cities, and community members to ensure that hazardous materials are managed in a safe manner. The proposed new lease is in conformance with the Asset Management Principles, as outlined in Attachment A.

FISCAL IMPACT/FINANCING

If TI costs are amortized, the proposed lease has an estimated first year cost of $129,179, which is comprised of the $64,224 initial annual base rent including parking plus the $64,955 estimated annual reimbursable TI costs, should the entire amounts be expended and amortized.

Alternatively, if TI costs are paid in one lump sum, the first-year rental cost would be $331,824 should the entire TI cost be expended, plus low-voltage costs of $39,247 for a total first year cost of $371,071.

This is a modified-gross lease, whereby the Landlord is responsible for the operating and maintenance cost of the building, and the County is responsible for utilities and janitorial costs. The County is not subject to the building’s operating expense increases.

The total low-voltage costs of $67,500 (material plus labor) may be paid via lump sum payment by Fire. Alternatively, the low-voltage cost may be paid (i) with the equipment and materials costs of $37,125 financed over a five-year term, with annual amortized payments not to exceed $8,872 for a total cost not to exceed $44,360, and (ii) with the labor costs of $30,375 paid in one lump sum payment. If a partial amortized payment is used, the total low-voltage cost will not exceed $74,735 (See Attachment B, Scenario 2).

The aggregate lease expense over the eight-year term would be approximately $940,236 (excluding labor). Attachment B provides an overview of the proposed lease costs.

Sufficient funding for the proposed lease, low-voltage, and TI reimbursement costs over the initial year of the lease term will be included in the Fiscal Year 2019-20 Rent Expense budget and will be billed back to Fire. Beginning with FY 2019-20, ongoing funding for costs associated with the proposed lease will be part of the budget for Fire. These costs for Fire are 100 percent funded through permit fees.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In addition to the basic terms set forth herein, the following are additional facts:

- An eight-year lease term, which commences upon Landlord demising the premises, including separating HVAC systems and utilities from the rest of the building at Landlord’s sole cost, and obtaining final approval from the City of Santa Fe Springs for said work.

- The office space is currently improved with private offices allowing the department to reduce the amount of TI work needed.
- The proposed TI work includes electrical distribution per the County’s specifications which triggers compliance with Title 24 energy efficiencies code requirements, construction of a telecom room, cabling and installation of telecom/security equipment, new carpet, paint and expansion of the break area into a lunch room.

- The proposed lease contains a cancellation provision providing the County the right to terminate at any time after the 60th month of the initial lease term, with nine months prior written notice without penalty.

- One five-year option to extend the lease with 12 months prior written notice.

Fire requested its HHMD field office to be located within the Southeast region of the County. The Chief Executive Office (CEO), conducted a market search of available office space for lease and was able to locate this site that could accommodate this requirement. Based upon a review of available industry data, we have established that the annual rental range for similar space including parking is between $14 and $27 per square foot on a modified-gross basis. Thus, the base annual rental rate of $24 modified-gross with parking for the proposed lease represents a rate within the market range for the area.

Attachment C shows all County-owned and leased facilities within the surveyed areas, which reflects that no County-owned or leased facilities available for the program.

The building does not require seismic assessment by the Department of Public Works since it is a newer building constructed in 2002. Further asbestos was no longer permitted in buildings at that time.

Construction of the TIs is to be completed in compliance with relevant building and construction codes, laws and regulations, including the American with Disabilities Act (ADA).

A notification letter has been sent pursuant Government Code Section 25351. The County has authority to enter into the proposed lease under Government Code section 25351. Counsel has reviewed the proposed lease and has approved it as to form.

The proposed lease will provide an appropriate location for this Fire program, which is consistent with the County’s Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012, as outlined in Attachment D.

ENVIRONMENTAL DOCUMENTATION

The proposed lease is exempt from CEQA. The proposed lease, which leases office space with tenant improvements within an existing building, is within a class of projects that have been determined not to have a significant effect on the environment and which meets the criteria set forth in Section 15301 of the State CEQA Guidelines (Guidelines) and Class 1 of the County’s Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, based on the proposed lease records, it will comply with all applicable regulations, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled pursuant to Government Code Section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.
Upon the Board’s approval of the recommended actions, a Notice of Exemption will be filed with the Registrar-Recorder/County Clerk in accordance with Section 21152 of the California Public Resources Code.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

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

**CONCLUSION**

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

Respectfully submitted,

SAH:FAD:DPH:DL
JLC:MN:MAC:gw

Enclosures

c: Executive Office, Board of Supervisors
   County Counsel
   Auditor-Controller
   Fire
   Internal Services
<table>
<thead>
<tr>
<th></th>
<th><strong>Occupancy</strong></th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
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<tbody>
<tr>
<td>A</td>
<td>Does lease consolidate administrative functions?</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Does lease co-locate with other functions to better serve clients?</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Does this lease centralize business support functions?</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>D</td>
<td>Does this lease meet the guideline of 200 sq. ft. of space per person?</td>
<td>No</td>
<td></td>
<td>X</td>
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<tr>
<td></td>
<td>No, it is 297 sq. ft. per person due to programmatic space needs, i.e.,</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>lockers, waiting area/counter at reception, conference room</td>
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<td></td>
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<tr>
<td>E</td>
<td>Does lease meet the 4/1000 sq. ft. parking ratio guideline?</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>Does public parking and mass-transit exist to facilitate employee, client and</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>visitor access to the proposed lease location?</td>
<td></td>
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<thead>
<tr>
<th></th>
<th><strong>Capital</strong></th>
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<tbody>
<tr>
<td>A</td>
<td>Is it a substantial net County cost (NCC) program?</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Is this a long term County program?</td>
<td></td>
<td>X</td>
<td></td>
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<tr>
<td>C</td>
<td>If yes to 2 A or B; is it a capital lease or an operating lease with an</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>option to buy?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>If no, are there any suitable County-owned facilities available?</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>If yes, why is lease being recommended over occupancy in County-owned</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>space?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>Is Building Description Report attached as Attachment C (aka &quot;Space Search&quot;)?</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>G</td>
<td>Was build-to-suit or capital project considered?</td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th></th>
<th><strong>Portfolio Management</strong></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>Did department utilize CEO Space Request Evaluation (SRE)?</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Was the space need justified?</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>If a renewal lease, was co-location with other County departments</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>considered?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Why was this program not co-located?</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. The program clientele requires a “stand alone” facility.</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>2. No suitable County occupied properties in project area.</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>3. No County-owned facilities available for the project.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Could not get City clearance or approval.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. The Program is being co-located.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Is lease a full service lease?</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No, it is a modified-gross lease, whereby the County is</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>responsible for utilities and janitorial services.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>Has growth projection been considered in space request?</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>Has the Dept. of Public Works completed seismic review/approval?</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Not applicable, newer construction, building built in 2002</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

2If not, why not?
### OVERVIEW OF THE PROPOSED LEASE COSTS

<table>
<thead>
<tr>
<th>Area (square feet)</th>
<th>2,676</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term (years)</td>
<td>Eight-years</td>
</tr>
<tr>
<td>Annual Base Rent(^{(1)})</td>
<td>$64,224 \ ($24 per sq. ft. annually)</td>
</tr>
<tr>
<td>Annual TI Reimbursement (^{(2)})</td>
<td>$64,955 \ ($24.27 per sq. ft. annually)</td>
</tr>
<tr>
<td>Total Annual Lease Costs</td>
<td>$129,179 \ ($48.27 per sq. ft. annually)</td>
</tr>
<tr>
<td>Rental Adjustment</td>
<td>Annual fixed 3 percent rent increases</td>
</tr>
</tbody>
</table>

#### Scenario 1 – Amortized payments for the Tenant Improvement costs.

<table>
<thead>
<tr>
<th>Summary</th>
<th>Base Rent</th>
<th>Tenant Improvements Payments</th>
<th>Total Landlord Lease Costs</th>
<th>Low-Voltage Costs</th>
<th>Total amount for space</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Year Rental Costs:</td>
<td>$64,224(^{(1)})</td>
<td>$64,955(^{(2)})</td>
<td>$129,179</td>
<td>$39,247(^{(3)})</td>
<td>$168,426(^{(3)})</td>
</tr>
<tr>
<td>Eight-Year Rental Costs:</td>
<td>$571,102(^{(4)})</td>
<td>$324,772(^{(2)})</td>
<td>$895,874</td>
<td>$74,735(^{(3)})</td>
<td>$970,609(^{(4)})</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Total annual Base Rent.
\(^{(2)}\) Assumes Additional Tenant Improvement Allowance of $214,080 \ ($80 per RSF) plus Maximum Change Order Allowance of $53,520 \ (20 per RSF) are completely used totaling $267,600 and amortized @ 8.50 % fixed rate over 60 months \ (5 yrs.).
\(^{(3)}\) Includes $37,125 for materials, TESMA financed low-voltage costs amortized over 5 years at 8% interest with annual $8,872 payments, and the $30,375 lump sum labor costs.
\(^{(4)}\) Includes fixed 3 percent annual increases for Base rent only.

#### Scenario 2 - Lump sum payment of the Tenant Improvement costs.

<table>
<thead>
<tr>
<th>Summary</th>
<th>Base Rent</th>
<th>Tenant Improvements Payments</th>
<th>Total Landlord Lease Costs</th>
<th>Low-Voltage Costs</th>
<th>Total amount for space</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Year Rental Costs:</td>
<td>$64,224(^{(1)})</td>
<td>$267,600(^{(3)})</td>
<td>$331,824</td>
<td>$39,247(^{(3)})</td>
<td>$371,071(^{(3)})</td>
</tr>
<tr>
<td>Eight-Year Rental Costs:</td>
<td>$571,102(^{(4)})</td>
<td>$267,600(^{(3)})</td>
<td>$838,702</td>
<td>$74,735(^{(3)})</td>
<td>$913,437(^{(4)})</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Total annual Base Rent.
\(^{(2)}\) Based upon the total Tenant Improvement Allowance of $214,080 plus the maximum Change Order Allowance of $53,520 if fully expended.
\(^{(3)}\) Includes $37,125 for materials, TESMA financed low-voltage costs amortized over 5 years at 8% interest with annual $8,872 payments, and the $30,375 lump sum labor costs.
\(^{(4)}\) Includes fixed 3 percent annual increases for Base rent only.
# FIRE DEPARTMENT
## SPACE SEARCH WITHIN A 3-MILE RADIUS OF 9155 TELEGRAPH ROAD, PICO RIVERA

<table>
<thead>
<tr>
<th>Property ID</th>
<th>Name</th>
<th>Address</th>
<th>Ownership Type</th>
<th>Gross SQFt</th>
<th>Net SQFT</th>
<th>Vacant</th>
</tr>
</thead>
<tbody>
<tr>
<td>4430</td>
<td>Fire Station 103</td>
<td>7300 S Paramount Blvd Pico Rivera 90660</td>
<td>Consolidated Fire Protection District</td>
<td>4795</td>
<td>4076</td>
<td>NONE</td>
</tr>
<tr>
<td>4746</td>
<td>Fire Station 25</td>
<td>9209 E Slauson Ave Pico Rivera 90660</td>
<td>Consolidated Fire Protection District</td>
<td>2848</td>
<td>2421</td>
<td>NONE</td>
</tr>
<tr>
<td>5641</td>
<td>Public Library - Rivera Library</td>
<td>7828 S Serapis Ave Pico Rivera 90660</td>
<td>Owned</td>
<td>6724</td>
<td>5310</td>
<td>NONE</td>
</tr>
<tr>
<td>5904</td>
<td>Sheriff - Pico Rivera Service Building</td>
<td>6631 S Passons Blvd Pico Rivera 90660</td>
<td>Owned</td>
<td>2916</td>
<td>2525</td>
<td>NONE</td>
</tr>
<tr>
<td>8633</td>
<td>Sheriff - Pico Rivera Operation Safe Sts Trailr</td>
<td>6631 S Passons Blvd Pico Rivera 90660</td>
<td>Owned</td>
<td>320</td>
<td>288</td>
<td>NONE</td>
</tr>
</tbody>
</table>
FACILITY LOCATION POLICY ANALYSIS

Proposed Lease: Eight-year lease for 12610-12622 Leffingwell Road and 13238-13248 Imperial Highway, Santa Fe Springs 4th District

A. Establish Service Function Category – Regional and local public service function.

B. Determination of the Service Area – The proposed lease will provide use of approximately 2,676 square feet of office space, and 13 parking spaces for the Fire Department within the Southeast region of the County.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: Needs to be within the Southeast region of the County.
- Need for proximity to existing County facilities: N/A
  
The Facility is centrally located within the Southeast service area providing convenient access by the public and clients.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation:
  
The Facility is conveniently located near public transportation routes.
- Availability of affordable housing for County employees: N/A.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no existing County buildings available to meet the Department’s service needs.
- Compatibility with local land use plans: The site is currently zoned commercial and the current use as office space is consistent with the building’s use, zoning and not in conflict with the goals and policies of the City of Santa Fe Springs Angeles.
• A notification letter has been sent pursuant to Government Code Section 25351.

• Estimated acquisition/construction and ongoing operational costs: The maximum first year cost of $129,179 is comprised of the $64,224 initial annual base rent, the $64,955 maximum annual amortized Additional Tenant Improvement Allowance reimbursement should the entire amount be expended, or $331,824 should the entire proposed $267,600 Tenant Improvement Allowance be expended and paid lump sum to Landlord.

D. Analyze results and identify location alternatives

Based on the space and service needs of Fire, CEO staff surveyed the service area and was unable to identify any sites in the surveyed area that could accommodate this same requirement at that time.

Based upon a review of available industry data, CEO staff has established that the annual rental range for similar space including parking costs is between $14 and $27 per square foot on a modified-gross basis. Thus, the base annual rental rate of $24, modified-gross, including parking, for the proposed lease represents a rate within the market range for the area. Attachment C shows all County-owned and leased facilities within the surrounding service area and there are no County-owned or leased facilities available for the program.

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

The proposed facility provides proper accommodations for the Fire program within their service area. The proposed lease is in conformance with the Asset Management Principles, as outlined in Attachment A. The consolidation of services within one facility at the proposed office will provide a central and appropriate location, which is consistent with the County’s Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012.
COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT

DEPARTMENT: COUNTY OF LOS ANGELES FIRE DEPARTMENT'S HEALTH HAZARDOUS MATERIALS DIVISION, as Tenant

LANDLORD: GOLDEN SPRINGS DEVELOPMENT COMPANY, LLC.

12610-12622 Leffingwell Road and 13238-13248 Imperial Highway
Santa Fe Springs, California 90670
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COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT

THIS LEASE is entered into as of the _____ day of ___________, 2019 between GOLDEN SPRINGS DEVELOPMENT COMPANY, LLC, a California limited liability company ("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:
Golden Springs Development Company, LLC
13116 Imperial Highway
Santa Fe Springs, California 90670-4817
Attn: Moshe J. Sassover

(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) 217-4971

(c) Premises:
Approximately 2,676 rentable square feet within the approximately 12,925 square foot Center (defined below) as shown on Exhibit A attached hereto.

(d) Center:
The approximately 12,925 square feet of improvements at 12610-12622 Leffingwell Road Avenue and 13238-13248 Imperial Highway, Santa Fe Springs, CA 90670 (the "Center"), which is located upon the real property which is currently assessed by the
Los Angeles County Assessor as APN 8044-001-025 and described more particularly in Exhibit B attached hereto (the “Center”, and together with the exterior parking areas, driveways, walkways and landscaped areas associated with the Center, collectively the “Property”);

(e) Term: Eight years commencing upon the “Commencement Date” (as defined in Section 1.1(f) below); and terminating at midnight on the day before the eighth 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 Option Term for which an option has been validly exercised.

(f) Commencement Date: Upon Landlord’s completion of the full height demising wall identified in Exhibit A, the separation of the HVAC system serving the Premises from the HVAC system serving the balance of the building, and Landlord’s installation of new conduit for the future separation of the electrical panel within the Premises from the electrical panel serving the balance of the building.

(g) Commencement Date: See Sections 1.1(e) and 1.1(f), and Section 4(a)

(h) Irrevocable Offer Expiration Date: August 13, 2019

(i) Basic Rent: $5,352 per month (which is based upon a rental rate of $2.00 per rentable square foot (adjustable only as provided in Sections 2(b) and 5 hereof.)

(j) Early Termination Notice Date: At or any time after the 60th month of the initial Term during the initial Term, and any time after the 36th month of the Option Term during each Option Term.

(k) Rentable Square Feet in the Premises: 2,676
(m) **Initial Departmental Use:** County of Los Angeles Fire Department’s Health Hazardous Materials Division

(n) **Parking Spaces:** Thirteen (13) parking spaces, comprised of nine (9) unreserved non-exclusive parking spaces to be shared in common with other tenants of the Center and their employees and invitees, and four (4) reserved spaces located where indicated on Exhibit “F” attached hereto.

(o) **Normal Working Hours:** 8:00 a.m. to 6:00 p.m., Monday through Friday and 9:00 a.m. to 1:00 p.m. Saturday, except New Year’s Day, President’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.

(p) **Asbestos Report:** Not Applicable (Note: The Center was constructed in 2002)

(q) **Disabled Access Survey** Not Applicable.

(r) **Seismic Report** Not Applicable (Note: The Center was constructed in 2002)

1.2. **Defined Terms Relating to Landlord’s Work Letter**

a. **Base Tenant Improvement Allowance:** Not Applicable

b. **Additional Tenant Improvement Allowance:** $214,080 ($80 per RSF)

c. **Maximum Change Order Allowance:** $53,520 ($20 per RSF)

d. **Additional Tenant Improvement and Change Order Amortization Rate:** 8.5% per annum

e. **Base Rent Reduction:** Not Applicable

f. **Tenant’s Work Letter** Miguel Covarrubias or an assigned staff person
Representative: of the Chief Executive Office-Real Estate Division.

g. Landlord’s Work Letter Representative: An assigned representative of the Landlord.

h. Landlord’s Address for Work Letter Notice: See Section 1.1(a)

i. Tenant’s Address for Work Letter Notice: Board of Supervisors
Kenneth Hahn Hall of Administration
Room 383
500 West Temple Street
Los Angeles, California 90012

With a copy to:
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 830-0926

1.3. Exhibits to Lease: Exhibit A - Floor Plan of Premises
Exhibit B - Legal Description of Property
Exhibit C - Commencement Date Memorandum and
Confirmation of Lease Terms
Exhibit D - Cleaning and Maintenance Schedule
Exhibit E - Landlord’s Improvements
Exhibit F - Location of Tenant’s Reserved Parking Spaces
Exhibit G - Tenant Estoppel Certificate
Exhibit H - Subordination, Non-Disturbance and Attornment

1.4. Landlord’s Work Letter: Landlord’s Work Letter
Addendum A: Base Building Improvements
Addendum B: Tenant Improvements
Addendum C: Memorandum of Tenant Improvements Cost

1.5. Supplemental Lease
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 90 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 Center. 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 and other tenants of the Center: the entrances and other public areas of the Center, 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 Center. 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 term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Premises are Substantially Complete, Tenant has inspected the Premises and Tenant has accepted the Premises. 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 Center 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 (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 Center, or a temporary certificate of occupancy for that portion of the Center that includes all of the Premises, or its equivalent (e.g., a final inspection sign-off); and (4) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease.

(b) **Termination Right.** If the Premises are not Substantially Complete due to "Landlord Delay" (as such term is defined in Section 6.2 of the Landlord’s Work Letter) within 120 days from the Commencement Date, subject further 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 Premises are Substantially Complete, 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.** Provided that there is no interference with the progress of Landlord’s and its Contractor’s work on the Tenant Improvements, 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 nine (9) months prior written notice executed by the Chief Executive Officer of Tenant, and paying to Landlord a termination fee equal to the sum of: (i) the unamortized Base Tenant Improvement Allowance, (ii) any remaining unpaid balance of the Additional Tenant Improvement Allowance, and (iii) unamortized brokerage fees paid by Landlord, if applicable. The termination fee shall be payable by Tenant to Landlord thirty (30) days following Landlord’s receipt of Tenant’s notice to terminate. Notwithstanding the foregoing, in the event Tenant terminates this Lease pursuant to this paragraph, Tenant's termination shall be effective only in the event Tenant has not defaulted on any terms of the Lease.

5. **RENT.** Tenant shall pay Landlord the Basic Rent stated in Section 1 during the Term hereof within 15 days after a claim therefor for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "County") prior to the first day of each month, provided that Landlord shall file a payment voucher with the Auditor of the County for the monthly Rent prior to the Commencement Date for the initial month(s) of the Term up to and including December, and annually thereafter in December for the ensuing twelve (12)
months. At each annual anniversary of the Commencement Date, the Basic Rent then in effect shall be increased by three percent (3%) per annum on a cumulative compounded basis. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month. Landlord’s failure to timely provide a payment voucher to Tenant, or failure to include the aforementioned annual Basic Rent increase, shall not be deemed a waiver by Landlord to thereafter provide Tenant with a retroactive payment voucher or a retroactive Basic Rent increase. Tenant shall pay the Rent to Landlord at Landlord's address set forth in Section 1(a), or such other location as Landlord may designate from time to time, via check or warrant; provided, however, that notwithstanding the foregoing or any other provision in this Lease to the contrary, beginning three (3) months following the date that Landlord completes and provides to Tenant Tenant’s required documents and forms needed to establish Tenant’s wire transfer payment process, and continuing thereafter, Tenant’s payments under this Lease shall be made only via federal funds wire transfer to an account designated by Landlord from time to time or, at Tenant’s option, by bank cashier’s check or bank certified check (but payment may not be made by a non-bank cashier’s or a non-bank certified check). Landlord and Tenant shall cooperate with each other to process/setup any required documents and forms needed to establish such wire transfer process.

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. Tenant shall be solely responsible for any costs associated with any change in use resulting from said 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 30 days written notice from Landlord or 30 days written notice from the Chief Executive Officer of Tenant, as applicable, at the last monthly Basic Rent payable under 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 Common Areas to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding on Landlord during the term hereof, including without limitation, Titles II and III of the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant’s particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause covered by Landlord's insurance maintained pursuant to Section 19(a)(1) below rendering the Premises totally or partially inaccessible or unusable and the Premises (excluding any fixtures or improvements not covered by Landlord's insurance) 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 270 days, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within 15 days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material default hereunder. Basic Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event 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 270 days for any reason, then Tenant may terminate this Lease by giving written notice within ten days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Basic Rent shall be abated from the date the Premises became untenable. 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 Center or Premises, to the extent the damage is covered by Landlord's insurance maintained pursuant to Section 19(a)(1) below.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction (i.e., destruction costing more than three (3) times the then monthly Basic Rent to repair or restore) to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than 30 days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is 30 days after such written notice of termination.

(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 (a) declare a default hereunder, or (b) perform or cause to be performed the restoration work and bill Landlord for the cost thereof.
10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. Landlord represents to Tenant that (i) the Premises and all Common Areas, (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems and similar building service systems serving the Premises and Common Areas) comply with all applicable laws, codes, and ordinances, including the Americans With Disabilities Act (but without regard to Tenant’s specific use of the Premises); and are in reasonable good working order and condition; (ii) the Premises and Common Areas comply with all applicable 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 Center or the Premises are in violation of any law or regulation. Landlord represents, based upon a professional inspection of the Premises and the Center, that the Premises and the Center contain no asbestos containing materials.

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Center, including without limitation, all permanent exterior walls, roof, collapsed or broken concealed plumbing, exterior stairways, electrical systems from exterior to transformers and to and including all electrical panels and telephone wires from the street to the Center’s MPOE (“minimum point of entry”); (ii) the HVAC units serving the Premises as of the date of Substantial Completion of the Premises, except: (a) unless Tenant causes such HVAC or the Premises to be modified in any way, in which event any HVAC maintenance, repairs or replacements will be performed at Tenant’s expense, and (b) any supplemental HVAC units serving the Premises and installed by or on behalf of Tenant shall be maintained, repaired and replaced by Tenant at Tenant’s expense; and (iii) exterior windows of the Premises.

(c) Tenant Obligations. Without limiting Landlord’s obligations set forth in Section 10(b) above, 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 or visitors and the repair of low voltage electronic, telephone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. Tenant, 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. Tenant's repair obligations include, without limitation, repairs to: (1) the floor covering (if such floor covering is carpeting it shall be replaced as needed; (2) interior partitions; (3) doors; (4) all non-structural walls (which shall be repainted as needed); (5) electrical from exterior of electrical panel to wall outlets and lights; (6) any plumbing blockage and exposed interior plumbing and fire/life safety systems serving the Center; and (7) signage. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Landlord, which consent shall not be unreasonably withheld or delayed; (b) be at least equal in quality, value and utility to the original work or installation; and (c) be in accordance with all laws.

(d) Right to Repair. If Tenant or Landlord provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the
Center structure and/or the Center systems and/or anything that could cause material disruption to Tenant's business) to the other party of an event or circumstance which requires the action of the other party with respect to repair and/or maintenance, and the other party fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than five days after the giving of such notice, then the other party may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant and Landlord shall have access to the Premises 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 either party and was not taken by such party within such period (unless such notice was not required as provided above), and the other party took such required action, then the party which took such action shall be entitled to prompt reimbursement by the other party of the other party's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. If not reimbursed by the other party within thirty (30) days, the party that took the action shall be entitled to the remedies provided in Sections 13 and 14.

(e) Notwithstanding any provisions of this Lease to the contrary, Tenant at its sole option, acting through the CEO, may request from Landlord, without any obligation on the part of the Landlord to comply with said request, to perform, repair, maintenance, janitorial and or tenant improvement work. Tenant shall pay as additional rent any such work that is performed by Landlord at his sole discretion. Any Landlord charges to tenant for administrative costs associated with such work shall not exceed three and one-half percent (3.5%) of the costs actually incurred by the Landlord in performance or contracting out such work.

11. SERVICES AND UTILITIES.

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

(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 similar buildings, except that the cost of electricity for operation of the HVAC system shall be borne by Tenant, as provided in Section 11(b) below.

(b) Electricity. Landlord shall make available to the Premises the amount of electric current provided for in the Working Drawings (if applicable) but in any event not less than a standard comparable to similar buildings, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or subpanels to the Premises necessary for Tenant to utilize such capacity in the Premises. The Premises are or will be separately metered for electricity, and Tenant is responsible for direct payment to the applicable utility company of its own electrical costs.

(c) Elevators. Not Applicable
(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.** Tenant shall provide its own janitorial services to the interior of the Premises, and Landlord shall maintain the exterior of the Premises and provide services as set forth in Exhibit D attached hereto.

(f) **Access.** Landlord shall furnish to Tenant's employees and agents access to the 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 Center.

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. If Landlord temporarily closes any portion of the Center or Premises, Basic Rent shall be prorated based upon the percentage of the Premises or Center rendered untenantable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

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, including the remedy described in California Civil Code Section 1951.4 (lessor may continue the lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations).
(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 (which notice shall be, if appropriate, the same notice given under Section 10(d)) ; 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: (i) to remedy such default or breach; (ii) to pursue the remedy of specific performance; or (iii) to seek money damages for loss arising from Landlord’s failure to discharge its obligations under 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.

(d) Limitation on Landlord Liability. Notwithstanding anything in this Lease to the contrary, the liability of Landlord (including any successor landlord) and any recourse by Tenant against Landlord shall be limited solely and exclusively to the interest of Landlord in the Center, and neither Landlord nor any officer, director, shareholder or employee of Landlord Parties shall have any personal liability therefor, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant.

15. ASSIGNMENT AND SUBLETTING. Tenant may assign or otherwise transfer this Lease or sublet the whole or any part of the Premises subject to Landlord's prior consent, which 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. Notwithstanding the above, Landlord's consent shall not be required for an assignment
of the Lease or subletting of the Premises by Tenant to a subsidiary, affiliate, parent or successor of Tenant, and in the event of such assignment or sublease, Landlord shall have no right of recapture. Tenant and Landlord shall evenly divide any subleasing profits. Further notwithstanding the foregoing, Tenant shall not have the right to assign this Lease or sublet any portion of the Premises for use by its Probation Department AB109 Program or to a user who would utilize any portion of the Premises for visits by parolees or offenders who committed serious, violent or sexual crimes, i.e., for visits by parolees not classified as “low-level offenders”.

16. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") that are structural in nature without first obtaining the written consent of Landlord, to be given or withheld in Landlord's sole discretion. However, Landlord's consent shall not be required for any non-structural Alteration that satisfies all of the following criteria: (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Center; (3) will not affect the systems or structure of the Center; and (4) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Center.

(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 Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

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

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 Center or Premises as a result of any negligent act, omission or willful misconduct of Tenant or its employees, officers, contractors, licensees, agents, guests, visitors or invitees, or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees. Nothing in this Lease shall be construed to waive, limit, or supersede any of Tenant's rights or immunities under the California Labor Code, including but not limited to a waiver pursuant to section 3864 of the Labor Code.

(b) **Landlord's Indemnity.** Subject to the provisions of Section 14(d) above, 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 Center or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, agents or employees, or arising from any
breach or default under this Lease by Landlord. However, the indemnification obligations of Landlord under this paragraph shall not apply or extend to any injury to or interference with Tenant’s business or to Tenant’s consequential damages, and shall also be subject to the provisions of Section 14(d) above. Further, Landlord’s liability under this Section 18(b) for damage to Tenant’s furniture, fixtures, equipment and personal property in the Premises shall be limited to an aggregate of $2,500,000 per occurrence. 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 (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value. Insurance proceeds shall be payable to Landlord and be utilized for repair and restoration of the Premises, unless this Lease has been terminated.

(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 $10,000,000; (2) products/completed operations aggregate of $10,000,000; and (3) personal and advertising injury of $5,000,000.

(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 "A:VII" or better and which are qualified to do business in the State of California.

(c) Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least 10 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 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, to the extent of Tenant’s ownership interest in any tenant improvements in the Premises paid for by Tenant, 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.
(d) **Waiver of Subrogation.** Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance, commercial general liability and workers compensation policies required to be carried hereunder or, in the case of Tenant, would have been covered but for an election to self-insure. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

(e) **Tenant Right to Self-Fund.** Tenant (i.e., the County of Los Angeles) is permitted by the California Government Code Sections 989-991.2, County Code Chapter 5.32 and Articles 1 and 2 of the County Charter to self-fund its liabilities and acts and or omissions of the County, its elected and appointed officers, employees, agents and volunteers; and Tenant, by virtue of such authorized laws, hereby elects to self-fund its liabilities arising from acts and or omissions of its officers, employees, agents and volunteers arising from or connected with this Lease of the Premises. Tenant shall provide to Landlord a duly signed and authorized certificate of County self-funding of its insurance obligation with limits as required herein.

(f) **Tenant Election Not to Self-Fund.** Should Tenant ever elect not to continue to self-fund its liabilities under this Lease as provided in Section 19(e) above, then the following provisions shall immediately become operative:

1. **Tenant's General Insurance Requirements.** All insurance required to be carried by Tenant hereunder shall be issued by responsible insurance companies acceptable to Landlord and qualified to do business in the State of California. Each policy shall name Landlord and, at Landlord's request, any lender holding an encumbrance against Landlord's interest in the Center or any part thereof as an additional insured, as their respective interests may appear. A certificate of insurance evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Landlord before the date Tenant is first given the right of possession of the Premises and thereafter within thirty (30) days after any demand by Landlord. Landlord may, at any time and from time to time, inspect and copy any insurance policies required to be maintained by Tenant hereunder. No such policy shall be cancelable except after twenty (20) days' written notice to Landlord and Landlord's lender. Tenant shall furnish Landlord with renewals or "binders" of each such policy at least ten (10) days prior to the expiration thereof. Tenant agrees that, if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure such insurance on Tenant's behalf and charge Tenant the premiums therefor, payable upon demand. Tenant shall have the right to provide such insurance coverage pursuant to blanket policies obtained by Tenant, provided such blanket policies expressly afford coverage to the Premises, Landlord, Landlord's lender, and Tenant as required by this Lease. Certificates evidencing coverage will be provided to Landlord after execution of this Lease at Landlord's request.

2. **Personal Property Insurance.** At all times during the Term following Tenant's election not to self-fund its liabilities under this Lease, Tenant shall procure and maintain, at its sole expense, "all-risk" property insurance, for damage or other loss caused by fire or other casualty or cause including, but not limited to, vandalism and malicious mischief, theft, water damage of any type, including sprinkler leakage, bursting of pipes, explosion, in an amount not less than one hundred percent (100%) of the replacement cost covering (a) all
Alterations made by or for Tenant in the Premises; and (b) Tenant's trade fixtures, equipment and other personal property from time to time situated in the Premises (including without limitation any modular furniture systems in the Premises). The proceeds of such insurance shall be used for the repair or replacement of the property so insured, except that if not so applied or if this Lease is terminated following a casualty, the proceeds applicable to the leasehold improvements shall be paid to Landlord and the proceeds applicable to Tenant's personal property shall be paid to Tenant.

(3) Liability Insurance. At all times during the Term following Tenant’s election not to self-fund its liabilities under this Lease, Tenant shall procure and maintain, at Tenant's sole cost and expense, commercial general liability insurance applying to the use and occupancy of the Premises and the business operated by Tenant. Such insurance shall have a minimum combined single limit of liability of at least One Million Dollars ($1,000,000) per occurrence and a general aggregate limit of at least Two Million Dollars ($2,000,000). All such policies shall be written to apply to all bodily injury, property damage, personal injury losses and shall be endorsed to include Landlord and its agents, beneficiaries, partners, employees, and any deed of trust holder or mortgagee of Landlord or any ground lessor as additional insureds. Such liability insurance shall be written as primary policies, not excess or contributing with or secondary to any other insurance as may be available to the additional insureds.

(4) Workers' Compensation. At all times during the Term following Tenant’s election not to self-fund its liabilities under this Lease, Tenant shall procure and maintain, at Tenant's sole cost and expense, workers compensation insurance in accordance with the laws of the State of California.

20. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of reserved and non-exclusive unreserved 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 with the exception of the four (4) reserved parking spaces, 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 Center, except that Tenant shall not permit its employees, agents and contractors to over-burden the Property’s parking facilities by utilizing more than thirteen (13) parking spaces at any given time.

(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 Sections 9 and 17 in the event of casualty or
condemnation), such shall constitute a material default by Landlord under Section 14 of this Lease.

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 Center 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 Center 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, Center or Common Areas or other violation of laws relating to Hazardous Materials that either exist at the Premises, Center or Common Areas as of the date hereof, or that were caused by Landlord or Landlord’s employees, officers, agents or contractors. 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 Center 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.
(c) **Tenant Indemnity.** Tenant shall indemnify, defend and hold Landlord, Landlord's agents, employees, lenders and ground landlord, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Tenant, or Tenant's employees, officers, agents, contractors, licensees, customers, invitees, visitors, guests, assignees or subtenants (provided, however, that Tenant shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside the Premises). Tenant's obligation shall include, but not be limited to, the effects of any contamination or injury to person, property, or the environment created or suffered by Tenant, and the cost of investigation, removal, remediation, restoration, and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Landlord and Tenant shall release Tenant from Tenant's obligation under this Lease with respect to Hazardous Substances, unless specifically so agreed by Landlord in writing at the time of such agreement.

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 Exhibit G attached hereto 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.** As soon as reasonably possible, Landlord shall construct the Tenant Improvements in the manner set forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith. In addition, Landlord at its own cost shall demise the Premises as shown on Exhibit A attached hereto. The scope of work to demise the Premises is shown on Exhibit E attached hereto.

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 by Tenant and hereby indemnifies and holds Landlord harmless from any liability or loss arising from any such lien. 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 Center; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Exhibit H and provided further that no such subordination shall affect any option to extend the Term of this Lease.

(b) **No Existing Deeds of Trust.** Landlord represents to Tenant that there are no existing deeds of trust affecting the Center as of the date hereof.
(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 beyond the expiration of Landlord’s cure period 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. Tenant, at Landlord’s option, shall 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).

27. SIGNAGE. Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances and Landlord’s standard Center signage criteria. Further, all Tenant signage shall be subject to Landlord’s prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed.

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.

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, 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.

(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
Center 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.** (Intentionally Deleted)

(l)  **Memorandum of Lease.** (Intentionally Deleted)

(m)  **ADA Inspection Disclosure.** Landlord hereby advises Tenant that neither
the Premises nor the Center have undergone an inspection by a certified access specialist, and
except to the extent expressly set forth in this Lease, Landlord shall have no liability or
responsibility to make any repairs or modifications to the Premises or the Center, as a result of
Tenant's alterations or improvements or business operation, in order to comply with accessibility
standards. The following disclosure is hereby made pursuant to applicable California law:

"A Certified Access Specialist (CASp) can inspect the subject premises and determine
whether the subject premises comply with all of the applicable construction-related accessibility
standards under state law. Although state law does not require a CASp inspection of the subject
premises, the commercial property owner or lessor may not prohibit the lessee or tenant from
obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of
the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.” [Cal. Civ. Code Section 1938(e)].”

Therefore and notwithstanding anything to the contrary contained in this Lease, Landlord and Tenant agree that (a) Tenant may, at its option and at its sole cost, cause a CASp to inspect the Premises and determine whether the Premises comply with all of the applicable construction-related accessibility standards under California law, (b) the parties shall mutually coordinate and reasonably approve of the timing of any such CASp inspection so that Landlord may, at its option, have a representative present during such inspection, and (c) Tenant shall be solely responsible for the cost of any repairs necessary to correct violations of accessibility standards within the Premises related to Tenant’s alterations or improvements or business operations.

(n) Energy Usage Disclosures. Within thirty (30) days after Landlord’s request from time to time, Tenant shall provide to Landlord copies of Tenant’s electricity bills from the electrical utility company serving the Premises and/or, at Landlord’s option, authorize the electrical utility company serving the Premises to release Tenant’s electrical usage consumption data to Landlord, to allow Landlord to see the quantity of electricity consumed in the Premises, and Tenant consents to Landlord’s disclosure to third parties of such electricity consumption data as may be required of Landlord under applicable California law.

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. ACKNOWLEDGMENT BY LANDLORD.

Landlord acknowledges that it is aware of the following provisions:

(a) 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. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.

(b) Landlord Assignment.

Tenant 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 (including without limitation financing provided by banks, life insurance companies and other financial institutions). However, Landlord may not encumber the Property through any type of bond financing vehicle, including but not limited to certificate of participation financing.

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 or any other monies due Landlord by Tenant under this Lease directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

(i) 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.

(ii) 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.

(iii) 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.
(iv) 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.

(v) Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except with County's prior written consent. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

(vi) 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. OPTIONS TO EXTEND.

(a) Terms of Options. Provided that no material default has occurred and is continuing under the Lease at the time the option is exercised, Tenant shall have two options to renew this Lease for one additional period of five years per option (each an “Option Term”).

(b) Exercise of Option. Tenant must exercise its option to extend this Lease, if it elects to do so, by giving Landlord written notice of its intent to do so by Chief Executive Office letter no later than nine (9) months prior to, and no earlier than twelve (12) months prior to, the end of the initial Term or first Option Term, as the case may be.

(c) Terms and Conditions of Option Term. The Option Term shall be on all the terms and conditions of this Lease, except that Basic Rent for each Option Term shall be the rate in effect during the last year of the original Lease Term (or first Option Term, as the case may be), increased to fair market value for comparable office space in comparable buildings in the Santa Fe Springs area by negotiation and mutual agreement of the parties, but not less than the current rent being paid in the last month of the original Term (or first Option Term, as the case may be) in place under the Lease. If Landlord and Tenant are unable to agree, in their respective sole discretion, on the Basic Rent to be paid by Tenant for the Premises during the upcoming Option Term within thirty (30) days following Tenant’s exercise of an option, then unless the parties otherwise agree in writing, Tenant’s option exercise shall be void and of no
further force or effect, and Tenant may not thereafter exercise any remaining option, and the then initial Term (or first Option Term, as the case may be) shall expire on its scheduled expiration date.

[SIGNATURE PAGE FOLLOWS >>>>>>]
IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

GOLDEN SPRINGS DEVELOPMENT COMPANY, LLC, a California limited liability company

By: [Signature]

Name: Barry W. Berckett

Its: Manager

By: [Signature]

Name: Moshe J. Sassover

Its: Manager

TENANT:

COUNTY OF LOS ANGELES,
a body politic and corporate

SACHI A. HAMAI

Chief Executive Officer

By: [Signature]

DAVID P. HOWARD

Assistant Chief Executive Officer

Attest:

Dean C. Logan

Registrar-Recorder/County Clerk

By: [Signature]

Deputy

APPROVED AS TO FORM:

Mary C. Wickham

County Counsel

By: [Signature]

Senior Associate
Plan may not be accurate or to scale
DESCRIPTION: THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF
LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:
A PORTION OF
PARCEL 4, PARCEL MAP 25761, IN THE CITY OF SANTA FE SPRINGS, COUNTY OF
LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 292,
PAGES 84 AND 87 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER
OF SAID COUNTY.
EXHIBIT C

COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated ______________, 2018, between County of Los Angeles, a body politic and corporate ("Tenant"), and Golden Springs Development Company, LLC ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the shopping center located at 12610-12622 Leffingwell Avenue and 13238-13248 Imperial Highway, Santa Fe Springs, California 90670 ("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 approximately 2,676 rentable square feet of space;

and

(5) Basic Rent per Month is presently $5,352.

IN WITNESS WHEREOF, this Memorandum is executed this __ day of ______________, 20__.

<table>
<thead>
<tr>
<th>“Tenant”</th>
<th>“Landlord”</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNTY OF LOS ANGELES, a body politic and corporate</td>
<td>Golden Springs Development Company, LLC</td>
</tr>
<tr>
<td>By: ____________________________</td>
<td>By: ____________________________</td>
</tr>
<tr>
<td>Name: __________________________</td>
<td>Name: __________________________</td>
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<td>Its: __________________________</td>
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EXHIBIT C - Page 1
EXHIBIT D
CLEANING AND MAINTENANCE SCHEDULE

1. **DAILY** (Monday through Friday)
   Graffiti expunged as needed within two (2) working days after notice by Tenant.

2. **QUARTERLY**
   HVAC units existing as of the Substantial Completion date serviced for preventative maintenance purposes, all filters changed.

3. **ANNUALLY**
   Windows washed as required outside.

4. **AS NEEDED**
   A. 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 Center 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.

5. **GENERAL**
   Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.
1. Construct full height demising wall.
2. Separate HVAC system serving the Premises from HVAC servicing the balance of the building.
3. Install new conduit for future separation of electrical panel within the Premises from the electrical panel servicing the balance of the building.
EXHIBIT F
LOCATION OF TENANT’S RESERVED PARKING SPACES

Plan may not be accurate or to scale
EXHIBIT G

TENANT ESTOPPEL CERTIFICATE

To: _______________________________________

Attn: _______________________________________

Re: Date of Certificate: _______________________
Lease Dated: __________________________________
Current Landlord: _____________________________
Located at: ___________________________________
Premises: _____________________________________
Commencement Date of Term: ______________________
Expiration Date: ________________________________
Current Basic Rent: _____________________________
Basic Rent has been paid through: ________________

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

1. Tenant is the present owner and holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.

2. (a) A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.

   (b) The current monthly Basic Rent is set forth above, and the current monthly installment of Tenant's Additional Tenant Improvement Allowance repayment obligation is $________, and the unpaid principal balance of the Additional Tenant Improvement Allowance is $________.

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

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

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

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

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

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

AND WHEN RECORDED MAIL TO:

County of Los Angeles
CHIEF EXECUTIVE OFFICE
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

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

This Subordination, Non-Disturbance and Attornment Agreement ("Agreement") is entered into as of the day of ____________, 20___ by and among COUNTY OF LOS ANGELES, a body politic and corporate (" Tenant"), ____________________ ("Borrower") and ____________________ ("Lender").

Factual Background

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

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

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

D. Tenant is willing to agree to subordinate certain of Tenant's rights under the Lease to the lien of the Deed of Trust and to attorn to Lender on the terms and conditions of this Agreement. Tenant is willing to agree to such subordination and attornment and other conditions, provided that Lender agrees to a Non-Disturbance provision, all as set forth more fully below.
Agreement

Therefore, the parties agree as follows:

1. **Subordination.** The Lease shall be subject and subordinate to the lien of the Deed of Trust and to any renewals, modifications, consolidations, replacements and extensions of the Deed of Trust to the full extent of the principal sum secured by the Deed of Trust including any interest except that if Tenant is granted any option to extend the term of the Lease, right of first offer to lease additional premises, option to purchase the Property, or right of first option to purchase the Property in the Lease such provisions shall not be affected or diminished by this subordination which is conditioned upon the agreement of Borrower and Lender in section 3 hereof.

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

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

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

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

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

To Lender: _______________________________

To Borrower: _______________________________

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

7. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State.

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

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

APPROVED AS TO FORM

Mary C. Wickham  
County Counsel

By: __________________________

By: __________________________

Deputy  
Director of Real Estate

BORROWER:

By: __________________________

Name: __________________________

Title: __________________________

LENDER: [Insert name of Lender],  
By: __________________________
LANDLORD'S WORK LETTER

For
COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AND AGREEMENT

DEPARTMENT: COUNTY OF LOS ANGELES FIRE DEPARTMENT'S
HEALTH HAZARDOUS MATERIALS DIVISION, as Tenant

LANDLORD: GOLDEN SPRINGS DEVELOPMENT COMPANY, LLC

12610-12622 Leffingwell Road and 13238-13248 Imperial Highway
Santa Fe Springs, California 90670
LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated ______________, 2019, executed concurrently herewith, by and between GOLDEN SPRINGS DEVELOPMENT COMPANY, LLC, a California limited liability company ("Landlord"), as Landlord, and COUNTY OF LOS ANGELES ("Tenant" or "County") as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

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

   (a) Base Tenant Improvement Allowance: Not Applicable

   (b) Additional Tenant Improvement Allowance: $214,080 (i.e., $80 per rentable square foot of the Premises)

   (c) Maximum Change Order Allowance: $53,520 (i.e., $20 per rentable square foot of the Premises)

   (d) Additional Tenant Improvement and Change Order Amortization Rate: 8.5% per annum

   (e) Basic Rent Reduction per $1,000: Not Applicable

   (f) Tenant's Work Letter Representative: Miguel Covarrubias or an assigned staff person of the Chief Executive Office-Real Estate Division

   (g) Landlord's Work Letter Representative: An assigned representative of the Landlord

   (h) Landlord's Address for Work Letter Notice: Golden Springs Development Company, LLC
13116 Imperial Highway
Santa Fe Springs, California 90670-4817

   (i) Tenant's Address for Work Letter Notice: Board of Supervisors
Kenneth Hahn Hall of Administration
2. **Construction of the Center.**

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

2.2 **Additional Costs Not Tenant Improvement Costs.**

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

(b) Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA (but without regard to Tenant's specific use of the Premises) or make existing building systems, including, but not limited to, electrical service and HVAC equipment (but excluding the costs of any requirements of Title 24 of the California Code of Regulations, which shall be included in the calculation of Tenant Improvement Costs), fully operational shall be at Landlord's sole cost and expense. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes"; (ii) fire sprinkler system installation or upgrade; (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere; (iv) utility costs incurred during construction; (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease; or (vi) supervision or overhead costs of Landlord.

(c) Tenant shall be solely responsible for all costs and expenses necessary to increase permitted structural floor loading in order to accommodate Tenant's libraries, file rooms,
unusual live loads and other such uses, though Tenant may utilize the Base Tenant Improvement Allowance or the Additional Tenant Improvement Allowance for its costs incurred in connection therewith.

2.3 **Base Building Plans.** Landlord has delivered to Tenant "as built" plans and specifications for the Premises acceptable to Tenant.

3. **Selection of Architect and Engineer.** Landlord shall promptly solicit at least three proposals from qualified licensed architects ("Architect") and engineering services providers 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 engineering services providers 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 (3) business days after Landlord has submitted the name of the Architect to Tenant together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect is 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 sealed fixed price 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 open and 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 has submitted 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"), which Space Plan is in the form attached hereto as Addendum C.

5.2 **Preparation and Approval of Working Drawings.** Within three (3) business days following the selection of the Architect (the "Plan Submission Date"), Landlord shall instruct the Architect to commence preparation of Working Drawings (the "Working Drawings"), which shall be a logical evolution of the Space Plan, and compatible with the design, construction and equipment of the Center, 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 and Tenant shall be responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.
5.3 Preparation and Approval of Engineering Drawings. Landlord shall cause the Architect to coordinate all engineering drawings prepared by an engineer selected by Landlord pursuant to Section 3 above (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 Schedule. Within thirty (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 (15) days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary budget (the "Preliminary Budget"). Such budget shall be revised into final form within ten (10) days from the date the Contractor is selected and will be referred to herein as the "Final Construction Budget". Tenant shall have five (5) 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 (5) day period expires without any response from Tenant. Landlord and Tenant shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at their respective sole cost and expense. No fee for Landlord’s 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 Final Plans (collectively, the “Tenant Improvements”), shall be at Tenant’s sole cost and expense, subject to Tenant’s right to utilize the Base Tenant Improvement Allowance and the Additional Tenant Improvement Allowance to pay such costs. Costs of Tenant Improvements shall include, without limitation, soft costs (including without limitation the Architect’s and any engineers’ fees and 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 caused by Landlord’s or the Contractor’s negligence or misconduct (hereafter “Landlord Delay”). 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 repaid by Tenant 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 either: (i) in a lump sum when the Tenant Improvements are Substantially Complete, or (ii) in equal amortized monthly payments over a period of five (5) years following the date of Substantial Completion 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 then remaining portion of the repayment period at the Tenant Improvement Amortization Rate. Tenant’s monthly installments shall be due and payable concurrently with the monthly Basic Rent, with the first payment due on the first day of the first month following the date the Tenant Improvements are Substantially Complete (but not earlier than the Commencement Date), and any then unpaid portion shall be become immediately due and payable in a lump sum in the event of the termination of the Lease for any reason at any time prior for the first five (5) years of the Term.

7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly in the Final Plans.

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 sealed fixed price 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 opened and 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.

(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 fifteen (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) **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 in the Premises.

7.4 **Conformed Plans.** Within sixty (60) days after Substantial Completion of the Tenant Improvements and receipt from the Contractor of all field changes, and as a Tenant Improvement Cost, 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. If the cost of the Change Order, when added to the Tenant Improvement Costs, exceeds the total of the Base Tenant Improvement Allowance and the Additional Tenant Improvement Allowance, then Tenant shall pay such excess to Landlord in a lump sum prior to the commencement of the Change Order-related work. 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 Systems.** Furniture is not being purchased by Landlord, instead Tenant is installing its own furniture in the Premises from another location, at Tenant’s expense.

10. **Tenant Improvement Costs Adjustment and Right to Audit.** Within thirty (30) days of a final sign-off by the City of Santa Fe Springs, 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 six (6) 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 thirty (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 work outside of the Premises, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere; provided, however, that included in Tenant Improvement Costs shall be the costs of any relocation of fire sprinkler heads and modifications to the fire sprinkler system necessitated by the Final Plans. All work for required asbestos abatement or air conditioning system conversion shall be performed at the sole cost and expense of Landlord.

12. **Telephone/Computer Room and Equipment.** If included as part of the Final Plans, Landlord shall complete the telephone equipment room(s) including permanent power and HVAC, in compliance with the Final Plans, on or before the date of Substantial Completion of the Premises.

13. **Delay.** If the Premises are not Substantially Complete due to Landlord Delays within 150 days from the Projected Commencement Date, as such date is extended due 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 Premises are Substantially Complete, terminate this Lease effective upon the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder.

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 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 five (5) days 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.

(b) **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.
(c) **Change Orders.** Landlord may not claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the Change Order authorization.

14. **Default.** Intentionally Deleted

15. **Tenant Remedies.** If the Premises are not Substantially Complete due to Landlord Delays within 150 days from the Projected Commencement Date, as such date is extended due 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 Premises are Substantially Complete, Tenant may, at its option:

15.1. Cancel the Lease upon thirty (30) days written notice to Landlord; or

15.2. Upon thirty (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 Center at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto; and

(b). Tenant may bill Landlord for its costs to perform the Tenant Improvements, not to exceed the sum of the Additional Tenant Improvements Allowance identified in paragraph 1. (b) of this Landlord Work Letter, less costs expended by Landlord pursuant to this Work Letter to perform Tenant Improvement work (including but not limited to architectural, engineering and permit fees).

16. **Representatives.**

16.1 **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.

16.2 **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.

17. **Elevator Usage During Move-In.** Not Applicable

18. **Construction Meetings.** During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within five (5) days of the date the Contractor is selected.
19. **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:

GOLDEN SPRINGS DEVELOPMENT COMPANY, LLC,  
a California limited liability company

By: _________________________  
Name: Barry W. Berkett  
Title: Manager  
Date Signed: 4/26/18

By: _________________________  
Name: Moshe J. Sassover  
Title: Manager  
Date Signed: 4/26/18

TENANT:

COUNTY OF LOS ANGELES,  
a body politic and corporate

SACHI A. HAMAI  
Chief Executive Officer

By: _________________________  
DEAN LEHMAN  
Acting Senior Manager, Real Estate Division
ADDENDUM A To Landlord's Work Letter

BASE BUILDING IMPROVEMENTS

The Center is in existence and Tenant has been advised by Landlord to inspect the Premises and its systems and the Property to determine their adequacy for Tenant’s purposes prior to Tenant’s execution of this Lease.
ADDENDUM B To Landlord’s Work Letter

TENANT IMPROVEMENTS

The Tenant Improvements shall consist of those items shown on the Final Plans, to include (to the extent shown in the Final Plans):

(a) Ceilings and lighting within the Premises;

(b) Floor finish in the Premises;

(c) Interior finishes (i.e., carpet, paint, wall coverings, wood finishes) within the Premises;

(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, including without limitation HVAC timers that will be installed so as to cause the HVAC system to require manual activation anytime other than the hours of 8 am – 6 pm on weekdays;

(f) Distribution of electrical services, plumbing services and sprinklers within the Premises, and domestic hot water heater and associated hot water piping;

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

(h) Standard electrical capacity.
ADDENDUM C To Landlord's Work Letter

TENANT'S SPACE PLAN

[See Exhibit A ("Floor Plan of Premises") of Lease]
# BOARD LETTER/MEMO – FACT SHEET

## OPERATIONS CLUSTER

<table>
<thead>
<tr>
<th>OPSCluster Agenda Review Date</th>
<th>8/8/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOARD MEETING</td>
<td>9/3/2019</td>
</tr>
<tr>
<td>Supervisory District Affected</td>
<td>1st</td>
</tr>
<tr>
<td>Department</td>
<td>Mental Health (DMH)</td>
</tr>
<tr>
<td>Subject</td>
<td>Approve a proposed new eight-year Lease Amendment for approximately 10,975 square feet of office space and 48 on-site parking spaces at 6330 Rugby Avenue, Huntington Park.</td>
</tr>
<tr>
<td>Program</td>
<td>Rio Hondo Bienestar – Wellness Center and Service Area 7 SB82 Mobile Triage Team</td>
</tr>
<tr>
<td>Sole Source Contract</td>
<td>☐ Yes ☒ No</td>
</tr>
<tr>
<td>If Yes, please explain why:</td>
<td></td>
</tr>
<tr>
<td>Deadlines/Time Constraints</td>
<td>The existing lease agreement is currently on a month to month holdover at 2677 Zoe Avenue, Huntington Park, CA.</td>
</tr>
<tr>
<td>Cost &amp; Funding</td>
<td>Total cost: $5,216,468 rental costs over 96 months, comprised of the $349,410 base and parking rent, the $1,535,481 total amortized TI payments and the $573,915 low voltage costs.</td>
</tr>
<tr>
<td>Funding source:</td>
<td>Funding source: 100 percent funded from the Mental Health Services Act and other State and federal funds.</td>
</tr>
<tr>
<td>TERMS (if applicable):</td>
<td>TERMS: The proposed base rent and parking rent are subject to 3 percent increases annually. The County will have two five-year options to extend the lease with 6 months prior written notice to Landlord. There is no holdover penalty. The proposed lease does not provide an early termination right.</td>
</tr>
<tr>
<td>Explanation:</td>
<td>Explanation: Funding for the proposed amendment will be included in the Fiscal Year 2019-2020 Rent Expense budget and will be billed back to DMH.</td>
</tr>
<tr>
<td>Purpose of Request</td>
<td>Approval of the recommended actions will authorize and adequately provide the necessary office space for DMH.</td>
</tr>
<tr>
<td>Background</td>
<td>The proposed lease will allow DMH to relocate their Rio Hondo Bienestar – Wellness Center which is currently located at 2677 Zoe Avenue, Huntington Park (Zoe), and Service Area 7 SB82 Mobile Triage Team (SA7/SB82), currently located at 600 West Commonwealth, Los Angeles (Commonwealth) into larger office space located at 6330 Rugby Avenue, Huntington Park.</td>
</tr>
<tr>
<td></td>
<td>The relocation is necessitated by DMH’s need to provide additional services to clients and the unavailability of additional office space at DMH’s existing office on Zoe. The proposed building will provide clients access to a greater variety of direct services, and a seamless transition across differing levels of care, within the City of Huntington Park and the First Supervisorial District.</td>
</tr>
<tr>
<td></td>
<td>The Zoe lease will be terminated upon occupancy of the new office and the Commonwealth office space will be backfilled with existing DMH programs, alleviating overcrowded conditions.</td>
</tr>
<tr>
<td>Departmental and Other ContactS</td>
<td>Name, Title, Phone # &amp; Email: Michael Navarro CEO- Real Estate Division 213-974-4364 <a href="mailto:Mnavarro@ceo.lacounty.gov">Mnavarro@ceo.lacounty.gov</a></td>
</tr>
</tbody>
</table>
September 03, 2019

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

Dear Supervisors:

NEW LEASE
DEPARTMENT OF MENTAL HEALTH
6330 RUGBY AVENUE, HUNTINGTON PARK
(First District)
(3 VOTES)

SUBJECT

Approval of a proposed new eight-year lease for 10,975 square feet of office space, and up to 48 onsite parking spaces for the Department of Mental Health.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease is exempt from the California Environmental Quality Act (CEQA), for the reasons stated in this Board letter and in the record of the project.

2. Authorize the Chief Executive Officer, or her designee, to execute the proposed lease, with Huntington Park CFS, LLC (Landlord), for approximately 10,975 square feet of office space, and up to 48 onsite parking spaces at 6330 Rugby Avenue, Huntington Park to be occupied by the Department of Mental Health (DMH). The maximum first year lease rental and parking costs will not exceed $349,410. The rental costs are to be 100 percent funded from the Mental Health Services Act and other State and Federal funds.
The Honorable Board of Supervisors  
9/3/2019  
Page 2

3. Authorize the Chief Executive Officer, or her designee, to reimburse the Landlord up to $1,262,125 for County’s Tenant Improvement (TI) contributions. The County's TI contribution will either be paid in a lump sum payment or fully amortized over five years at 8 percent interest per annum, for a total amortized cost of $1,535,520, should the entire additional tenant improvement funds be expended.

4. Authorize the Director of DMH, or his designee, to contract with and direct the Internal Services Department (ISD) for the acquisition and installation of materials and labor to install telephone, data, and low-voltage systems, at a cost not to exceed $573,915, to be paid via a lump sum payment.

5. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the terms of the proposed lease, and authorize the Chief Executive Officer, the Directors of DMH, and ISD, or their designees, to take other actions necessary and appropriate to implement and effectuate the terms of the proposed lease including, without limitation, exercising early termination rights and/or any options to extend the lease.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The proposed 10,975 square feet of office space and up to 48 onsite parking spaces at 6330 Rugby Avenue, Huntington Park (Rugby) will allow DMH to relocate their Rio Hondo Bienestar – Wellness Center which is currently located at 2677 Zoe Avenue, Huntington Park (Zoe), and Service Area 7 SB82 Mobile Triage Team (SA7/SB82), currently located at 600 West Commonwealth, Los Angeles (Commonwealth).

The relocation is necessitated by DMH’s need to provide additional services to clients, and the unavailability of additional office space at DMH’s existing office on Zoe. The proposed building will provide clients access to a greater variety of direct services, and a seamless transition across differing levels of care, within the City of Huntington Park and the First Supervisorial District. In addition, it will provide a home base for DMH’s SA7/SB82 team that is primarily field based, providing clinical services to clients. The Zoe lease is currently on a month-to-month holdover basis, without penalty, until DMH relocates into the larger proposed office space.

The Zoe lease will be terminated upon occupancy of the new office and 90 days written notice to Landlord, and the Commonwealth office space will be backfilled with existing DMH programs, alleviating overcrowded conditions.

The proposed office will be occupied by 39 DMH employees providing services to clients onsite, and in the field, as needed. The existing facility currently sees 15-20 clients per day.

Approval of the recommended actions will find that the proposed lease is exempt from CEQA and will allow DMH to operate at the subject facility.

**Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal of “Make Investments That Transform Lives” (Goal 1) directs that we will aggressively address society’s most complicated social, health, and public safety challenges. We want to be a highly responsive organization capable of responding to complex societal challenges – one person at a time. The proposed lease supports this goal with a facility that provides proper accommodations by providing office space, programs and services to clients in a centralized location. The proposed new lease is in conformance with the Asset Management Principles, as outlined in Attachment A.
FISCAL IMPACT/FINANCING

The proposed lease will have the following financial impact:

- A modified gross lease, whereby the Landlord is responsible for the operating and maintenance cost associated with the building, and the County is responsible for utilities and janitorial services. The County is not subject to the building’s operating expense increases.

- The maximum initial first year rent expense, including parking, is $349,410 annually or $29,118 monthly, which is comprised of the $329,250 initial annual base rent, i.e. $2.50 per square foot per month and the initial $20,160 annual parking rent. i.e. $35 per parking space per month for up to 48 spaces.

- The aggregate rent over the eight-year term is $4,642,592 including base rent parking rent, 3 percent annual rent increases, and amortized TI reimbursement.

- Total TI budget for this proposed lease is $1,481,625. The Landlord will provide a base TI allowance of $219,500 or $20 per square foot, and the County will provide $1,262,125 as the County lump sum contribution or $115 per square foot. If the Landlord advances the County’s TI contribution, this amount may be paid in a lump sum, or be amortized over the initial 5-year period at 8 percent interest for a monthly amortized amount of $25,592 or total amortized amount of $1,535,520.

The telephone, data, and low-voltage systems costs associated with the build-out of the proposed lease premises will be paid by DMH in a lump sum payment. (The labor costs include enhanced technical support, extended equipment warranty and ISD services).

The aggregate costs associated with this proposed lease over the 8-year term, should not exceed $5,216,507.

Sufficient funding to cover the proposed rent, County TI costs, telephone, data, and low-voltage costs for the first year for the proposed lease is included in the Fiscal Year (FY) 2019-20 Rent Expense budget and will be billed back to DMH. DMH has sufficient funding in their FY 2019-20 operating budget to cover these costs for the same period. Beginning in FY 2020-21, ongoing funding for the proposed lease will be part of the budget for DMH. These costs for DMH rental and related costs will be 100 percent funded from the Mental Health Services Act and other State and Federal funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In addition to the basic terms set forth herein, the proposed lease includes the following provisions:

- An eight-year lease term, which commences upon substantial completion of the TI and acceptance of the premises by the County.

- Landlord shall provide 44 parking spaces and will use reasonable efforts to increase to 48 parking spaces.

- There is no holdover penalty.
- Two 5-year options to extend the lease with 6 months prior written notice and rent increases of 3 percent annually.

- The proposed lease does not provide an early termination right.

- The proposed lease will be effective upon approval by the Board, but the term and rent will commence 30 days after substantial completion of the TIs by Landlord and acceptance of the premises by the County.

DMH requested that its Rio Hondo Bienestar – Wellness Center continue to be located within the City of Huntington Park and the First Supervisorial District. The Chief Executive Office (CEO), determined that the subject facility to be the most viable option that meets the Department’s office space requirements based on the limited availability of suitable office space, within the Department’s service area. The Huntington Park market is primarily comprised of buildings zoned for retail use, with office space restricted to the upper floors of the buildings per city code. In addition, most of the buildings are older structures lacking elevator service and parking. The proposed office space within a newer building, is zoned for office use, has onsite parking, and provides a sufficient amount of office space and parking for DMH’s needs.

The CEO, conducted a market search of available office space for lease within the service area to determine the availability of comparable sites but was unable to identify any sites that could accommodate this requirement more economically. Based upon a review of available industry data, it was established that the annual rental range for similar space is between $27 and $35 per square foot on a modified gross basis. Thus, the base annual rental rate of $30 modified gross for the proposed lease represents a rate within the market range for the area. Parking is an additional monthly cost. We recommend the proposed facility as the most suitable to meet the County’s space requirements.

Attachment C shows all County-owned and leased facilities within the surveyed areas and reflects that no County-owned or leased facilities available for this space requirement.

The building does not require seismic assessment by the Department of Public Works since it is a newer building constructed in 1996. Further, asbestos was no longer permitted in buildings at that time.

Construction of the TIs is to be completed in compliance with relevant building and construction codes, laws and regulations, including the American with Disabilities Act (ADA).

A notification letter has been sent pursuant Government Code Section 25351. The County has authority to enter into the proposed lease under Government Code Section 25351. Counsel has reviewed the proposed lease and has approved it as to form.

The proposed lease will provide an appropriate location for the DMH programs, which is consistent with the County’s Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012, as outlined in Attachment D.
ENVRONMENTAL DOCUMENTATION

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

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

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease will provide the necessary office space and parking spaces for this County requirement. DMH concurs with the proposed lease.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors return two certified copies of the Minute Order and the adopted stamped Board letter to the Chief Executive Office, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012.
The Honorable Board of Supervisors
9/3/2019
Page 6

Respectfully submitted,

SAH:FAD:DPH:DL
JLC:MN:MAC:gw

Enclosures

c: Executive Office, Board of Supervisors
   County Counsel
   Auditor-Controller
   Health Agency
   Internal Services
   Mental Health
### DEPARTMENT OF MENTAL HEALTH
6330 Rugby Avenue, Huntington Park
Asset Management Principles Compliance Form

#### 1. Occupancy

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>C</td>
<td></td>
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<td></td>
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<tr>
<td>D</td>
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<td></td>
<td></td>
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<tr>
<td>E</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td></td>
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<td></td>
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</tbody>
</table>

#### 2. Capital

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>Is it a substantial net County cost (NCC) program? 100 percent funded from the Mental Health Services Act and other State and Federal funds.</td>
</tr>
<tr>
<td>B</td>
<td>Is this a long term County program?</td>
</tr>
<tr>
<td>C</td>
<td>If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?</td>
</tr>
<tr>
<td>D</td>
<td>If no, are there any suitable County-owned facilities available?</td>
</tr>
<tr>
<td>E</td>
<td>If yes, why is lease being recommended over occupancy in County-owned space?</td>
</tr>
<tr>
<td>F</td>
<td>Is Building Description Report attached as Attachment C (aka “Space Search”)?</td>
</tr>
<tr>
<td>G</td>
<td>Was build-to-suit or capital project considered?</td>
</tr>
</tbody>
</table>

#### 3. Portfolio Management

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Did department utilize CEO Space Request Evaluation (SRE)?</td>
</tr>
<tr>
<td>B</td>
<td>Was the space need justified?</td>
</tr>
<tr>
<td>C</td>
<td>If a renewal lease, was co-location with other County departments considered?</td>
</tr>
<tr>
<td>D</td>
<td>Why was this program not co-located?</td>
</tr>
<tr>
<td></td>
<td>1. ____ The program clientele requires a “stand alone” facility.</td>
</tr>
<tr>
<td></td>
<td>2. ____ No suitable County occupied properties in project area.</td>
</tr>
<tr>
<td></td>
<td>3. ____ No County-owned facilities available for the project.</td>
</tr>
<tr>
<td></td>
<td>4. ____ Could not get City clearance or approval.</td>
</tr>
<tr>
<td></td>
<td>5. ____ The Program is being co-located.</td>
</tr>
<tr>
<td>E</td>
<td>Is lease a full service lease? If not, it is a modified gross lease, whereby the County is responsible for utilities, trash and janitorial services.</td>
</tr>
<tr>
<td>F</td>
<td>Has growth projection been considered in space request?</td>
</tr>
<tr>
<td>G</td>
<td>Has the Dept. of Public Works completed seismic review/approval? Not applicable, newer construction, building built in 1996.</td>
</tr>
</tbody>
</table>

---

1. As approved by the Board of Supervisors 11/17/98
2. If not, why not?
### OVERVIEW OF THE PROPOSED LEASE COSTS

6330 Rugby Avenue  
Department of Mental Health

<table>
<thead>
<tr>
<th>Description</th>
<th>1st Year</th>
<th>2nd Year</th>
<th>3rd Year</th>
<th>4th Year</th>
<th>5th Year</th>
<th>6th Year</th>
<th>7th Year</th>
<th>8th Year</th>
<th>Total 8 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Base Rent Cost</strong> ¹</td>
<td>329,250</td>
<td>339,128</td>
<td>349,301</td>
<td>359,780</td>
<td>370,574</td>
<td>381,691</td>
<td>393,142</td>
<td>404,936</td>
<td>2,927,802</td>
</tr>
<tr>
<td><strong>Annual Parking Rent</strong></td>
<td>20,160</td>
<td>20,765</td>
<td>21,388</td>
<td>22,029</td>
<td>22,690</td>
<td>23,371</td>
<td>24,072</td>
<td>24,794</td>
<td>179,270</td>
</tr>
<tr>
<td><strong>Tenant Improvements</strong> ²</td>
<td>307,104</td>
<td>307,104</td>
<td>307,104</td>
<td>307,104</td>
<td>307,104</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,535,520</td>
</tr>
<tr>
<td><strong>Total Annual Lease Costs</strong> ²</td>
<td>656,514</td>
<td>666,996</td>
<td>677,793</td>
<td>688,914</td>
<td>700,368</td>
<td>405,062</td>
<td>417,214</td>
<td>429,730</td>
<td>4,642,592</td>
</tr>
<tr>
<td><strong>Low Voltage Costs</strong> ⁴</td>
<td>573,915</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>573,915</td>
</tr>
<tr>
<td><strong>Total Annual Costs</strong></td>
<td>1,230,429</td>
<td>666,996</td>
<td>677,793</td>
<td>688,914</td>
<td>700,368</td>
<td>405,062</td>
<td>417,214</td>
<td>429,730</td>
<td>5,216,507</td>
</tr>
</tbody>
</table>

¹ Annual rental and parking costs includes fixed 3 percent annual increases.
² Assumes additional tenant improvement allowance of $1,262,125 ($115 per RSF) is completely used and amortized at 8% fixed rate over 60 months (5 yrs.).
³ Total includes base rent, parking, and tenant improvements payable to Landlord.
⁴ Low-voltage costs of up to $573,915 will be paid via lump sum.
<table>
<thead>
<tr>
<th>LACO</th>
<th>Name</th>
<th>Address</th>
<th>Ownership Type</th>
<th>Gross SqFt</th>
<th>Net SQFT</th>
<th>Vacant</th>
</tr>
</thead>
<tbody>
<tr>
<td>A438</td>
<td>DMH – San Antonio MH Center</td>
<td>2629 Clarendon Ave, Huntington Park</td>
<td>Leased</td>
<td>15,484</td>
<td>14,710</td>
<td>None</td>
</tr>
</tbody>
</table>
FACILITY LOCATION POLICY ANALYSIS

Proposed Lease: Eight-year lease for 6330 Rugby Avenue, Huntington Park 1st District

A. Establish Service Function Category – Regional and local public service function.

B. Determination of the Service Area – The proposed lease will provide use of approximately 10,975 square feet of office space, and up to 48 parking spaces for the Department of Mental Health within the City of Huntington Park and the First Supervisorial District.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: Needs to be within the City of Huntington Park and the First Supervisorial District.

- Need for proximity to existing County facilities: N/A

The Facility is centrally located within the service area in close proximity to DMH’s existing office located at 2629 Clarendon, Huntington Park providing convenient access by the public and clients.

- Need for proximity to Los Angeles Civic Center: N/A

- Economic Development Potential: N/A

- Proximity to public transportation:

  The Facility is conveniently located near public transportation routes.

- Availability of affordable housing for County employees: N/A.

- Use of historic buildings: N/A

- Availability and compatibility of existing buildings: There are no existing County buildings available to meet the Department’s service needs.

- Compatibility with local land use plans: The site is currently zoned commercial and the current use as office space is consistent with the
building’s use, zoning and not in conflict with the goals and policies of the City of Huntington Park.

- Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.

- Estimated acquisition/construction and ongoing operational costs: The maximum first year cost of $656,514 is comprised of the $329,250 initial annual base rent, the $20,160 initial annual parking rent, the $307,104 maximum annual amortized Additional Tenant Improvement Allowance reimbursement should the entire amount be expended, or $1,611,535 should the entire proposed $1,262,125 Tenant Improvement Allowance be expended and paid lump sum to Landlord.

The total low-voltage costs of $573,915 (material plus labor) will be paid via lump sum payment by DMH. The low-voltage cost is in addition to the rental costs and TI reimbursements payable to the Landlord.

D. Analyze results and identify location alternatives

Based on the space and service needs of DMH, CEO surveyed the service area and was unable to identify any sites in the surveyed area that could accommodate this same requirement at that time.

Based upon a review of available industry data, CEO has established that the annual rental range for similar space is between $27 and $35 per square foot on a modified gross basis. Thus, the base annual rental rate of $30, modified gross, for the proposed lease represents a rate consistent with the market rental rates. Parking is an additional monthly cost. Attachment C shows all County-owned and leased facilities within the surrounding service area and there are no County-owned or leased facilities available for the program.

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

The proposed lease will provide adequate and efficient office space for DMH employees and clients consistent with the County’s Facility Location Policy adopted by the Board of Supervisors on July 24, 2012. The consolidation of services within one facility at the proposed office will provide a central and appropriate location.
COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT

DEPARTMENT OF MENTAL HEALTH - Tenant
HUNTINGTON PARK 607, L.P – Landlord

6330 RUGBY AVENUE
HUNTINGTON PARK, CALIFORNIA
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COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT

THIS LEASE ("Lease") is entered into as of the______ day of _______________ 20_ between Huntington Park CSF LLC, a California limited liability company ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION

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

(a) Landlord's Address for Notice: Huntington Park CSF LLC
3200 Douglas Blvd, Suite 200
Roseville, CA 95661
Attn: President

(b) Tenant's Address for Notice: Board of Supervisors
Kenneth Hahn Hall of Administration
Room 383
500 West Temple Street
Los Angeles, California 90012

With a copy to:
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 830-0926

(c) Premises: 10,975 rentable/gross square feet in the Building (defined below) as shown on Exhibit A attached hereto

(d) Building: The Building located at 6330 Rugby Avenue, Huntington Park, California which is currently assessed by the County Assessor as APN 6320-031-026 and described more particularly in Exhibit B attached hereto (the "Property").

(e) Term: Eight years commencing 30 days after Tenant's Acceptance of the Premises as defined in Section 4.1 (the
“Commencement Date”); and terminating at midnight on the day before the eighth anniversary of the Commencement Date (the “Termination Date”). 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.

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<tbody>
<tr>
<td>(f)</td>
<td>Projected Commencement Date:</td>
</tr>
<tr>
<td>(g)</td>
<td>Irrevocable Offer Expiration Date:</td>
</tr>
<tr>
<td>(h)</td>
<td>Base Rent:</td>
</tr>
<tr>
<td>(i)</td>
<td>Intentionally Deleted</td>
</tr>
<tr>
<td>(j)</td>
<td>Rentable/gross Square Feet in the Premises:</td>
</tr>
<tr>
<td>(k)</td>
<td>Use:</td>
</tr>
<tr>
<td>(l)</td>
<td>Initial County Use:</td>
</tr>
<tr>
<td>(m)</td>
<td>Parking Spaces:</td>
</tr>
</tbody>
</table>
which Tenant agrees shall be subject to approval of the city and applicable increased rental costs.

(n) Normal Working Hours: 7:00 a.m. to 7:00 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.

(o) Asbestos Report: Not Applicable, building certificate of occupancy obtained on December 30, 1996, at which time asbestos was no longer permitted.

(p) Disabled Access Survey: Not applicable, Premises will be reconfigured and all work shall be constructed and permitted per current building codes.

(q) Seismic Report: Not applicable, building constructed in 1996.

1.2 Defined Terms Relating to Landlord's Work Letter.

(a) Base Tenant Improvement Allowance: $219,500 ($20 per rentable square foot)

(b) Additional Tenant Improvement Allowance: $1,262,125 ($115 per rentable square foot)

(c) Maximum Change Order Allowance: N/A [Not used in Agreement]

(d) Additional Tenant Improvement and Change Order Amortization Rate: Eight percent (8%) per annum

(e) Base Rent Reduction: Not Applicable

(f) Tenant's Work Letter Representative: Miguel A. Covarrubias or an assigned staff person from the Chief Executive Office-Real Estate division of the County of Los Angeles.
(g) Landlord's Work Letter Representative: An assigned representative of the Landlord

(h) Landlord's Address for Work Letter Notice: Huntington Park CSF LLC
3200 Douglas Blvd, Suite 200
Roseville, CA 95661
Attn: President

(i) Tenant's Address for Work Letter Notice: Board of Supervisors
Kenneth Hahn Hall of Administration
Room 383
500 West Temple Street
Los Angeles, California 90012

With a copy to:

Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 830-0926

1.3 Exhibits to Lease.

(Executed concurrently with this Lease and incorporated herein by this reference):
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 incorporated herein by this reference):
Landlord's Work Letter
Addendum A: Base Building Improvements
Addendum B: Tenant Improvements
Addendum C: Memorandum of Tenant Improvements Cost

1.5 Supplemental Lease Documents.

(Delivered to Landlord and incorporated herein by this reference):
Document I: Subordination, Non-Disturbance and Attornment Agreement
Document II: Tenant Estoppel Certificate
2. **PREMISES**

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

2.2 Tenant shall have the right within 90 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/gross and usable (net) 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 Base Rent in Section 1 accomplished by the mutual execution of a memorandum of understanding between the Landlord and the Tenant. Should Landlord and Tenant not agree with respect to the results of the measurement conducted pursuant to this Subsection 2.2 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 and other Commercial Tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, assigned parking areas and other common facilities designated by Landlord from time to time for common use of all Commercial Tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Area established by Landlord.

4. **COMMENCEMENT AND EXPIRATION DATES**

4.1 **Term.** The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. 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 30 days after Tenant's Acceptance of 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, Tenant has inspected the Premises and Tenant has accepted the Premises, which acceptance will not be unreasonably withheld, conditioned or delayed. The term "Substantial Completion" as used in this Lease shall mean compliance with all of the following:
(a) 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;

(b) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises;

(c) 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;

(d) Tenant has been provided, or shall be provided concurrently with the Commencement Date, with the number of parking privileges and spaces to which it is entitled under this Lease; and

(e) If Landlord is responsible for the installation of telecommunications systems, then such systems shall be completely operational.

4.2 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.

4.3 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 Base Rent for such early occupancy period.

4.4 Intentionally Deleted.

5. RENT

Tenant shall pay Landlord the Base Rent stated in Section 1 during the Term prior to the first day of each month. Base Rent for any partial month shall be prorated in proportion to the number of days in such month. The monthly Base Rent is subject to annual three percent (3%) increases as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Monthly Rent</th>
<th>Rate/psf</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$27,437.50</td>
<td>$2.50</td>
</tr>
<tr>
<td>2</td>
<td>$28,260.63</td>
<td>$2.58</td>
</tr>
<tr>
<td>3</td>
<td>$29,108.44</td>
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<tr>
<td>4</td>
<td>$29,981.70</td>
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<tr>
<td>5</td>
<td>$30,881.15</td>
<td>$2.81</td>
</tr>
<tr>
<td>6</td>
<td>$31,807.58</td>
<td>$2.90</td>
</tr>
</tbody>
</table>
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 30 days written notice from Landlord or 30 days written notice from the Chief Executive Officer of Tenant at the last monthly Base Rent payable under this Lease (as such Base Rent may be adjusted annually in accordance with the 3% annual increase occurring during the Term of the 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. Tenant represents and warrants that the Tenant's use and/or lease of the Premises shall not subject the Owner or the Premises to any governmental permits or licenses related to operation and use of the Premises. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. **DAMAGE OR DESTRUCTION**

   9.1 **Damage.** In the event any portion of the Premises is damaged by fire or any other cause, not caused by the Tenant, rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made unusable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within ten days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises leasable again using standard working methods. The failure to do so shall be a material default hereunder. Base Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial
or total destruction of the Premises. Tenant shall be responsible for repair and costs of such if the damage was the result of Tenant's use of the Premises.

9.2 Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause, not caused by Tenant, rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days for any reason, then Tenant may terminate this Lease by giving written notice within ten days after notice from Landlord specifying such time period of repair; and this lease shall terminate and the Base Rent shall be abated from the date the Premises became unusable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds are available to repair the damages.

9.3 Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises, not caused by Tenant, occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than 30 days after such destruction, in which case:

(a) Landlord shall have no obligation to restore the Premises;

(b) Landlord may retain all insurance proceeds relating to such destruction, and;

(c) This Lease shall terminate as of the date which is 30 days after such written notice of termination.

9.4 Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may:

(a) Declare a default hereunder or

(b) Perform or cause to be performed the restoration work and deduct the cost thereof plus interest thereon at ten percent (10%) per annum, from the Base Rent next due as a charge against the Landlord.

10. REPAIRS AND MAINTENANCE

10.1 Landlord Representations. Landlord represents to Tenant that on or prior to the Commencement Date:

(a) The Premises, the Building and all Common Areas (including electrical, heating, ventilating, and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including the Americans With Disabilities Act; and are in reasonable good working order and condition;

(c) The Premises, Building and Common Areas are free of the presence of Hazardous Materials (as hereinafter defined); and
(c) Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation.

10.2 Landlord Obligations.

(a) Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed.

(i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intra-building network cable;

(ii) mechanical (including HVAC), electrical, plumbing and fire/life systems serving the Building

(iii) the Common Areas;

(iv) exterior windows of the Building; and

(v) elevators serving the Building.

10.3 Tenant Obligations. Without limiting Landlord’s repair and maintenance obligations set forth in Section 10.2, 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 or visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall:

(a) be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed,

(b) be at least equal in quality, value and utility to the original work or installation, and

(c) be in accordance with all laws.

10.4 Tenant’s Right to Repair.

(a) If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant’s business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than five business days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant’s normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action,
then Tenant shall be entitled to reimbursement by Landlord within thirty (30) days of notice of Tenant's reasonable costs and expenses in having taken such action, any amounts unpaid after thirty (30) days shall be subject to interest thereon at ten percent (10%) per annum. Alternatively, if not reimbursed by Landlord within thirty (30) days, Tenant shall be entitled to deduct from Base Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 14.

(b) Tenant at its sole option, acting through the CEO, may request the Landlord to perform, supply and administer any repairs, replacement, or services that are the responsibility of the Tenant and reimburse Landlord for such costs.

11. SERVICES AND UTILITIES

11.1 Services.

(a) Heating, Ventilation and Air Conditioning (HVAC). Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in Exhibit D attached hereto.

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

(c) Elevators. Landlord shall furnish 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.

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

(e) Maintenance. Landlord at its sole cost and expense shall provide maintenance service consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto. Notwithstanding the above, Tenant shall be responsible for cleaning and janitorial services within 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) Pest Control. Landlord at its sole cost and expense shall provide pest control services to the premises per the specifications set forth in Exhibit E attached hereto.
11.2 Utilities. Tenant is responsible and agrees to pay for its electrical and natural gas usage, including electrical and natural gas used to operate the HVAC system, separately metered directly with the utility company. Landlord agrees to pay, when due, all charges for the use of the sewer, effluent treatment, and if imposed by any governmental authority, all water, sprinkler standby charges, in connection with the Premises and Common Areas during the Term of this Lease or any renewal, extension, or holdover thereof.

12. TAXES

Landlord shall pay, when due, all real property taxes, assessments and special assessments which may be levied or assessed against the Premises or Building during the term of this Lease or any renewal or holdover period thereof.

13. LANDLORD ACCESS

Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or Premises, Base Rent shall be prorated based upon the percentage of the Premises or Building rendered unlettable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

14. TENANT DEFAULT

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

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

(b) the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of 30 days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than 30 days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion. In no event shall the total time to cure exceed 90 days.

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

14.3 No Effect on Indemnity. Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

15. LANDLORD DEFAULT
15.1 **Remedies.** In addition to the provisions for Landlord's default provided by Sections 9.4, 10.3, 19 and 21.2, Landlord shall be in default ("Landlord Default") in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within five days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10.3); provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably be cured within such five day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein:

(a) to remedy such default or breach and deduct the costs thereof (including but not limited to attorney's fees) plus interest at the rate of ten percent (10%) per annum from the installments of Base Rent next falling due;

(b) to pursue the remedy of specific performance;

(c) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Base Rent next coming due; and/or

(d) to terminate this Lease.

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

15.3 **Emergency.** Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises. In such case, Tenant may perform the necessary work through its Internal Services Department and deduct the cost of said work from the Base Rent next due.

16. **ASSIGNMENT AND SUBLETTING**

Tenant may not assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent, which consent will not be unreasonably withheld.

17. **ALTERATIONS AND ADDITIONS**

17.1 **Landlord Consent.** Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria:
(a) complies with all Laws;
(b) is not visible from the exterior of the Premises or Building;
(c) will not materially affect the systems or structure of the Building; and
(d) does not unreasonably interfere with the normal and customary business office operations of other Tenants in the Building.

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

18. CONDEMNATION

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

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

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

18.4 Restoration. Notwithstanding the preceding paragraph, if, within 30 days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within 90 days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in
effect, except that Base Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

18.5 Award. The Award (as defined below) shall be the property of Landlord. “Award” shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

18.6 Waiver of Statute. Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the Superior Court to terminate this Lease in the event of a partial taking of the Premises.

19. INDEMNIFICATION

19.1 Landlord’s Indemnity. The Landlord shall indemnify, defend and hold harmless the Tenant and its employees, officers, partners, members, tenants and/or agents from and against any and all liability, loss, injury or damage including (but not limited to) demands, claims, actions, fees, costs and expenses (including reasonable attorney and expert witness fees), arising from or connected with the Landlord’s, its employees’, agent’s, or contractors’ repair, maintenance and other acts and omissions arising from and/or relating to the Landlord’s ownership of the Premises.

19.2 Tenant’s Indemnity. The Tenant shall indemnify, defend and hold harmless the Landlord and its employees, officers, partners, members, tenants and/or agents, from and against any and all liability, loss, injury or damage including (but not limited to) demands, claims, actions, fees, costs and expenses (including reasonable attorney and expert witness fees), arising from or connected with the Tenant’s repair, maintenance and other acts and omissions arising from and/or relating to the Tenant’s use of the Premises.

20. INSURANCE

During the term of this Lease, the following insurance requirements will be in effect.

20.1 WAIVER. Both the Tenant and the Landlord each agree to release the other and waive their rights of recovery against the other for damage to their respective property arising from perils insured in the Causes-of-Loss Special Form (ISO form CP 10 30).

20.2 GENERAL INSURANCE PROVISIONS – LESSOR REQUIREMENTS. Without limiting the Landlord’s indemnification of Tenant and during the term of this Lease, and until all of its obligations pursuant to this Lease have been met, Landlord shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in this Lease. These minimum insurance coverage terms, types and limits (the “Required Insurance”) also are in addition to and separate from any other contractual obligation imposed upon Landlord pursuant to this Lease. The Tenant in no way warrants that the Required Insurance is sufficient to protect the Landlord for liabilities which may arise from or relate to this Lease.

A. Evidence of Coverage and Notice to Tenant. Certificate(s) of insurance coverage (Certificate) satisfactory to Tenant, and a copy of an Additional Insured endorsement confirming Tenant and its Agents (defined below) has given Insured status under the Landlord’s General Liability policy, shall be delivered to Tenant at the address shown below and provided prior to the start day of this Lease. Renewal Certificates shall be provided to Tenant not less than 10 days prior to Landlord’s policy expiration dates. The Tenant reserves the right to obtain complete, certified copies of any required Landlord insurance policies at any time. Certificates
shall identify all Required Insurance coverage types and limits specified herein, reference this
Lease by name or number, and be signed by an authorized representative of the insurer(s). The
Insured party named on the Certificate shall match the name of the Landlord identified in the
Lease. Certificates shall provide the full name of each insurer providing coverage, its NAIC
(National Association of Insurance Commissioners) identification number, its financial rating, the
amounts of any policy deductibles or self-insured retentions exceeding twenty-five thousand
($25,000.00) dollars, and list any Tenant required endorsement forms. Neither the Tenant’s
failure to obtain, nor the Tenant’s receipt of, or failure to object to a non-complying insurance
certificate or endorsement, or any other insurance documentation or information provided by the
Landlord, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the
Required Insurance provisions. Certificates and copies of any required endorsements, notices
of cancellation shall be delivered to:

County of Los Angeles
Tenant Department Name
Landlord Department Address
Attention: Name of Department Contact Person

Landlord also shall promptly notify Tenant of any third party claim or suit filed against Tenant
which arises from or relates to this Lease, and could result in the filing of a claim or lawsuit
against Landlord and/or Tenant.

B. Additional Insured Status and Scope of Coverage. The Tenant, which is
the County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees
and Volunteers (collectively Tenant and its Agents), shall be provided additional insured status
under Landlord’s General Liability policy with respect to liability arising from or connected with
the Landlord’s acts, errors, and omissions arising from and/or relating to the Tenant’s operations
on and/or its ownership of the premises. Tenant’s additional insured status shall apply with
respect to liability and defense of suits arising out of the Landlord’s acts or omissions, whether
such liability is attributable to the Landlord or to the Tenant. The full policy limits and scope of
protection also shall apply to the Tenant as an additional insured, even if they exceed the
Tenant’s minimum Required Insurance specifications herein. Use of an automatic additional
insured endorsement form is acceptable providing it satisfies the Required Insurance provisions
herein.

C. Cancellation of or Changes in Insurance. Landlord shall provide the
Tenant with, or Landlord’s insurance policies shall contain a provision that the Tenant shall
receive, written notice of cancellation or any change in Required Insurance, including insurer,
limits of coverage, term of coverage or policy period. The written notice shall be provided to the
Tenant at least ten (10) days in advance of cancellation for non-payment of premium and thirty
(30) days in advance for any other cancellation or policy change. Failure to provide written
notice of cancellation or any change in Required Insurance may constitute a material breach of
the Lease, in the sole discretion of the Tenant, upon which the Tenant may suspend or
terminate this Lease.

D. Failure to Maintain Insurance. Landlord’s failure to maintain or to provide
acceptable evidence that it maintains the Required Insurance shall constitute a material breach
of the Lease.
E. **Insurer Financial Ratings.** Insurance is to be provided by an insurance company authorized to do business in California and acceptable to the Tenant, with an A.M. Best rating of not less than A:VII, unless otherwise approved by the Tenant.

F. **Landlord’s Insurance Shall Be Primary.** Landlord’s insurance policies, with respect to any claims related to this Lease, shall be primary with respect to all other sources of coverage available to Tenant. Any Tenant maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Tenant coverage.

G. **Waiver of Subrogation.** To the fullest extent permitted by law, the Landlord hereby waives its and its insurer(s) rights of recovery against Tenant under all required insurance policies for any loss arising from or related to this Lease. The Landlord shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.

H. **Deductibles and Self-Insured Retentions (SIRs).** Landlord’s policies shall not obligate the Tenant to pay any portion of any Tenant deductible of SIR. The Tenant retains the right to require Landlord to reduce or eliminate policy deductibles and SIRs as respects the Tenant, or to provide a bond guaranteeing Landlord’s payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

I. **Claims Made Coverage.** If any part of the Required Insurance is written on claims made basis any policy retroactive date shall precede the start date of this Lease. Landlord understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Lease expiration, termination or cancellation.

J. **Application of Excess Liability Coverage.** Landlord may use a combination of primary and excess insurance policies which provide coverage as broad as (“follow form” over) the underlying primary policies, to satisfy the Required Insurance provisions.

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

L. **Tenant Review and Approval of Insurance Requirements.** The Tenant reserves the right to review and adjust the Required Insurance provisions, conditioned upon Tenant’s determination of changes in risk exposures.

### 20.3 INSURANCE COVERAGE TYPES AND LIMITS

A. **Tenant Requirements:** During the term of this Lease, Tenant shall maintain a program of insurance coverage as described below. Tenant, at its sole option, may satisfy all or any part of this insurance requirement through use of a program of self-insurance (self-funding of its liabilities?) Certificate evidencing coverage or letter evidencing self-funding will be provided to Landlord after execution of this Lease at Landlord’s request.

1. Commercial General Liability Insurance providing scope of coverage equivalent to ISO policy form CG 00 01, naming Landlord and its Agents as an additional insured, with limits of not less than:
20.4 **Landlord Requirements:** During the term of this Lease, Landlord shall provide and maintain the following programs of insurance coverage:

1. **Commercial General Liability Insurance** providing scope of coverage equivalent to ISO policy form CG 00 01, naming Landlord and its Agents as an additional insured, with limits of not less than:

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

2. **Commercial Property Insurance.** Such insurance shall:

   - Provide coverage for Tenant's property and any improvements and betterments; this coverage shall be at least as broad as that provided by the Causes-of-Loss Special Form (ISO form CP 10 30), excluding earthquake and including flood and ordinance or law coverage.

   - Be written for the full replacement cost of the property, with a deductible no greater than $250,000 or 5% of the property value, whichever is less. Insurance proceeds shall be payable to the Tenant and Landlord as their interests may appear.

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

21. **PARKING**

21.1 **Tenant's Rights.** Tenant shall have the right to the number of exclusive reserved parking stalls set forth in Section 1 at the cost/charge set forth in Section 1. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges and overnight parking of County vehicles. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord or City of Huntington Park from time to time, provided that such procedures shall be uniformly applied to all commercial tenants. Tenant acknowledges that all other parking spaces are under the control of the City of Huntington Park or their parking vendor.

21.2 **Remedies.** Landlord acknowledges that it is a material term of this Lease that Tenant receive all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant, (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation) Tenant may:
(a) terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective 30 days thereafter; or

(b) deduct from the installment(s) of Base Rent next due the amount paid as set forth in Section 1.1(m) per parking space not so provided.

22. ENVIRONMENTAL MATTERS

22.1 Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, 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.

22.2 Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease. Landlord's obligations under this Section 22.3 shall not include any indemnifications for the act of Tenant, or Tenant's invitees, permittees, agents, employees, partners, and/or officers.
23. **ESTOPPEL CERTIFICATES**

Tenant shall, within seven (7) business days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest in the Premises or a holder of any mortgage upon Landlord's interest in the Premises.

24. **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.

25. **LIENS**

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

26. **SUBORDINATION AND MORTGAGES**

26.1 **Subordination and Non-Disturbance.** Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement substantially in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith and provided further that no such subordination shall affect any option to extend the Term of this Lease, which may be included herein.

26.2 **Existing Deeds of Trust.** The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith within 60 days after the execution of this Lease.

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

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

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

28. SIGNAGE

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

29. QUIET ENJOYMENT

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

30. GENERAL

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

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

30.3 Brokers. Landlord represents and warrants that they have engaged, at their sole cost, a broker, finder or other person that is entitled to a commission or fee in respect of the negotiation, execution or delivery of this Lease.

30.4 Entire Agreement. This Lease, and any exhibits hereto, (and the Landlord's Work Letter and Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

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

30.6 Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.
30.7 **Governing Law and Forum.** This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

30.8 **Waivers.** No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

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

30.10 **Consent.** Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed.

30.11 **Intentionally Deleted.**

30.12 **Memorandum of Lease.** If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

31. **AUTHORITY**

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Officer of the County or its delegee (the "Chief Executive Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Base Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

32. **ACKNOWLEDGEMENT BY LANDLORD**

Landlord acknowledges that it is aware of the following provisions:
32.1 Consideration of GAIN Program Participants. Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

32.2 Solicitation of Consideration. It is improper for any County officer employee or agent to solicit consideration in any form from a Landlord with the implication, suggestion or statement that the Landlord's provision of the consideration may secure more favorable treatment for the Landlord in the award of the Lease or that Landlord's failure to provide such consideration may negatively affect the County's consideration of the Landlord's offer to lease. A Landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County Manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the Landlord's submission being eliminated from consideration.

32.3 Landlord Assignment.

(a) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Base Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

(b) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.

(c) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County. Notwithstanding the foregoing, the County hereby acknowledges and agrees that Landlord shall have the right to encumber the Property with (i) CMBS (collateralized mortgage backed securities) financing or other traditional real estate financing, (ii) private activity bonds pursuant to Section 26 U.S.C. 141(b)(6)(A), (iii) taxable and/or tax exempt bonds credit enhanced by one or more banks and/or the Federal Home Loan Bank and/or (iii) bonds issued pursuant to Section 142(d) of the Internal Revenue Code. However, Landlord may not encumber the Property through any type of bond financing vehicle, including but not limited to certificate of participation financing.

(d) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of $500,000 or 10% of the aggregate
principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(e) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Base Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(f) Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except with County's prior written consent. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

(g) The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

33. **IRREVOCABLE OFFER**

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

34. **OPTION TO EXTEND**

(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 two options to renew this Lease for two additional periods of five years each (each, an "Option Term"). Each such option shall be personal to Tenant and not assignable.

(b) **Exercise of Option.** Tenant must exercise, or cause the option to be exercised, its option to extend this Lease, if it elects to do so, by giving Landlord written notice of its intent to do so by Chief Executive Office letter no later than six (6) months prior to the end of the initial Term, or first option term, as the case may be.

(c) **Terms and Conditions of Extension Term.** The Option Term shall be on all the terms and conditions of this Lease, except that Base Rent for each Option Term shall be subject to annual three (3) percent increases per the terms of Section 5 of this Lease.
IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD: Huntington Park CSF LLC, a California limited liability company

By: USA Huntington Park 607, Inc., a California corporation, its manager

By: [Signature]
Name: Geoffrey O. Brown
Title: President

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

SACHI A. HAMAI
Chief Executive Officer

By: [Signature]
DAVID P. HOWARD
Assistant Chief Executive Officer

ATTEST: Dean C. Logan
Registrar-Recorder/County Clerk

By: [Signature]
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: [Signature]
Senior Associate
Reference is made to that certain lease ("Lease") dated _____________, 20___, between County of Los Angeles, a body politic and corporate ("Tenant"), and Huntington Park CSF LLC. ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 6330 Rugby Avenue, Huntington Park, California ("Premises").

Landlord and Tenant hereby acknowledge as follow:

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

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

3) The Lease commenced on _________________ ("Commencement Date").

4) The Premises contain 10,975 rentable/gross square feet of space; and

For clarification and the purpose of calculating future rental rate adjustments, the monthly Base Rent is subject to annual three percent (3%) increases as follows:

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IN WITNESS WHEREOF, this memorandum is executed this ___ day of _______________, 20____.

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

By: ____________________________
Name: __________________________
Its: ____________________________

Landlord:
Huntington Park CSF LLC, a California limited liability company

By: USA Huntington Park 607, Inc.,
a California corporation,
its Mccommenanger

By: ____________________________
Name: Geoffrey C. Brown
Its: President
Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable/net square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.
1. **DAILY** (Monday through Friday)
   
   A. Bulb and tube replacements, as required.
   B. Emergency exit signage and egress battery replacement (if applicable).
   C. Graffiti expunged as needed within two working days after notice by Tenant.

2. **QUARTERLY**

3. **SEMI-ANNUALLY**

   Windows washed as required outside but not less frequently than twice annually. HVAC units serviced for preventative maintenance purposes, all filters changed as specified by the HVAC manufacturer but not less frequently than twice annually.

4. **ANNUALLY**

5. **AS NEEDED**

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

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

   C. Interior and exterior pest control inspections and remediation.

   D. All HVAC units to be serviced and filters changed per manufacturers recommendations and ducts cleaned as needed but no less than every five (5) years.

6. **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: MENTAL HEALTH, as Tenant
LANDLORD: Huntington Park CSF LLC

6630 RUGBY AVENUE
HUNTINGTON PARK, CALIFORNIA
LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated _________, 20__, executed concurrently herewith, by and between, HUNTINGTON PARK 607, L.P. ("Landlord") as Landlord, and COUNTY OF LOS ANGELES ("Tenant" or "County") as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

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

   (a) Base Tenant Improvement Allowance: $219,500 (i.e., $20 per rentable square foot of the Premises).

   (b) Additional Tenant Improvement Allowance: $1,262,125 (i.e., $115 per rentable square foot of the Premises).

   (c) Maximum Change Order Allowance: Not Applicable

   (d) Additional Tenant Improvement and Change Order Amortization Rate: Eight (8) percent per annum.

   (e) Basic Rent Reduction per $1,000: Not Applicable.

   (f) Tenant's Work Letter Representative: Miguel Covarrubias, or an assigned staff person of the Chief Executive Office-Real Estate Division.

   (g) Landlord's Work Letter Representative: An assigned staff person or consultant of the Landlord.

   (h) Landlord's Address for Work Letter Notice: See Section 1.2 (h) of the Lease.
2. **Construction of the Building.**

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

2.2 **Additional Costs Not Tenant Improvement Costs.**

(a) In the event that the Premises, and access to the Premises as currently constructed (and excluding and changes or additions made as a result of Tenant’s changes or additions) does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance with such codes, such costs shall not be included in the calculation of Tenant Improvement Costs as defined below and Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to cause the Premises (and excluding and changes or additions made as a result of Tenant’s changes or additions) to comply with the access requirements of the ADA or make existing building systems, including, but not limited to, electrical service and HVAC equipment, fully operational shall be at Landlord’s sole cost and expense. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with...
curing any "Sick Building Syndromes"; (ii) fire sprinkler system installation or upgrade; (iv) utility costs incurred during construction; (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease; or (vi) supervision or overhead costs of Landlord.

(c) Landlord shall have no responsibility for costs and expenses necessary to increase permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses.

2.3 Base Building Plans. Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2000 format. In the event Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, such increased costs will 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 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 sealed fixed price 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 open and 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 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.

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 fourteen (14) days after the Plan Submission Date, 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 ten percent (10%) 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 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 at the Tenant Improvement Amortization Rate.

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 be 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 sealed fixed price bids for the construction of the Tenant Improvements to Tenant for its review prior to the award of the Construction Contract. 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 fifteen (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 Tenant'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 Compact Disc (CD), in Auto CAD R 13.dwg (or later version) format or .DXF format, along with three (3) complete printed sets of drawings and three (3) complete sets 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 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
timewhich 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. 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 ____ 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 five 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.** Except as otherwise set forth in Section 2.2, 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 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 Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within 48 hours of the event giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Force Majeure Delay, then a Force Majeure Delay, 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 not claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in 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 60 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 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.
ADDENDUM A To Landlord's Work Letter

BASE BUILDING IMPROVEMENTS

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

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

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

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

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

(e) Public stairways;

(f) Passenger and freight elevators;

(g) Parking facilities;

(h) Ground floor lobby;

(i) Finished elevator lobbies (with carpet, 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 normal power in the floor electrical closet;

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

(q) 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 (heating is for perimeter zone only) to loop from the mechanical equipment room around the building core;

(t) 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) Gypsum board on the service core walls, columns and sills in the Premises.
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;

(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; and

(k) Fiber optic access.
ADDENDUM C TO Landlord’s Work Letter

MEMORANDUM OF TENANT IMPROVEMENT COST

Reference is made to that certain Lease ("Lease") dated the ___ day of ____, 20___, between County of Los Angeles, a body politic and corporate ("Tenant"), and Huntington Park CSF LLC ("Landlord"), whereby Landlord leases to Tenant and Tenant leases from Landlord certain premises in the building located at 6330 Rugby Avenue, Huntington Park, California ("Premises"),

Landlord and Tenant hereby acknowledge the following:

1) Landlord represents that Tenant Improvement Work to the Premises has been in substantially complete condition as of MONTH DD, YYYY, and the Lease commenced on MONTH DD, YYYY ("Lease Commencement").

2) Landlord and Tenant hereby confirm the final total cost of the Tenant Improvement Work for the demised Premises which have been completed pursuant the Work Letter to this Lease is: HUNDRED, THOUSAND, HUNDRED, DOLLARS AND xx/100 ($ , .XX).

(a) The aforementioned final total cost is comprised of:

<table>
<thead>
<tr>
<th>Lease Budget</th>
<th>Actual Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>$219,500 Base Tenant Improvement Allowance</td>
<td>$</td>
</tr>
<tr>
<td>$878,000 Additional Tenant Improvement Allowance</td>
<td>$</td>
</tr>
<tr>
<td>$0.00 Change Order Allowance</td>
<td>$</td>
</tr>
<tr>
<td>$1,097,500 Total</td>
<td>$</td>
</tr>
</tbody>
</table>

(b) Per the terms of the Lease, Tenant shall amortize the combined total of Additional Tenant Improvement Costs and Change Order Allowance of $__________, at 8% per annum over the term of the Lease. As such, Tenant shall pay to the Landlord $__________ per month beginning upon the Lease Commencement through the initial term of the Lease. Tenant may at any time during the term prepay Landlord in a lump sum for all or any portion of the Tenant Improvement Costs.

IN WITNESS WHEREOF, this memorandum is executed this ____ day of ____, 20___.

Tenant:
COUNTY OF LOS ANGELES
a body politic and corporate

By: Christopher M. Montana
Name: Director of Real Estate

Landlord:
Huntington Park CSF LLC, A California limited liability company

By: USA Huntington Park 607, Inc.,
a California corporation, its Manager

By: Geoffrey C. Brown
Name: President

ADDENDUM C - Page 1
<table>
<thead>
<tr>
<th><strong>OPS CLUSTER AGENDA REVIEW DATE</strong></th>
<th>8/8/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BOARD MEETING</strong></td>
<td>9/3/2019</td>
</tr>
<tr>
<td><strong>SUPERVISORIAL DISTRICT AFFECTED</strong></td>
<td>2</td>
</tr>
<tr>
<td><strong>DEPARTMENT</strong></td>
<td>Mental Health</td>
</tr>
<tr>
<td><strong>SUBJECT</strong></td>
<td>Approve and Order Publication of Notice of Intention to Purchase Leasehold Interest in Real Property and Accept Transfer of Title to Leasehold Interest in Real Property and Related Actions, 636 Maple Avenue, Los Angeles</td>
</tr>
<tr>
<td><strong>PROGRAM</strong></td>
<td></td>
</tr>
<tr>
<td><strong>SOLE SOURCE CONTRACT</strong></td>
<td>☐ Yes ☐ No</td>
</tr>
<tr>
<td><strong>DEADLINES/TIME CONSTRAINTS</strong></td>
<td></td>
</tr>
<tr>
<td><strong>COST &amp; FUNDING</strong></td>
<td>Total cost: $8,320,000 Funding source: State Mental Health Services Act ($4,000,000), 2011 Realignment Funds ($4,320,000)</td>
</tr>
<tr>
<td><strong>TERMS (if applicable):</strong></td>
<td>Explanation:</td>
</tr>
<tr>
<td><strong>PURPOSE OF REQUEST</strong></td>
<td>Find the proposed purchase exempt from CEQA. Approve Notice of Intention to Purchase Leasehold Interest for a total not to exceed $8,320,000. Set October 1, 2019 as the date to receive comment and consummate the proposed acquisition. At October 1, 2019, Board meeting: Order the purchase of the leasehold interest to be consummated, Authorize CEO or designee to purchase the leasehold interest and take all further actions necessary to complete the transaction, and Authorize the Auditor-Controller to issue a warrant to cover the purchase price and transaction costs.</td>
</tr>
<tr>
<td><strong>BACKGROUND (include internal/external issues that may exist)</strong></td>
<td>Both DMH and DHS currently lease space at a seven story, 159,811 square foot parking structure containing 424 parking space. Both departments have requested additional parking. Parking structure is located at 636 Maple Avenue in the City of Los Angeles and sits on property owned by Los Angeles County Metropolitan Transit Authority (LACMTA) which uses the ground floor as a transit vehicle layover facility. Ground lease commenced December 1, 2005, and will end on November 30, 2075, at which time the parking structure will revert to LACMTA. County would assume parking licenses with two residential complexes which agreements include an after-hours shuttle service. Parking structure turned a profit of approximately $237,000 in calendar year 2018.</td>
</tr>
<tr>
<td><strong>DEPARTMENTAL AND OTHER CONTACTS</strong></td>
<td>Name, Title, Phone # &amp; Email:</td>
</tr>
<tr>
<td></td>
<td>• CEO/RED Joyce Chang, Manager (213) 974-3078</td>
</tr>
<tr>
<td></td>
<td>• CEO/RED-Michael Rodriguez, Chief Program Specialist (213) 974-4246;</td>
</tr>
<tr>
<td></td>
<td>• County Counsel-Tiffani Shin (213) 974-1931; DMH-Damien Parker (213) 738-4639</td>
</tr>
</tbody>
</table>
County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

“To Enrich Lives Through Effective And Caring Service”

September 03, 2019

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

Dear Supervisors:

APPROVE AND ORDER PUBLICATION OF NOTICE OF INTENT TO PURCHASE LEASEHOLD INTEREST IN REAL PROPERTY AND ACCEPT TRANSFER OF TITLE TO LEASEHOLD INTEREST IN REAL PROPERTY AND RELATED ACTIONS
636 MAPLE AVENUE, LOS ANGELES (SECOND DISTRICT) (3 VOTES)

SUBJECT

Approval of the recommended actions will authorize the County of Los Angeles (County) to publish a Notice of Intent to Purchase, to purchase from Maple Avenue Parking Structure, LLC, a Delaware limited liability company (Seller), the leasehold interest (Leasehold Interest), pursuant to a Ground Lease between the Los Angeles County Metropolitan Transportation Authority (LACMTA), as landlord, and 636 Maple Avenue Intermodal Parking Structure, LLC, a California limited liability company (Original Tenant), as tenant (Ground Lease), with respect to the real property located at 636 Maple Avenue, Los Angeles, California, comprised of a 159,811 square foot, seven-story parking structure for County parking purposes (Property).

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed acquisition is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301 (Class 1 – Existing Facilities), CEQA Guidelines Section 15061(b)(3) (common sense exemption) and Appendix G of County’s CEQA Reporting procedures and Guidelines (Class 1 – Existing Facilities). The proposed purchase of the Leasehold Interest including the parking structure contemplates the continued use of the property as a parking structure for County and public parking and involves no expansion of the Property’s existing facilities and use. Additionally, none of the exceptions to the application of the exemptions apply.
2. Approve the Notice of Intention to Purchase to acquire the Leasehold Interest in the real property located at 636 Maple Avenue in Los Angeles, California, for a purchase price not exceed $8,305,000, plus title, survey, and escrow fees totaling approximately $15,000 (collectively, title and escrow fees), for a total not to exceed in the amount of $8,320,000.

3. Instruct the Executive Office of the Board of Supervisors to publish the Notice of Intention to Purchase, in accordance with Government Code Section 6063, which will state the date following the publishing period that the Board will meet to consummate the purchase of the Leasehold Interest.

4. Set October 1, 2019, as the date for a Board meeting to receive comment and consummate the proposed acquisition following publication of the Notice of Intention to Purchase, in accordance with Government Code Section 6063.

AT THE OCTOBER 1, 2019 BOARD MEETING, FOLLOWING THE GOVERNMENT CODE SECTION 6063 PUBLISHING PERIOD, IT IS RECOMMENDED THAT THE BOARD:

1. Order the purchase of the Leasehold Interest to be consummated, in accordance with Government Code Sections 25350 and 25353.

2. Authorize the Chief Executive Officer, or her designee, to execute the Agreement of Purchase and Sale, approved as to form by County Counsel, to purchase the Leasehold Interest for a price not to exceed $8,305,000 plus title and escrow fees of approximately $15,000, and authorize the Chief Executive Officer, or her designee, to take all further actions necessary and appropriate to complete the transaction, including opening and management of escrow, any administrative adjustments to the transfer documents, and execution of all the requisite documentation for the completion of the transfer and related actions.

3. Authorize the Auditor-Controller to issue a warrant (funded by State Mental Health Services Act funds and 2011 Realignment funds) to cover the purchase price of $8,305,000 and any other required transactional costs or escrow fees, which are estimated not to exceed $15,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The seven-story, 159,811 square foot parking structure containing 424 spaces is located at 636 Maple Avenue in the City of Los Angeles and sits on real property owned by LACMTA, which uses the ground floor as a transit vehicle layover facility. The parking structure went into receivership because the original tenant defaulted on bonds used to finance the parking structure. The seller, Maple Avenue Parking Structure, LLC, acquired the Leasehold Interest through an assignment from the guaranty company that took over the operation of the parking structure on behalf of the bondholders. The ground lease with LACMTA commenced on December 1, 2005, and will expire on November 30, 2075, at which time ownership of the parking structure will revert to LACMTA.

The Department of Mental Health currently rents space at the parking structure as does the Department of Health Services. Both departments have requested additional parking for staff, clients, and those receiving training, and are now desirous of acquiring said parking structure to increase and consolidate parking.
The public uses the parking structure, as well as the residents of the nearby condominium and apartment complexes for which the structure was originally built. The current parking rates are $7 per day and $135 per month, and the residents pay $130 per month. The County would be assuming the parking licenses with the two residential complexes, which agreements include an after-hours shuttle service that the County as the new owner would be required to provide. The County would also assuming the month-to-month parking management agreement with Parking Concept Inc. in order to continue operations of the parking structure and shuttle service after the County acquisition. The parking structure generated approximately $554,700 (excluding the County parking rent) in revenue in calendar year 2018 and would have shown a profit of approximately $237,000 without factoring in the County rent.

The purchase price reflects the fair market value for the Leasehold Interest, which has been substantiated by a County-commissioned appraisal report and compared to an appraisal report prepared by the Seller.

Approval of the recommended actions will find that the acquisition is exempt from CEQA and will allow County to execute the Agreement of Purchase and Sale by the Chair. Further, approval of the recommendations will allow the County to open escrow, issue a warrant for the purchase price of $8,305,000, plus title and escrow fees, deposit said funds into escrow, fulfill the County’s obligations associated with the acquisition and consummate the transfer of the Leasehold Interest to the County.

**Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal 3 of “Realize Tomorrow’s Government Today” directs that our increasingly dynamic, and complex environment, challenges our collective abilities to respond to public needs and expectations. We want to be an innovative, flexible, effective, and transparent partner focused on advancing the common good. Strategy III.3.2 calls for the maximization of County assets in a fiscally responsible way that aligns with the County’s highest priority needs. Upon acquisition of the parking structure by the County, the Department of Mental Health will be able to provide secure parking for its growing staff at its 6th Street facility and parking for training sessions held at the location without having to lease more spaces at the parking structure.

**FISCAL IMPACT/FINANCING**

The proposed acquisition of the Property totaling $8,305,000 plus approximately $15,000 for title and escrow fees, will result in the elimination of the current monthly rental costs of $24,185. The acquisition will be funded by the State Mental Health Services Act (MHSA) funds in the amount of $4,000,000 and by 2011 Realignment funds in the amount of $4,320,000. The Department of Mental Health will issue a warrant to the escrow company when the escrow settlement document is available.

Operating Budget Impact

Following the acquisition of the Leasehold Interest, the operating costs of the parking structure will be funded through the Department of Mental Health’s annual operating budget, as the proprietor department of this prospective County-owned asset. The Department of Health Services will pay its share of maintenance and operating costs. All parking structure revenue shall be deposited into the County General Fund.
FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In order to purchase the Leasehold Interest, the Chief Executive Office (CEO), Real Estate Division, received a preliminary title report, which revealed no claims or encumbrances that would significantly affect or impair the leasehold interest title. Additionally, as required by Government Code Section 65402, notice of the proposed acquisition was submitted to the City of Los Angeles (City) Planning Department. The City’s Planning Department has determined that the acquisition of the parking structure and its continued use as a parking structure is in compliance with its General Plan. A Phase I Environmental Site Assessment was completed and concluded that there is no evidence of recognized environmental conditions to address or mitigate. Additionally, property condition assessment reports were ordered and completed for the parking structure by a DPW-commissioned consultant. The reports found the structure to be in “Good” condition, i.e., a condition that demonstrates consistent maintenance, equipment in sound operating condition, with only a few repairs needed. All items in said reports were reviewed by CEO, Real Estate Division and the Department of Mental Health. CEO, with the assistance of the Department of Public Works, has satisfactorily completed its due diligence with respect to the proposed acquisition of the Leasehold Interest.

Section 25353 of the California Government Code, allows the Board to lease real property necessary for use of the County for buildings or for other public purposes. Pursuant to Government Code Sections 6063 and 25350, a Notice of Intention to Purchase will be published for the intended action to purchase a leasehold interest in real property, and a Board meeting will be scheduled following the three-week publishing period to receive comments prior to consummating the proposed acquisition.

ENVIRONMENTAL DOCUMENTATION

The proposed acquisition is exempt from CEQA. The proposed acquisition, which is to acquire the Leasehold Interest, which is currently owned by Seller is within a class of projects that have been determined not to have a significant effect on the environment and which meets the criteria set forth in Section 15301 of the State CEQA Guidelines, Section 15061(b)(3) of the State CEQA Guidelines and Class 1 of Appendix G of the County’s Environmental Document Reporting Procedures and Guidelines. In addition, the proposed acquisition will comply with all applicable regulations, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled, pursuant to Government Code Section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemptions inapplicable.

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

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on or disruption of County services.
CONCLUSION

It is requested that the Executive Office, Board of Supervisors, return two certified copies of the Minute Order and one adopted stamped Board letter to the CEO, Real Estate Division, at 320 W. Temple St., 7th Floor, Los Angeles, CA 90012, and to the Department of Mental Health, attention Damien Parker, at 550 S. Vermont Avenue, Los Angeles, CA 90020.

Respectfully submitted,

SAH:FAD:DPH
DL:JLC:MGR:Js

c: Executive Office, Board of Supervisors
  County Counsel
  Auditor-Controller
  Assessor
  Health Agency
  Health Services
  Mental Health
**BOARD LETTER/MEMO – FACT SHEET**

**OPERATIONS CLUSTER**

<table>
<thead>
<tr>
<th><strong>OPS CLUSTER AGENDA REVIEW DATE</strong></th>
<th>8/8/2019</th>
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<tbody>
<tr>
<td><strong>BOARD MEETING</strong></td>
<td>9/3/2019</td>
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<tr>
<td><strong>SUPERVISORIAL DISTRICT AFFECTED</strong></td>
<td>All</td>
</tr>
<tr>
<td><strong>DEPARTMENT</strong></td>
<td>Chief Executive Office, Asset Management Branch, Master Planning Unit</td>
</tr>
<tr>
<td><strong>SUBJECT</strong></td>
<td>On-Call Master Plan and Strategic Facilities Planning Services – Award Consultant Services Agreements</td>
</tr>
<tr>
<td><strong>PROGRAM</strong></td>
<td></td>
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<tr>
<td><strong>SOLE SOURCE CONTRACT</strong></td>
<td>☐ Yes    ☒ No</td>
</tr>
<tr>
<td><strong>DEADLINES/ TIME CONSTRAINTS</strong></td>
<td>Additional consultant capacity is required in order to advance several high-priority, time-sensitive projects driven by Board motions and departmental initiatives.</td>
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<tr>
<td><strong>COST &amp; FUNDING</strong></td>
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<td><strong>Total cost:</strong></td>
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<td></td>
<td>The aggregate total not-to-exceed amount for the eight contracts is $20 million.</td>
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<tr>
<td><strong>Funding source:</strong></td>
<td></td>
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<td></td>
<td>Existing appropriation in either the Project and Facilities Development Fund, or various operating funds, special funds, and other funding sources.</td>
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<tr>
<td><strong>TERMS (if applicable):</strong></td>
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<td></td>
<td>Each consultant services agreement will be for a 5-year term plus two 1-year extension options.</td>
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<td><strong>Explanation:</strong></td>
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<td>This action is to authorize the CEO to execute eight (8) consultant services agreements for an aggregate total not to exceed amount of $20 million, for on-call master plan and strategic facilities planning services.</td>
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<tr>
<td><strong>PURPOSE OF REQUEST</strong></td>
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<tr>
<td><strong>The recommended consultant services agreements will directly support the development of long range facility master plans that align service delivery goals, associated operational plans, and related facility needs. The recommended consultant service agreements will also be used to develop options on how to use vacant or under-utilized County property to support advancement of the Homeless Initiative, or other Board priorities. Master plans will provide the Board with an understanding of opportunities related to optimizing the use of existing facilities, and the benefits and costs related to developing new property or facilities needed to meet service demand and advance Board priorities. Master plans will also provide a framework for making short-term investment decisions, as well as ground work for implementing long range plans.</strong></td>
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<tr>
<td><strong>BACKGROUND</strong> (include internal/external issues that may exist)</td>
<td>There are no controversial issues associated with this item.</td>
</tr>
<tr>
<td></td>
<td>The CEO Asset Management Branch requires access to consultants who have experience in both system-wide institutional facilities planning for large jurisdictions and large campus master plans to complete the master planning work integral to advancing the Strategic Asset Management Plan presented to the Board of Supervisors in March 2016.</td>
</tr>
<tr>
<td></td>
<td>Contracting Process: On February 7, 2019, Public Works issued a Request for Proposals (RFP) for on-call master plan and strategic facilities planning services. On March 7, 2019, 14 firms submitted proposals. An evaluation committee, consisting of staff from the Chief Executive Office, the Health Agency, and Public Works, evaluated the proposals as outlined in</td>
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the RFP. The selected firms represent the best qualified firms from each size category to provide the required services based upon their technical expertise, experience, personnel, qualifications, and understanding of the work requirements.

<table>
<thead>
<tr>
<th>DEPARTMENTAL AND OTHER CONTACTS</th>
<th>Kelly Quinn, Manager, Master Planning Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Phone: 213-974-2318</td>
</tr>
<tr>
<td></td>
<td>Email: <a href="mailto:kquinn@ceo.lacounty.gov">kquinn@ceo.lacounty.gov</a></td>
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</table>
September 3, 2019

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:

ON-CALL MASTER PLAN AND STRATEGIC FACILITIES PLANNING SERVICES
AWARD CONSULTANT SERVICES AGREEMENTS
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)

SUBJECT

This action is to authorize eight consultant services agreements, for an aggregate total not-to-exceed program amount of $20 million, for on-call master plan and strategic facilities planning services. These services will augment the Chief Executive Office Asset Management Branch’s ability to complete master plans and strategic facilities planning analyses to advance the Strategic Asset Management Plan presented to the Board of Supervisors in March 2016. Each consultant services agreement will be for a five-year term plus two 1-year extension options. The aggregate total not-to-exceed program amount of $20 million will be allocated among the eight selected consultant firms at the sole discretion of the Chief Executive Officer or her designee, based on the firms’ qualifications and capacity relative to the specific needs of each project.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed actions are not a project under the California Environmental Quality Act for the reasons stated in this Board letter and in the record of the proposed actions.

2. Approve and authorize the Chief Executive Officer, or her designee, to execute the consultant services agreements with the following firms: (to be inserted in final Board Letter). The aggregate total not-to-exceed program amount of $20 million will be allocated across any or all of the eight agreements at the County’s sole discretion. Each consultant services agreement will be for a five-year term, commencing upon execution by the Chief Executive Officer, or her designee, with two 1-year extension options.

“To Enrich Lives Through Effective And Caring Service”
The expiration of each agreement is subject to the following: if the County authorizes a consultant in writing to perform services on a given project prior to the stated expiration date, but thereafter such services are not completed by the stated expiration date, then the expiration of the agreement shall be automatically extended solely to allow for the completion of such specific services. Any such automatic extensions of the expiration date shall be recorded in a notice issued to the consultant by the Chief Executive Office.

3. Authorize the Chief Executive Officer, or her designee, to: (a) approve and execute amendments to the consultant services agreements to exercise the two 1-year extension options for each firm; and (b) incorporate additions and/or changes to certain County standard contract terms and conditions in the agreements as required by the Board of Supervisors.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will allow for execution of the recommended consultant services agreements to augment the Chief Executive Office (CEO) Asset Management Branch’s (Branch) ability to complete master plans, and other strategic facilities planning analyses and studies to advance the Strategic Asset Management Plan (Plan) presented to the Board of Supervisors (Board) in March 2016. The main goals of the Plan include:

- Optimizing the use of assets to their highest and best use;
- Establishing stronger connections between service priorities and asset decisions;
- Creating an enterprise-wide understanding of needs and priorities;
- Developing long-term funding strategies that address future unfunded needs; and
- Stimulating economic activity and improve residents’ quality of life.

The recommended consultant services agreements will directly support the development of long range facility master plans that align service delivery goals, associated operational plans, and related facility needs. The recommended consultant service agreements will also be used to develop options on how to use vacant or under-utilized County property to support advancement of the Homeless Initiative, and other Board priorities. Master plans will provide the Board with an understanding of opportunities related to optimizing the use of existing facilities, and the benefits and costs related to developing new property or facilities needed to meet service demand and advance Board priorities. Master plans will also provide a framework for making short-term investment decisions, as well as ground work for implementing long range plans.

Implementation of Strategic Plan Goals

“To Enrich Lives Through Effective And Caring Service”
The recommended action supports the following goal of the Countywide Strategic Plan: “Realize Tomorrow’s Government Today” (Goal III). The consultants who have the specialized expertise to provide master planning and strategic facility planning services will support the CEO in implementing the goal by “pursuing operational effectiveness, fiscal responsibility, and accountability” (Strategy III.3) through maximizing County assets, guiding strategic investments, and supporting economic development, in ways that are fiscally responsible and align with the County's highest priority needs.

**FISCAL IMPACT/FINANCING**

The recommended actions have no direct impact on the County's General Fund.

Funding for these agreements will be provided through existing appropriation in either the Project and Facilities Development Fund, or various operating funds, special funds, and other funding sources.

The aggregate total not-to-exceed program amount of $20 million will be allocated among the eight selected consultant firms at the sole discretion of the Chief Executive Officer, or her designee, based on the firms' qualifications and capacity relative to the specific needs of each project.

Expenditures resulting from the recommended agreements will vary from year to year during the term of the agreements, based on work assigned by the CEO on an as-needed basis. Pursuant to the terms of the agreements, the County will only incur expenses for services performed after a written Notice to Proceed is issued by the CEO for a given scope of work.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

A standard consultant services agreement, in the form previously approved by County Counsel, will be used. The consultant services agreements contain terms and conditions in compliance with the CEO’s and the Board’s requirements. The agreements also include a provision requiring the consultant firms track subcontractors’ utilization of Local Small Business Enterprise, Disabled Veterans Business Enterprise, and Social Enterprise Businesses.

Attachments A and B *(to be inserted in final Board Letter)* reflect the consultants' minority participation and the Community Business Enterprises participation data.

**ENVIRONMENTAL DOCUMENTATION**

“To Enrich Lives Through Effective And Caring Service”
The proposed actions do not constitute a project pursuant to CEQA because they are excluded from the definition of a project by Section 21065 of the California Public Resources Code (PRC) and Section 15378(b) of the State CEQA Guidelines. The proposed actions to award on-call master plan and strategic facilities planning services contracts are administrative activities of government, which will not result in direct or indirect physical changes in the environment. We will return to the Board as necessary for consideration of appropriate environmental documentation pursuant to CEQA before the approval of any activities that would constitute a project under CEQA.

CONTRACTING PROCESS

On February 7, 2019, Public Works issued a Request for Proposals (RFP) for on-call master plan and strategic facilities planning services. The RFP was posted on both the "Doing Business with Us" and "Public Works Business Opportunities" websites and in the Los Angeles Daily Journal, Los Angeles Sentinel, and La Opinion newspapers. Public Works informed 1,355 Local Small Business Enterprises about this business opportunity, and 26 firms registered on the Public Works' website for the RFP.

The RFP allowed firms to compete as primes in one of three categories: small, medium, or large-sized firms. Each firm was requested to certify its own size based on number of personnel for competition with other firms in the same size category. The RFP stated that a total of eight firms would be awarded contracts as follows: one small-sized firm (with 25 or fewer personnel), two medium-sized firms (with 26 to 75 personnel), and five large-sized firms (with over 75 personnel).

On March 7, 2019, 14 firms submitted proposals. An evaluation committee, consisting of staff from the CEO, Health Agency, and Public Works, evaluated the proposals as outlined in the RFP. The selected firms represent the best qualified firms from each size category to provide the required services based upon their technical expertise, experience, personnel, qualifications, and understanding of the work requirements. The following firms were selected without regard to race, creed, color, or gender: (to be inserted in final Board Letter).

In the small-sized business enterprise category, two firms submitted proposals. Based on the evaluation committee's review, one firm was selected for a contract. In the medium-sized business category, only one firm submitted a proposal. Based on the evaluation committee's review, this one firm was selected for a contract. In the large-sized business enterprise category, 11 firms submitted proposals. Based on the evaluation committee's review, and given that only one medium-sized firm submitted a proposal, six firms were selected for contracts. These firms were selected without regard
to race, creed, color, or gender. The CEO has determined that the firms’ proposed rates for performing the services are reasonable. The three-year contracting history for the selected firms are on file with Public Works. Public Works has fully implemented the Services Contract Solicitation Protest Policy in accordance with Board Policy No. 5.055. Public Works offered Debriefings to the six non-selected proposers and conducted Debriefings with five of these firms; one non-selected firm requested but subsequently canceled their Debriefing appointment.

Public Works has evaluated and determined that the Los Angeles County Code Chapter 2.201 (Living Wage Program) does not apply to the recommended agreements. These consultant services agreements are exempt from the requirements of Proposition A because the services are required on a part-time and intermittent basis. Union was notified on this solicitation.

The consultant services agreements include a cost-of-living adjustment provision in accordance with the Board Policy No. 5.070.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There will be no negative impact on current County services during the performance of the recommended consultant services agreements.
CONCLUSION

Please return one adopted copy of this Board letter to the CEO, Asset Management Branch.

Respectfully submitted,

SACHI A. HAMAI
Chief Executive Officer

SAH:FAD:DPH
KQ:MWT:ns

Attachments

c: Executive Office, Board of Supervisors
   County Counsel
   Public Works