



FESIA A. DAVENPORT  
Acting Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE OPERATIONS CLUSTER

**DATE:** December 9, 2020  
**TIME:** 2:00 p.m. – 4:00 p.m.  
**LOCATION:** **TELECONFERENCE CALL-IN NUMBER: 1(323)776-6996**  
**TELECONFERENCE ID: 321834492#**

To join via phone, dial 1(323)776-6996, then press 321834492#.

**YOU CAN ALSO JOIN THIS MEETING BY CLICKING ON THE FOLLOWING LINK:**

**[Click here to join the meeting](#)**

**DUE TO THE CLOSURE OF ALL COUNTY BUILDINGS, MEMBERS OF THE PUBLIC  
WILL NEED TO CALL IN TO PARTICIPATE IN THE MEETING.**

### **AGENDA**

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 – Tamela Omoto-Frias/Anthony Baker**
2. **INFORMATIONAL ITEM(S):**  
**(5 minutes)**
  - A) Board Letter:  
APPROVE NEW EIGHT-YEAR LEASE OF DMH FOR OFFICE AND  
PARKING SPACE AT 1045 W. REDONDO BEACH BLVD., GARDENA  
CEO/RE/DMH – Michael Navarro, Chief Program Specialist
  - B) Board Letter:  
APPROVAL OF AMENDMENT NO. 2 FOR ADDITIONAL TENANT  
IMPROVEMENT FUNDING FOR THE EXISTING LEASE OF DCFS AT  
1933 S. BROADWAY, LOS ANGELES  
CEO/RE/DCFS – Michael Navarro, Chief Program Specialist

**CONTINUED ON PAGE 2**

C) Board Letter:

APPROVE A PROPOSED EIGHT-YEAR AMENDMENT TO AN EXISTING LEASE OF DPH FOR THE CONTINUED USE OF OFFICE AND PARKING SPACE AT 1000 SOUTH FREMONT AVE., 4<sup>TH</sup> FLOOR, A9 WEST, ALHAMBRA

CEO/RE/DPH – Michael Navarro, Chief Program Specialist

D) Board Letter:

APPROVE A PROPOSED NINE-YEAR LEASE OF PROBATION FOR USE OF OFFICE AND PARKING SPACE AT 2934 EAST GARVEY AVE. SOUTH, WEST COVINA

CEO/RE/PROBATION – Michael Navarro, Chief Program Specialist

3. **PRESENTATION/DISCUSSION ITEMS:**

None available.

4. **Public Comment**

(2 minutes each speaker)

5. **Adjournment**

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**FUTURE AGENDA TOPICS**

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**CALENDAR LOOKAHEAD:**

CEO/CP – ALTADENA GOLF COURSE GENERAL IMPROVEMENTS  
PROJECT ESTABLISH AND APPROVE CAPITAL PROJECT NO. 77525

CEO/RM – RISK MANAGEMENT INFORMATION SYSTEM SIX-MONTH  
UPDATE

CEO/RE/DA – APPROVAL OF EXISTING EIGHT-YEAR LEASE AMENDMENT  
FOR USE OF OFFICE AND PARKING SPACE BY DISTRICT ATTORNEY AT  
1000 SOUTH FREMONT AVE., ALHAMBRA

CEO/RE/DCFS – EIGHT-YEAR LEASE OF DEPARTMENT OF CHILDREN  
AND FAMILY SERVICES FOR CONTINUED USE OF OFFICE AND PARKING  
SPACE AT 10355 SLUSHER DRIVE, SANTA FE SPRINGS

# BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

☒ Board Letter

☐ Board Memo

☐ Other

<b>OPS CLUSTER AGENDA REVIEW DATE</b>	12/9/2020	
<b>BOARD MEETING</b>	1/5/2021	
<b>DELEGATED AUTHORITY BOARD LETTER</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	2 <sup>nd</sup>	
<b>DEPARTMENT</b>	Mental Health (DMH)	
<b>SUBJECT</b>	Approve a proposed new eight-year lease for the use of approximately 24,022 square feet of office space and 96 on-site parking spaces at 1045 West Redondo Beach Blvd, Suite 300, Gardena.	
<b>PROGRAM</b>	South Bay Mental Health Clinic, South Bay Full-Service Partnership, and South Bay Wellness Center.	
<b>SOLE SOURCE CONTRACT</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	If Yes, please explain why:	
<b>DEADLINES/ TIME CONSTRAINTS</b>	Two of three existing leases to be consolidated are on month-to-month holdover.	
<b>COST &amp; FUNDING</b>	Total cost: \$11,010,000 over 8-years, which consists of \$6,588,000 in base rent, \$3,145,000 in TIs, and \$1,277,000 in low voltage.	Funding source: 100% funded by Mental Health Services Act funds and other State and Federal funding sources.
	TERMS (if applicable): The proposed lease provides for fixed rental increases of 4 percent per annum. The County will receive \$35 per square foot in base tenant improvements (included in the rent) and \$100 in reimbursable tenant improvements to be repaid to the landlord over the term of the lease (not to exceed \$3,145,000).	
	Explanation: Sufficient funding to cover the proposed lease, and County TI reimbursement costs for the first year of the proposed lease term are included in the Fiscal Year (FY) 2020-21 Rent Expense budget and will be billed back to DMH. DMH has sufficient funding in its FY 2020-21 operating budget to cover the proposed rent, County TI costs, and Low Voltage Items for the first year. Beginning in FY 2021-22, ongoing funding for costs associated with the proposed lease will be part of the budget for DMH.	
<b>PURPOSE OF REQUEST</b>	Approval of the recommended actions will authorize and adequately provide the necessary office space for DMH.	
<b>BACKGROUND (include internal/external issues that may exist)</b>	<p>DMH will consolidate three direct-service programs into one facility at 1045 West Redondo Beach Blvd, Gardena. The three programs include the South Bay Mental Health Clinic (SBMHC) located in Hawthorne, the South Bay Full-Service Partnership (SBFSP) in Lawndale, and the South Bay Wellness Center (SBWC) in Gardena. The SBMHC lease has been in holdover as of March 5, 2017, and the SBFSP lease has been in holdover as of January 16, 2016. No holdover penalties are associated with these leases.</p> <p>The County proposes to consolidate and co-locate the programs within one facility to allow more integrated and coordinated care for clients, with smoother transitions between different levels of service providing more effective service delivery. DMH requested relocation out of the current SBMHC due to security concerns with that location and a need for more adequate parking for staff and clients. DMH requested a site on a major thoroughfare, with access to public transportation, accessible to the community, and with better parking accommodations.</p> <p>The Lessor is willing to provide sufficient tenant improvement funding to allow DMH to configure the space to accommodate the new programs. The Lessor is providing the base tenant improvements at no cost to the County and additional reimbursable Tenant Improvement funds, as needed, for the interior build-out of the premises</p>	
<b>DEPARTMENTAL AND OTHER CONTACTS</b>	Michael Navarro CEO- Real Estate Division 213-974-4364      Mnavarro@ceo.lacounty.gov	



# 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>

FESIA A. DAVENPORT  
Acting Chief Executive Officer

Board of Supervisors  
HILDA L. SOLIS  
First District

HOLLY J. MITCHELL  
Second District

SHEILA KUEHL  
Third District

JANICE HAHN  
Fourth District

KATHRYN BARGER  
Fifth District

January 5, 2021

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:

**EIGHT-YEAR LEASE  
DEPARTMENT OF MENTAL HEALTH  
1045 WEST REDONDO BEACH BOULEVARD, GARDENA  
(SECOND DISTRICT)  
(3 VOTES)**

**SUBJECT**

Approval of a proposed new eight-year lease for 24,022 square feet of office space, and 96 on-site parking spaces for the Department of Mental Health (DMH) South Bay Mental Health Clinic, Full-Service Partnership and Wellness Center.

**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 Acting Chief Executive Officer, or her designee, to execute the proposed lease with Gardena Professional Medical Plaza, LP (Landlord), for approximately 24,022 square feet of office space and 96 on-site parking spaces, located at 1045 West Redondo Beach Boulevard, Suite 300, Gardena, CA 90247, to be occupied by DMH. The estimated maximum first year base rental cost is \$714,895. The estimated total lease cost is \$11,010,000 over the eight-year term, including low voltage cost to be paid by DMH directly to ISD. The costs will be 100 percent funded by Mental Health Services Act funds, and other State and Federal funding sources.

3. Authorize the Acting Chief Executive Officer, or her designee, to reimburse the Landlord up to \$2,402,200 for County's Tenant Improvement (TI) contribution, if paid in a lump sum, or \$3,145,000 if amortized over eight years at 7 percent interest per annum.
4. Authorize the Director of DMH to contract with and direct the Internal Services Department (ISD), in coordination with the Acting Chief Executive Officer, or her designee, for the acquisition and installation of telephone, data, and low-voltage systems (Low Voltage Items) at a total cost not to exceed \$1,129,111, or \$1,277,000 if amortized over five years at 6 percent interest per annum. The cost for the Low Voltage Items is in addition to the rental costs and County's TI contribution payable to the Landlord.
5. Authorize and direct the Acting Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the terms of the proposed lease and to take actions necessary and appropriate to implement the proposed lease.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The proposed 24,022 square feet of office space, and 96 on-site parking spaces, at 1045 West Redondo Boulevard, Suite 300 in Gardena (Premises) will allow DMH to relocate and consolidate three Mental Health programs which are currently located in separate locations. The three offices to be consolidated include the South Bay Mental Health Clinic (SBMHC) located at 2311 West El Segundo Boulevard in Hawthorne, the South Bay Full-Service Partnership (SBFSP) located at 14623 Hawthorne Boulevard in Lawndale, and the South Bay Wellness Center (SBWC) located at 1300 West 155<sup>th</sup> Street in Gardena.

The lease at 2311 West El Segundo Boulevard in Hawthorne, has been on holdover as of March 5, 2017. The County had a long-standing tenancy at that building beginning December 1, 1988. Subsequently, the County adopted seismic guidelines and the building no longer meets the County standards, thereby the County was unable to renew the lease until addressed by the landlord. DMH has occupied the 14623 Hawthorne Blvd. in Lawndale, location since September 5, 2007, and has been on holdover since January 16, 2016, due to pending lease negotiations. The lease at 1300 West 155<sup>th</sup> Street in Gardena site expired October 31, 2020, is in holdover. The three leases will be terminated once DMH moves into the proposed Premises.

The programs are directly operated, community mental health programs serving clients in the northern portion of the South Bay Region. Direct client services are provided at the SBMHC and the SBWC sites; both have frequent client visitors, while the SBFSP provides primarily field-based services. All sites have administrative office functions.

The County proposes to consolidate and co-locate the programs within one facility, to allow more integrated and coordinated care, with smoother transitions between different levels of service to clients, and more timely and effective service delivery. The Premises will house 78 staff, including budgeted staff, interns, volunteers, and security staff.

The relocation will allow the existing programs to operate out of a newer facility with adequate parking for staff and visitors. The current SBMHC location has ongoing crime and safety concerns, and DMH prefers a site on a major thoroughfare, with a public transportation corridor, that is more accessible to the community. The current SBMHC location also did not have sufficient parking to accommodate staff and visitors, creating logistical challenges. The proposed Premises are on a major boulevard, served by public transportation, ensuring access to low or no-income consumers. The new location is approximately three miles south east from the current SBMHC location, and within a half-mile of the SBWC location. The SBFSP, which is mostly field based, is located 4.4 miles west of the proposed site.

The proposed facility will adequately meet the space needs of DMH. The location is freeway accessible in proximity to the 110 freeway and will accommodate staff and visitors with sufficient parking.

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

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal 1 - *Make Investments That Transform Lives* - provides 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. This proposed lease supports this goal through a consolidated office that will integrate and coordinate care, which will provide more comprehensive services to their clients. The office accommodations will be centrally located, with adequate parking accommodations for visitors and staff.

The proposed lease is consistent with the Strategic Asset Management Plan Goal 2 – Strengthen Connection between Service Priorities and Asset Decisions and Key Objective 4 – Guide Strategic Decision-Making. The proposed lease will advance the Board goal and objective by consolidating three DMH programs into one office to provide better service to the community from one central location. The consolidation of offices will achieve economies of scale during the build-out process as well as during the term of the lease. The County can lower its administrative costs by working with one property management company as opposed to multiple companies and minimize duplication of efforts of internal program operations.

The proposed lease conforms with the Asset Management Principles outlined in Enclosure A.

### **FISCAL IMPACT/FINANCING**

Sufficient funding to cover the proposed lease and County TI reimbursement costs for the first year of the proposed lease term, is included in the Fiscal Year (FY) 2020-21 Rent Expense Budget, and will be billed back to DMH. DMH has sufficient funding in its FY 2020-21 operating budget to cover the proposed rent, County TI costs, and Low-Voltage Items for the first year. Beginning in FY 2021-22, ongoing funding for costs associated with the proposed lease will be part of the budget for DMH. The costs will be 100 percent funded by Mental Health Services Act funds and other State and Federal funding sources. The costs for the Low Voltage Items will be paid by DMH directly to ISD, and, are not part of the proposed lease.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In addition to the terms previously stated, the proposed lease also includes the following provisions:

- Base rent includes parking and is subject to fixed annual rental adjustments of 4 percent per annum.
- Total TI costs are expected to be \$3,242,970. The Landlord will provide a base TI allowance of \$840,770 or \$35 per square foot, as part of the base rent.
- The County will reimburse the Landlord up to \$2,402,200 (\$100 per square foot), as the County's lump sum TI contribution, or make payments amortized over eight years, with an interest rate of 7 percent, for a fully amortized amount not to exceed \$3,145,000.

- The Landlord is responsible for all exterior and interior operating and maintenance costs associated with the premises, including utilities and janitorial costs. The County has no responsibility for any operating and maintenance costs, except for any security services within the Premises.
- The proposed lease includes 96 on-site parking spaces at no additional cost to the County.
- The aggregate cost associated with the proposed lease over the entire term is \$11,010,000, as shown on Enclosure B.
- The County does not have the right to terminate the proposed lease early.
- The proposed lease contains a holdover provision. Beginning on the fourth month of holdover, the monthly base rent during the holdover period will increase by 25 percent of the base rent at the time of the lease expiration. The County's tenancy will be terminable upon 30 days' notice from either party.
- Upon termination of the County's tenancy, the County will be responsible to pay the landlord for the removal of any furniture, fixtures, and equipment remaining on the premises.
- The proposed lease will be effective upon approval by the Board and full execution of the proposed lease, but the term and rent will commence upon completion of the TIs by Landlord and acceptance of the Premises by the County.

The Chief Executive Office (CEO) issued a flyer soliciting proposals for available space from landlords, brokers, and other owner representatives, for this space need, through the Board's Executive Office website, and the CEO-Real Estate County website. The recommended facility was identified through this process. A market search of available office space for lease was conducted but no space was identified in the survey area that could accommodate this requirement more economically. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area, is between \$27.00 and \$31.20 per square foot per year. The base annual rental rate of \$29.76 per square foot per year, for the proposed lease represents a rate within the market range for the area. We recommend the proposed facility as the most suitable to meet the County's space requirements.



CEO has communicated with co-working office space companies regarding office space for the applicable programs and they have informed the CEO that their co-working office space does not have available space for long-term occupancy to accommodate the required space needs. In addition, co-working office space is not financially viable in comparison to rental costs of traditional long-term office space.

Enclosure C shows all County-owned or leased facilities within the surveyed areas and there are no County-owned or leased facilities available for this space requirement.

The Department of Public Works has inspected the facility and found it suitable for County occupancy. Construction of the TIs will be completed in compliance with relevant building and construction laws and regulations, including the Americans with Disabilities Act.

The required notification letter to the city of Gardena has been sent in accordance with Government Code Section 25351. County Counsel has reviewed the enclosed lease and has approved it as to form.

The proposed lease will provide a suitable office location for DMH's direct service and administrative programs within the South Bay Region, which is consistent with the County's facility location policy, as adopted by the Board on July 24, 2012, and further outlined in Enclosure D.

### **ENVIRONMENTAL DOCUMENTATION**

This project is exempt from CEQA, as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities). The proposed lease, which involves the leasing of existing office space with minor tenant improvements within an existing building, with no expansion of the existing building, is within a class of projects that have been determined not to have a significant effect on the environment and 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 project 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 adequately provide the necessary office space and parking spaces for this County requirement. DMH concurs with the proposed lease and recommendations.

**CONCLUSION**

It is requested that the Executive Office of the Board return one certified copy of the Minute Order and an adopted-stamped copy of this letter to the CEO, Real Estate Division at 320 West Temple Street, 7th Floor, Los Angeles, CA 90012, for further processing.

Respectfully submitted,

FESIA A. DAVENPORT  
Acting Chief Executive Officer

FAD:JMN:DPH:DL  
JLC:MN:FC:gw

Enclosures

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

**DEPARTMENT OF MENTAL HEALTH**  
**1045 WEST REDONDO BEACH BOULEVARD, GARDENA**  
**Asset Management Principles Compliance Form<sup>1</sup>**

<b>1.</b>	<b><u>Occupancy</u></b>		<b>Yes</b>	<b>No</b>	<b>N/A</b>
A	Does lease consolidate administrative functions?		X		
B	Does lease co-locate with other functions to better serve clients?		X		
C	Does this lease centralize business support functions?		X		
D	Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup> <b>The lease exceeds the guideline at approximately 308 square feet per person which includes reception area, conference room, lunchroom, file room, storage/file room and server room.</b>			X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline?		X		
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location?		X		
<b>2.</b>	<b><u>Capital</u></b>				
A	Is it a substantial net County cost (NCC) program? The rental costs will be 100 percent funded by Mental Health Services Act funds and other State and Federal funding sources			X	
B	Is this a long-term County program?		X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?			X	
D	If no, are there any suitable County-owned facilities available?			X	
E	If yes, why is lease being recommended over occupancy in County-owned space?				X
F	Is Building Description Report attached as Enclosure C?		X		
G	Was build-to-suit or capital project considered?			X	
<b>3.</b>	<b><u>Portfolio Management</u></b>				
A	Did department utilize CEO Space Request Evaluation (SRE)?		X		
B	Was the space need justified?		X		
C	If a renewal lease, was co-location with other County departments considered? <sup>2</sup>				X
D	Why was this program not co-located with other County departments?				X
	1. ___ The program clientele requires a "stand alone" facility.				
	2. ___ No suitable County occupied properties in project area.				
	3. ___ No County-owned facilities available for the project.				
	4. ___ Could not get City clearance or approval.				
	5. ___ The Programs are being co-located.				
E	Is lease a full-service lease?		X		
F	Has growth projection been considered in space request?		X		
G	Has the Dept. of Public Works completed seismic review/approval? <sup>1</sup>		X		
<sup>1</sup> As approved by the Board of Supervisors 11/17/98					
<sup>2</sup> If not, why not?					

## OVERVIEW OF PROPOSED LEASE BUDGETED COSTS

<b>1045 West Redondo Beach Boulevard Gardena</b>	<b>Proposed Lease</b>
Area (square feet)	24,022
Term	8 years
First Year Annual Base Rent <sup>(1)</sup>	\$714,895 (\$29.76 per sq. ft. annually)
Base TI Allowance (non-reimbursable)	\$ 840,770 (\$35 per sq. ft)
County TI Contribution (reimbursable) <sup>(2)</sup>	\$2,402,200 (\$100 per sq. ft.)
Total First Year Lease Costs <sup>(3)</sup>	\$1,107,906
Rental Adjustment	4 percent fixed annually
Parking (included in Rent)	96 parking spaces
Option to Renew	N/A

<sup>(1)</sup> The proposed lease is full-service gross, with the landlord responsible for paying all costs associated with building maintenance, operations and utilities. Note: The lease allows after-hours HVAC use at a cost of \$90 per hour, rate is subject to change.

<sup>(2)</sup> The proposed lease allows the County to repay additional reimbursable TIs over 8 years at 7 percent interest. (\$2,402,000 over 8 years at 7 percent equates to monthly payments of \$32,751/month or \$393,011/year)

<sup>(3)</sup> Annual rent (\$714,895) + County reimbursable TI payments (\$393,011)/year = \$1,107,906  
The proposed project will also have Low Voltage Costs which are paid directly by the Department to ISD. The costs above only reflect costs associated with the lease (rent and tenant Improvement reimbursement). If you add the Low voltage costs in year 1 (\$419,896) to lease costs (\$1,107,906) = \$1,527,801 in year 1.

## OVERVIEW OF THE PROPOSED BUDGETED LEASE AND RELATED COSTS

**Department of Mental Health (DMH)**  
**1045 West Redondo Beach Boulevard, Gardena**

Leased Area (sq. ft.)	24,022		
Term (months)	96 months		
Annual Rent Adjustment	4%		
Base Rent	Cost Per RSF Per Month (\$)	Cost Per RSF Per Year (\$)	
	\$2.48	\$29.76	
Low Voltage (Labor Cost + TESMA Cost)	Labor Cost (Lump Sum Payment)	TESMA (Lump Sum Cost)	TESMA (Amortized Cost)
	\$205,661	\$923,450	\$1,071,173
Tenant Improvement	Lump Sum	Amortized	
	\$2,402,200	\$3,144,088	

	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	Total 8 Year Rental Costs
Annual Base Rent Costs <sup>1</sup>	714,895	743,491	773,231	804,160	836,326	869,779	904,570	940,753	6,588,000
Low Voltage Costs <sup>2</sup>	419,896	214,235	214,235	214,235	214,235	0	0	0	1,277,000
Tenant Improvement Costs <sup>3</sup>	393,011	393,011	393,011	393,011	393,011	393,011	393,011	393,011	3,145,000
<b>Total Annual Lease Costs</b>	<b>1,527,801</b>	<b>1,350,736</b>	<b>1,380,476</b>	<b>1,411,405</b>	<b>1,443,571</b>	<b>1,262,790</b>	<b>1,297,581</b>	<b>1,333,764</b>	<b>11,010,000</b>

<sup>1</sup> Base rent includes annual 4 percent step increases.

<sup>2</sup> The low voltage costs will be paid as follows: The ISD labor costs (205,661) will be paid via a lump sum payment. The TESMA labor and materials costs (923,450) will be financed over 5 years at 6% interest rate per annum paid by the department.

<sup>3</sup> Tenant Improvement costs will be amortized over 8 years (County has the option to also pay via a lump sum payment) at seven percent (7%).

**\*Calculation note: For budget purposes, all numbers are rounded up to ensure sufficient funds available to pay the specified expense.**

**DEPARTMENT OF MENTAL HEALTH  
SPACE SEARCH – 3 MILE RADIUS  
1045 WEST REDONDO BEACH BOULEVARD, GARDENA**

<b>LACO</b>	<b>Name</b>	<b>Address</b>	<b>Ownership Type</b>	<b>Gross Sq Ft</b>	<b>Vacant</b>
X419	Probation Centinela Office/PW - Building & Safety	1320 W Imperial Hwy Los Angeles 90044	Owned	30000	None
0346	Lennox Constituent Service Center	4343 Lennox Blvd Lennox 90304	Owned	8261	None
4803	Kornblum School	3620 El Segundo Blvd Hawthorne 90250	Gratis Use	72	None
4804	Zela Davis School	13435 S Yukon Ave Hawthorne 90250	Gratis Use	72	None
4805	Prairie Vista Middle School	13600 S Prairie Ave Hawthorne 90250	Gratis Use	72	None
4806	Bud Carson Middle School	13838 S Yukon Ave Hawthorne 90250	Gratis Use	72	None
A760	DC&FS - Children's Advocacy Center - Washington High	10860 S Denker Ave Los Angeles 90047	Gratis Use	0	None
A557	DCSS - Adult Protective Services	4300 W 120th St. Hawthorne 90250	Leased	23000	None
A614	DPSS - Southwest Spec District (Vermont Villa	1819 Charlie Sifford Drive Los Angeles 90047, 1819 W 120th St. Los Angeles 90047	Leased	88546	None
4403	South Services Agency - Administration Building	360 W El Segundo Blvd Los Angeles 90061	Owned	2584	None
A551	DPSS - WFP&I & South Reg IV IHSS/Adult Services	12000 Hawthorne Blvd Hawthorne 90250	Leased	132996	None
A338	DCFS - Compton West (SPA 6)	11539 S Hawthorne Blvd Hawthorne 90250	Leased	31832	None
0069	PW Road - Div #232 Maintenance Yard Office	4055 W Marine Ave Lawndale 90260	Owned	800	None
T517	South Services Agency - Park Reservation Office	360 W El Segundo Blvd Los Angeles 90061	Owned	1144	None
B710	PW - Inc City Office (Lawndale)	14717 Burin Ave Lawndale 90260	Gratis Use	80	None

## FACILITY LOCATION POLICY ANALYSIS

**Proposed new lease:** An eight-year lease for the Department of Mental Health (DMH) – 1045 West Redondo Beach Boulevard, Suite 300, Gardena– Second District.

**A. Establish Service Function Category** – DMH provides direct services programs in the South Bay region.

**B. Determination of the Service Area** – The proposed lease will allow DMH to consolidate three direct service programs into one location, located within Service Planning Area 8. The site is located on a major thoroughfare, with access to public transportation and is easily accessible by freeway as it is within close proximity to Interstates 110 and 91.

### C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: The proposed facility is in proximity to the communities of Hawthorne, Gardena, El Segundo, Lawndale, Inglewood, and sections of the City of Los Angeles, including Westchester. It is also close to unincorporated areas, including Lennox and Athens Park. The DMH SBMHC and Wellness Center must be located within the communities they serve. This site meets the service area criteria and is located within an appropriate area.
- Need for proximity to existing County facilities: DMH works collaboratively with other County and State programs including: DPSS, the Social Security Administration and the Department of Health Services (DHS). The DHS Torrance Health Center is situated within a 4-mile proximity, at 711 Del Amo Boulevard, Torrance. DPSS has Region V South offices in Compton, 7 miles away, and there is a Social Security Administration office at 20000 Mariner Avenue, Torrance, within 8 miles.
- Need for proximity to Los Angeles Civic Center: N/A. The current site needs to serve clients in the South Bay area. The location is 13 miles from downtown Los Angeles.
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit services including the city of Gardena's GTrans bus lines 2, 3 and line 4 (Harbor Gateway Transit Center) with a connection to the Metro Green Line station, and proximity to the Interstate 110 and 91 Freeways.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.

- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There is no space available in existing County-owned buildings to meet the District's service needs.
- Compatibility with local land use plans: The proposed use is consistent with the building's use, zoning, and not in conflict with the goals of the city of Gardena. The Department of Public Works inspected the facility and found it suitable for County occupancy. A notification letter has been sent pursuant to Government Code Section 25351.
- Estimated acquisition/construction and ongoing operational costs: The initial annual maximum costs associated with the proposed lease are \$1,527,801, which includes base rent of \$714,895, i.e. \$29.76 per square foot per month, inclusive of parking, up to \$393,011 in additional TI costs, and \$419,896 in low-voltage costs. The costs will be 100 percent funded by Mental Health Services Act funds and other State and Federal funding sources

#### **D. Analyze results and identify location alternatives**

Based upon the space and service needs of DMH, staff surveyed the immediate area to determine the availability of comparable and more economical site alternatives.

Based upon a review of available industry data, we have established that the annual rental range for similar space including parking costs is between \$27.00 and \$31.20 per square foot, per year. In comparison, the base rental rate of \$29.76 per square foot per year, including parking, for the proposed lease represents a rate within the market range for the area.

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

The proposed subject lease agreement for DMH will provide adequate and efficient office space for 78 employees and clients consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012. There are no available buildings in the area that meet Department requirements.



**COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE**

**LEASE AGREEMENT**

**COUNTY OF LOS ANGELES - Tenant**

**GARDENA PROFESSIONAL MEDICAL PLAZA, L.P. – Landlord**

**1045 W REDONDO BEACH BOULEVARD**

**SUITE 300**

**GARDENA, CALIFORNIA 90247**

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## **EXHIBITS**

- Exhibit A – Floor Plan of the Premises
- Exhibit B – Commencement Date Memorandum and Confirmation of Lease Terms
- Exhibit C – Form of Payment Voucher
- Exhibit D – Heating, Ventilation, and Air Conditioning Standards
- Exhibit E – Cleaning and Maintenance Schedule
- Exhibit F – Subordination, Non-disturbance and Attornment Agreement
- Exhibit G – Tenant Estoppel Certificate
- Exhibit H – Community Business Enterprises Form
- Exhibit I – Memorandum of Lease Terms

## **LANDLORD'S WORK LETTER**

- Addendum A – Base Building Improvements
- Addendum B – Tenant Improvements
- Addendum C – Form of Preliminary and Final TI Cost Statement

COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

This LEASE AGREEMENT ("Lease") is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ between GARDENA PROFESSIONAL MEDICAL PLAZA, L.P., a California limited partnership ("Landlord"), and COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant" or "County").

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:	<p>GARDENA PROFESSIONAL MEDICAL PLAZA, L.P. 9800 S. La Cienega Blvd., Suite 200 Inglewood, CA 90301 Attn: Property Manager</p> <p>With a copy to:</p> <p>3470 Wilshire Boulevard, Suite 700 Los Angeles, CA 90010 Attn: Legal Department</p>
b. Tenant's Address for Notice:	<p>County of Los Angeles Chief Executive Office - Real Estate Division 320 West Temple Street, 7th Floor Los Angeles, CA 90012 Attention: Director of Real Estate</p> <p>With a copy to:</p> <p>County of Los Angeles Office of the County Counsel 648 Kenneth Hahn Hall of Administration 500 West Temple Street Los Angeles, CA 90012-2713</p>

	Attention: Property Division
c. Premises:	Approximately 24,022 rentable square feet located on the entire third (3rd) floor of the Building (defined below), as shown on <u>Exhibit A</u> attached hereto.
d. Building:	The building located at 1045 W Redondo Beach Boulevard, Gardena, California, 90247, which is currently assessed by the County Assessor as APN 6114-028-050, commonly known as Gardena Professional Medical Plaza, together with any related land, improvements, parking facilities, common areas, driveways, sidewalks and landscaping (the "Building");
e. Term:	Eight (8) years, commencing thirty (30) days after the date of 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 (8th) annual anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.
f. Projected Commencement Date:	July 1, 2020
g. Irrevocable Offer Expiration Date: (see Section 33)	November 30, 2019
h. Base Rent:	\$59,574.56 per month (which is based upon a rental rate of \$2.48 per rentable square foot, adjustable only as provided in Section 5 hereof). Base Rent for the first (1st) year of the Term shall be \$714,894.72 (adjustable as provided in Section 5

	hereof).
i. Early Termination	N/A
j. Rentable Square Feet in the Premises:	24,022 square feet
k. Initial Departmental Use:	Clinic and General office use, or any other lawful governmental purpose not incompatible with other uses in the Building, subject to Section 6.
l. Parking Spaces:	Four (4) unreserved monthly parking spaces for each one thousand (1,000) rentable square feet of Tenant's leased Premises, which allocation is currently ninety-six (96) unreserved parking spaces, as provided in Article 21.
m. Normal Working Hours:	7:00 a.m. to 6:00 p.m. Monday through Friday and 9:00 a.m. to 1:00 p.m. Saturdays, 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 to the extent of utilities or services provided by union members engaged at the Building, such other holidays observed by such unions.
n. Asbestos Report:	A report dated November 7, 2019 prepared by Masek Consulting Services Inc., a licensed California Asbestos contractor.
o. Seismic Report	A report dated April 30, 2019 prepared by the Los Angeles County Department of Public Works.
p. Disabled Access Survey	A report dated May 15, 2020 prepared by Brandow & Johnston.

## 1.2 Defined Terms Relating to Landlord's Work Letter

a. Tenant Improvement	\$840,770.00 (which is based upon the rate
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Allowance:	of \$35.00 per rentable square foot)
b. Tenant's TI Contribution:	\$2,402,200.00 (which is based upon the rate of \$100.00 per rentable square foot)
c. Change Request Contingency	[Intentionally Omitted]
d. Tenant Improvement Amortization Rate and Change Request Amortization Rate:	Seven percent (7 %) per annum
e. Tenant's Work Letter Representative:	_____
f. Landlord's Work Letter Representative:	Property Manager and/or an assigned staff member of Landlord
g. Landlord's Address for Work Letter Notice:	<p>GARDENA PROFESSIONAL MEDICAL PLAZA, L.P.  9800 S. La Cienega Blvd., Suite 200  Inglewood, CA 90301  Attn: Property Manager</p> <p>With a copy to:</p> <p>3470 Wilshire Boulevard, Suite 700  Los Angeles, CA 90010  Attn: Legal Department</p>
h. Tenant's Address for Work Letter Notice:	<p>County of Los Angeles  Chief Executive Office - Real Estate Division  320 West Temple Street, 7th Floor  Los Angeles, CA 90012  Attention: Director of Real Estate</p>



<p>1.3     <u>Exhibits to Lease</u></p>	<p>Exhibit A - Floor Plan of Premises  Exhibit B - Commencement Date Memorandum and Confirmation of Lease Terms  Exhibit C - Form of Payment Voucher  Exhibit D - HVAC Standards  Exhibit E - Cleaning and Maintenance Schedule  Exhibit F - Subordination, Non-Disturbance and Attornment Agreement  Exhibit G - Tenant Estoppel Certificate  Exhibit H - Community Business Enterprises Form  Exhibit I - Memorandum of Lease</p>
<p>1.4     <u>Landlord's Work Letter</u>   (Executed concurrently with this Lease and incorporated herein by this reference):</p>	<p>Landlord's Work Letter  Addendum A:    Base Building Improvements  Addendum B:    Tenant Improvements  Addendum C:    Form of Preliminary and Final TI Cost Statement</p>

## **2. PREMISES**

### **2.1 Lease of Premises**

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 1.1 and depicted on Exhibit A attached hereto.

## **3. COMMON AREAS**

Tenant may use the following areas ("Common Areas") in common with Landlord and any other tenants of the Building: the entrances, lobbies, corridors and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common 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 thirty (30) days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing a Commencement Date Memorandum and Confirmation of Lease Terms in the form attached hereto as Exhibit B. The Commencement Date shall begin thirty (30) days after the date of 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 Tenant Improvements and the Premises are Substantially Complete, Tenant has inspected the Premises, and Tenant has accepted the Tenant Improvements and the Premises. 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; provided, however, that any non-compliance with applicable laws and codes, excepting ADA compliance, parking, and common areas, that does not materially affect Tenant's use of the Premises shall not delay the Commencement Date;
- b. Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease and Landlord's Work Letter (if any), including the installation of modular furniture systems, if so required (except minor punch list items

which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises;

- 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 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 one hundred eighty (180) days after the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays, as provided in Landlord's Work Letter executed concurrently herewith, then 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 rights or obligations to one another hereunder.

#### 4.3 Early Entry

Tenant shall be entitled to enter the Premises not less than thirty (30) days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Such early entry shall be subject to all provisions hereof, including Section 19.2, but shall not advance the Termination Date, and Tenant shall not pay Base Rent nor any other charges for such early entry period. In no event shall Tenant's early entry interfere with the tenant improvement work to be performed pursuant to the Work Letter.

### 5. RENT

#### 5.1 Base Rent

Tenant shall pay Landlord the Base Rent stated in Section 1 during the Term hereof within fifteen (15) days after (a) the Commencement Date, and (b) the first day of each calendar month thereafter, provided that prior to the Commencement Date, Landlord must file with the Auditor of the County of Los Angeles a payment voucher for the Base Rent attributable to the initial month(s) of the Term up to and including June of the first year during the Term, and annually thereafter, on or before June 15 of each subsequent calendar year, for the Base Rent attributable to the following twelve (12) months (i.e., beginning July 1). Landlord shall submit such payment vouchers in the same form as Exhibit C attached hereto, along

with a completed IRS form W-9 and evidence of insurance in compliance with Section 20.1. If Landlord fails to timely file any payment voucher as required pursuant to this Section 5.1, then Tenant shall not be required to pay Base Rent to Landlord until fifteen (15) days after Landlord files such payment voucher for the applicable period. Base Rent for any partial calendar month during the Term shall be prorated in proportion to the number of days during the Term within such calendar month.

## 5.2 Base Rent Adjustments

From and after the first (1st) anniversary of the Commencement Date, on the first day of the first full calendar month thereafter (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Base Rent shall be increased by four percent (4%) of the Base Rent payable in the immediately preceding month. Thus, the monthly installment of Base Rent shall be as follows:

<i>Year of Term</i>	<i>Monthly Installment of Base Rent</i>	<i>Rate per Rentable Square Foot</i>
1	\$59,574.56	\$2.48
2	\$61,957.54	\$2.58
3	\$64,435.84	\$2.68
4	\$67,013.28	\$2.79
5	\$69,693.81	\$2.90
6	\$72,481.56	\$3.02
7	\$75,380.82	\$3.14
8	\$78,396.06	\$3.26

## 6. USES

Landlord agrees that the demised Premises, together with all appurtenances thereto, shall be used by the Tenant for the government department set forth in Section 1.1 or for any other governmental purposes or other lawful purposes that do not materially adversely interfere with other uses in the Building, during Normal Working Hours, after Normal Working Hours, and on weekends and holidays.

**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 thirty (30) days written notice from Landlord or thirty (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 from time to time in accordance with Article 5 above), plus any other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease. All options, rights of first refusal, concessions and discounts, if any, granted under this Lease shall be deemed terminated and of no force or effect during such holdover period. In the event of Tenant holdover, the monthly installment of Base Rent, beginning on the fourth month of holdover, shall be increased to one hundred twenty-five percent (125%) of the Base Rent payable for the month immediately preceding the expiration or termination of the then existing Term 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 ("Applicable Laws"). 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 but not limited to 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. Tenant shall not use the Premises, or permit the Premises to be used, in any manner which: (a) violates any Applicable Law; or (b) causes or is reasonably likely to cause damage to the Building or the Premises; or (c) violates any Building rules or regulations promulgated by Landlord and applicable to all tenants in the Building.

**9. DAMAGE OR DESTRUCTION**

**9.1 Damage**

If any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable, and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days after the date of the damage or destruction, then Landlord shall promptly, upon written notice from Tenant to Landlord of such damage and 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 (10) 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.

#### 9.2 Tenant Termination Right

If 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 one hundred eighty (180) days for any reason, then Tenant may terminate this Lease by giving Landlord written notice within ten (10) days after Tenant's receipt of written notice from Landlord or its agents 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. If Tenant does not elect to terminate this Lease, then Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided that 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 occurs during the last year of the Term, then either Landlord or Tenant may terminate this Lease by giving notice to the other not more than thirty (30) days after such destruction, in which case:

- a. Landlord shall have no obligation to restore the Premises;
- b. Landlord may retain all insurance proceeds relating to such destruction, and
- c. This Lease shall terminate as of the date which is thirty (30) days after such written notice of termination.

#### 9.4 Default By Landlord

If Landlord is required to repair and restore the Premises as provided for in this Section 9, and Landlord thereafter fails to diligently prosecute said repair and restoration work to completion, then 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 next installment(s) of Base Rent due as a charge against Landlord.

## **10. REPAIRS AND MAINTENANCE**

### **10.1 Landlord Representations**

- a. Landlord represents to Tenant that, as of the date hereof and on the Commencement Date:
  - i. The Premises, the Building, and all Common Areas (including electrical, heating, ventilating, and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including but not limited to the Americans With Disabilities Act, and are in reasonably good working order and condition;
  - ii. The Building and the Premises comply with all covenants, conditions, restrictions and insurance underwriter's requirements;
  - iii. The Premises, the Building and the Common Areas are free of the presence of Hazardous Materials (as hereinafter defined), except for routine office and janitorial supplies in usual and customary quantities for offices stored, used and disposed of in accordance with all Environmental Laws; and
  - iv. Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation.
- b. Landlord represents, based upon a professional inspection of the Premises and the Common Areas and the Asbestos Report (as defined in Section 1.1) that the Premises and the Common Areas contain no asbestos containing materials (other than as may be reflected in the Asbestos Report).
- c. CASp Inspection:

In accordance with California Civil Code Section 1938, Landlord hereby states that the Premises and the Common Areas"" have not undergone inspection by a Certified Access Specialist. 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.

The foregoing statement is provided solely for the purpose of complying with California Civil Code Section 1938 and shall not affect the Landlord's and Tenant's respective responsibilities for compliance with any design and construction related accessibility obligations as provided under this Lease or any Work Letter.

#### 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, foundations, roof, concealed plumbing, stairways, concealed electrical systems and intra-building telephone network cables;
  - 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.
- b. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to:



- i. the floor covering (if such floor covering is carpet tiles it shall be replaced as needed as a result of damage such as frays, tears, or holes, and like damage);
- ii. painting interior partitions (which shall be repainted as needed);
- iii. doors;
- iv. the interior side of demising walls (which shall be repainted as needed);
- v. Building standard signage (but excluding any other Tenant signage); and
- vi. emergency exit signage and battery replacement

Landlord shall, to the best of its ability, provide any reports, maintenance records, or other documentation as may be reasonably requested from time to time

### 10.3 Tenant Obligations

Without limiting Landlord's repair and maintenance obligations, and subject to Section 20.4 hereof, Tenant shall be responsible for (i) the cost of repairing any area of the Building damaged by Tenant or by Tenant's agents, employees, invitees or visitors, and (ii) 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 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 made and performed 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 if 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 (5) 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 prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. If not reimbursed by Landlord within ten (10) days, Tenant shall be entitled to deduct from 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 15.

- b. Notwithstanding any provisions of this Lease to the contrary, Tenant, at its sole discretion, acting through the Chief Executive Office, may request that the Landlord perform, supply and administer any repairs, maintenance, building services and/or alterations that are the responsibility of the Tenant, in which case Tenant shall promptly reimburse Landlord for such cost, provided that the cost of any such repairs, maintenance, building services and/or alterations that are the responsibility of Tenant shall not exceed \$5,000. Any improvements by Landlord shall be subject to (i) the Work Letter provisions regarding selection and bidding of contractors, Landlord-Tenant coordination and audit rights, and Tenant remedies found in, but not limited to, Sections 4 through 13 of said Work Letter; and (ii) compliance with County Internal Services Department Purchasing Policy and Procedure No. A-0300, effective November 22, 2016, delivered to Landlord and incorporated by reference herein.

## **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. If Tenant needs HVAC outside of Normal Working Hours, Tenant shall provide no less than forty-eight (48) hours' prior notice to Landlord and pay as additional rent the costs of after-hour HVAC at the Building's prevailing rates without mark-up, which prevailing rates are currently \$90.00 per hour, subject to change.

b. Electricity

Landlord shall furnish to the Premises the amount of electric current provided for in the Work Letter (if applicable) but in any event not less than seven (7) watts of electric current (connected load) per square foot of Rentable Square Feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or sub-panels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.

c. Elevators

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

d. Water

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

e. Janitorial

Landlord, at its sole cost and expense, shall provide reasonable janitorial service five (5) nights per week (holidays excluded), generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

f. Access

Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven (7) day per week, twenty-four (24) hour per day basis, subject to compliance

with such reasonable security measures as shall from time to time be in effect for the Building, unless closure of the Premises is required due to maintenance, repair, safety concerns, destruction, condemnation, or other reasons necessary for the restriction of access to such area.

g. Pest Control

As needed, Landlord at its sole cost and expense shall provide interior and exterior pest control inspections and remediation frequency is to be determined by a licensed exterminator.

11.2 Utilities

Landlord agrees to pay, at its sole cost, when due, all charges for the use of the sewer, effluent treatment (when and if imposed by any governmental authority), all water, sprinkler standby charges, electricity, gas, heating and common area power and lighting, trash removal service, fire/life safety systems, charges associated with the HVAC, and other utility rents and charges accruing or payable in connection with the Premises and the Common Areas during the Term of this Lease or any renewal, extension, or holdover thereof, whether the same are pro-rated or measured by separate meters. In the event Landlord fails or refuses to pay any or all of such charges when due, Tenant may give Landlord ten (10) calendar days prior written notice and thereafter pay directly such charges and deduct the payments from the next installments of rent due as a charge against the Landlord.

**12. TAXES**

Landlord, at its sole cost and expense, shall pay, prior to delinquency, all real property taxes, assessments and special assessments which may be levied or assessed against the Premises or the Building during the term of this Lease or any renewal or holdover period thereof.

In the event Landlord fails or refuses to pay any or all taxes or assessments when due, Tenant may, at its sole discretion, give Landlord thirty (30) calendar days prior written notice and thereafter pay such taxes and assessments and deduct the payments from the next installments of rent due as a charge against the Landlord.

**13. LANDLORD ACCESS**

Tenant shall permit Landlord and its agents to enter the Premises during Normal Working Hours upon prior written notice (which may be in the form of an email communication) for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or the Premises, Base Rent shall be prorated based upon the percentage of the

Premises or the Building rendered unusable and not used by Tenant. Notwithstanding the foregoing, Landlord shall have the right at any and all times, without prior notice, 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 the failure continues for a period of ten (10) days after written notice to Tenant;
- 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 thirty (30) days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than thirty (30) days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure, within said 30-day period and thereafter diligently prosecutes such cure to completion.

### **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. Under no circumstances shall Tenant be liable for punitive damages, lost profits, speculative, consequential or other such damages.

## **15. LANDLORD DEFAULT**

### **15.1 Remedies**

In addition to the provisions for Landlord's default provided by Sections 9.4, 10.4, 19, 21.2 and 32.3, 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 10.4); provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably be cured within such thirty (30) day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein:

- a. to remedy such default or breach and deduct the costs thereof (including but not limited to attorneys' fees) plus interest at the rate of ten 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 (provided that under no circumstances shall Landlord be liable for punitive damages, lost profits, speculative, consequential or other such damages); 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 where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition, or materially and adversely affect the operation of Tenant's business in the Premises.

## **16. ASSIGNMENT AND SUBLETTING**

### **16.1 Assignment and Subletting**

Tenant may 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; provided, however, that (i) Tenant shall notify Landlord within five (5) business days of such assignment, subletting or other transfer, (ii) the assignee or sublessee's use shall not interfere with or violate any other tenant's use (including exclusive uses), or contractual rights; and (iii) no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.

### **16.2 Sale**

If Landlord sells or conveys the Building, then all liabilities and obligations of Landlord accruing under this Lease after the sale or conveyance shall be binding upon the new owner, and Landlord shall be released from all liability under this Lease accruing subsequent to such sale or conveyance, provided that the transferee assumes Landlord's remaining obligations hereunder in writing. Nothing in this Section 16.2 shall be deemed to release Landlord's successor in interest from responsibility for any condition (including but not limited to deferred maintenance) existing on the date of transfer.

Upon any sale or transfer of the Building, Landlord shall provide the following information to Tenant, at Tenant's Address for Notice, as a condition of Tenant's obligation to pay Base Rent to the new owner:

- a. Written evidence of the transfer of the Building (e.g., a recorded deed), or a letter from the transferor confirming that the Building was transferred to the new owner.
- b. A signed letter including the following information:
  - i. Name and address of new owner or other party to whom Base Rent should be paid;
  - ii. Federal tax ID number for new owner;
  - iii. Name of contact person and contact information (including phone number) for new owner; and
  - iv. Proof of insurance.

- c. A W-9 form for new owner

## **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;
- d. does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building; and
- e. does not require a building permit.

If Landlord fails to respond in writing within thirty (30) days of such request, Landlord shall be deemed to approve the Alterations.

### **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 thirty (30) days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than thirty (30) days nor later than ninety (90) days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within thirty (30) days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated in proportion to the degree to which Tenant's use of the Premises is impaired by such Condemnation.

#### 18.4 Restoration

Notwithstanding the preceding paragraph, if, within thirty (30) days after the Determination Date, Landlord notifies Tenant that Landlord, at its sole cost, will add to the remaining Premises so that the Premises and the space available for parking, will be substantially the same (as reasonably determined by Tenant) 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 ninety (90) days after Landlord so notifies Tenant, then this Lease shall continue in effect. In such event, 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 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.

#### 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

Landlord shall indemnify, defend and hold harmless Tenant from and against any and all liability, loss, injury or damage, demands, claims, actions, fees, costs and expenses (including reasonable attorney and expert witness fees) arising from or connected with any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, its officers, employees, agents, contractors, licensees, guests, or visitors, or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the sole negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

#### 19.2 Tenant's Indemnity

Tenant shall indemnify, defend and hold harmless Landlord, from and against any and all liability, loss, injury or damage, demands, claims, actions, fees, costs and expenses (including reasonable attorney and expert witness fees) arising from or connected with any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Tenant, its officers, employees, agents, contractors, licensees, guests, or visitors, 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 sole negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, or invitees.

**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 – Landlord 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 that Tenant and Tenant's Agents (defined below) are named as Additional Insureds under the Landlord's Commercial General Liability policy, shall be delivered to Tenant at the address shown below and provided prior to the Commencement Date 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 should litigation arise.

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. Notwithstanding the foregoing, financial ratings need not be shown on the Certificates but shall be provided separately.

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  
Chief Executive Office - Real Estate Division  
320 West Temple Street, 7th Floor  
Los Angeles, CA 90012  
Attention: Director of Real Estate

Landlord also shall promptly use reasonable efforts to notify Tenant of any third party claim or suit filed against Tenant and known to Landlord which arises from or relates to this Lease, and in Landlord's reasonable judgment is likely to result in the filing of a claim or lawsuit against Landlord and/or Tenant.

b. Additional Insured Status and Scope of Coverage

Tenant and its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively, "Tenant's Agents"), shall be named as additional insureds under Landlord's Commercial General Liability Insurance policy with respect to the Building. Tenant's additional insured status shall apply whether liability is attributable to the Landlord, Tenant or Tenant's Agents. 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 set forth herein. Use of an automatic additional insured endorsement form is acceptable, provided that it satisfies the Required Insurance provisions set forth 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 ("Insurance Notice")

may constitute a material breach of the Lease, in the sole discretion of the Tenant. Should Landlord or its insurers fail to provide the required Insurance Notice within thirty (30) days of written notice from Tenant that it did not receive the required Insurance Notice, 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 reasonably 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 Landlord coverage.

g. Waiver of Subrogation

To the fullest extent permitted by law, Landlord and Tenant hereby waives its and its respective insurer(s) rights of recovery against the other party under all required insurance policies for any loss arising from or related to this Lease. Landlord and Tenant shall require their respective 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 Landlord deductible or 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 (i.e., "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 reasonably 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:

i. 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:	\$ 2 million
Products/Completed Operations	\$ 1 million
Aggregate:	
Personal and Advertising Injury:	\$ 1 million
Each Occurrence:	\$ 1 million

Tenant, at its sole option, may satisfy all or any part of this insurance requirement through use of a program of self-insurance. A certificate evidencing insurance coverage or letter evidencing self-insurance will be provided to Landlord after execution of this Lease at Landlord's request.

## 20.4 Landlord Requirements:

During the term of this Lease, Landlord shall provide and maintain the following programs of insurance coverage:

Commercial General Liability Insurance, providing scope of coverage equivalent to ISO policy form CG 00 01, naming Tenant and Tenant's 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

- a. Commercial Property Insurance. Such insurance shall:
  - i. Provide coverage for Landlord's property, any tenant improvements and betterments to the Premises, any furniture or furnishings which will become the property of Tenant upon expiration of the Term, and on all modular furniture installed in the Premises; 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.
  - ii. 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 Landlord and Tenant, as their interests may appear.

## 21. PARKING

### 21.1 Tenant's Rights

Tenant shall have the right to the number of monthly unreserved parking spaces set forth in Section 1.1 for the Term of this Lease at the Building's prevailing parking rates, which are currently \$0.00 per unreserved space per month, subject to change. Landlord shall provide one hundred eighty (180) days written notice to Tenant prior to any increase to prevailing parking rates. Tenant acknowledges that all such parking spaces are to be used on a non-exclusive basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building. No tandem parking shall be required, 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 (or, at Landlord's option, the operator or lessee of the parking facilities) from time to time, provided that such



procedures shall be uniformly applied to all tenants. The cost of any parking spaces leased by Tenant hereunder shall be payable by Tenant on the first day of each calendar month of the Term of this Lease in addition to the Base Rent in Article 5

## **21.2 Remedies**

Landlord acknowledges that it is a material term of this Lease that Tenant receives 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 18 in the event of casualty or condemnation), then Tenant shall provide thirty (30) days written notice to Landlord and Landlord shall have thirty (30) days to cure; provided, however, if more than thirty (30) days are reasonably required for its cure then Landlord shall not be deemed to be in default if Landlord commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion. If at the end of the thirty (30) day period, Landlord has not cured or commenced to cure, then Tenant may:

- a. terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective thirty (30) days thereafter, or
- b. deduct from the Base Rent thereafter accruing hereunder an amount each month equal to the Base Rent times the percentage of parking spaces not so provided (excluding any parking spaces that Landlord provides alternative parking arrangements for pursuant to this Section 21.1) multiplied by a factor of 1.5, but such deduction from Base Rent shall not be more than ten percent (10%) of the Base Rent.

## **22. ENVIRONMENTAL MATTERS**

### **22.1 Hazardous Materials**

Tenant shall not cause nor permit, nor allow any of Tenant's employees agents, customers, visitors, invitees, licensee, contractor, 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 ("Tenant's Hazardous Materials"), 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, fines, 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, except for those caused or exacerbated by Tenant, its subtenants or its assignees, or their respective contractors, clients, officers, directors, employees, agents, or invitees. 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.

**23. ESTOPPEL CERTIFICATES**

Tenant shall, at any time and from time to time upon not less than thirty (30) days prior written request from Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Exhibit G attached hereto (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 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 in the form of Exhibit F attached hereto and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase, or right of first offer to purchase the Building 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 Exhibit F attached hereto, within thirty (30) days after the execution of this Lease.

### 26.3 Notice of Default

If any mortgagee or beneficiary under a deed of trust affecting the Building gives written notice of its name and address to Tenant by registered mail and requests copies of any notice of default that Tenant serves upon Landlord, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee or beneficiary a copy of any notice of default that Tenant serves upon Landlord hereunder which could permit Tenant to terminate this Lease, along with an additional ten (10) 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). If Tenant fails to remove any such items ("Abandoned Items") or repair such damage promptly after the expiration or earlier termination of the Lease, Landlord may, but need not, do so with no liability to Tenant, and Tenant shall pay Landlord the cost thereof upon demand. Notwithstanding the foregoing to the contrary, in the event that Landlord gives its consent, pursuant to the provisions of Section 17.1 of this Lease, to allow Tenant to make an Alteration in the Premises, Landlord agrees, upon Tenant's written request, to notify Tenant in writing at the time of the giving of such consent whether Landlord will require Tenant, at Tenant's cost, to remove such Alteration at the end of the Lease Term.

## 28. SIGNAGE

Tenant, at its sole cost and expense, shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances only within and inside Tenant's Premises. Tenant shall not display any signs on the exterior or roof of the Building or in the Common Areas of the Building. Tenant may not install or display any signs, window coverings, blinds, or other items (included those located behind the Landlord-approved window coverings for the Building) visible from the exterior of the Premises without Landlord's prior written approval, which Landlord may, in Landlord's reasonable discretion, grant or withhold. Any signs, notices, logos, pictures, names or advertisements that are installed by or for Tenant without Landlord's approval may be removed without notice by Landlord at Tenant's expense. Notwithstanding the foregoing or any language to the contrary, Tenant shall be allowed directory language in the Building lobby and Suite signage, both of which shall be at Landlord's expense.

## **29. QUIET ENJOYMENT**

So long as Tenant is not in default hereunder, Tenant shall have the right to the peaceful and quiet 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 and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation. Tenant shall receive from Landlord or Landlord's broker, within ten (10) days after the execution of this Lease, an amount equal to fifty percent (50%) of all commissions due to Landlord's broker as a result of the execution of this Lease, as set forth in a separate written agreement between Landlord and Landlord's broker, a copy of which has been delivered by Landlord to Tenant prior to the execution of this Lease.

### **30.4 Entire Agreement**

This Lease (including all exhibits hereto and the Landlord's Work Letter) 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

The parties shall give all notices in writing by (i) personal delivery, (ii) national-recognized, next-day courier service, (iii) first-class registered or certified mail, postage prepaid, to the Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1.1. Without limiting the generality of the foregoing, Landlord's notices to Tenant shall not be effective if they are delivered to the Premises or to another address that is not set forth in Section 1.1 hereof. Any notice given under this Lease shall be deemed effective upon the date of delivery (whether accepted or refused), which, for certified mail and courier service, shall be established by U.S. Post Office return receipt or the courier's proof of delivery, respectively.

### 30.7 Governing Law and Venue

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 and, unless otherwise specifically provided herein, shall be deemed granted if

not refused within ten (10) business days after written request is made therefore, together with all necessary information.

#### 30.11 Community Business Enterprises

Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Exhibit H attached hereto.

#### 30.12 Memorandum of Lease

If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Exhibit I attached hereto, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

#### 30.13 Counterparts

This Lease may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

### 31. **AUTHORITY**

Only the County's Board of Supervisors ("Board of Supervisors") has the authority, by formally approving and/or executing this Lease, to bind Tenant to the terms included herein. 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 Tenant. Tenant shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Office of the County (the "Chief Executive Office") 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. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent who has had any involvement in the procurement, negotiation, consummation, administration or management of a lease.

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

Landlord hereby represents and warrants that it has not provided, and will not provide, any financial benefits to any County official, employee or agent who has had any involvement in the procurement, negotiation, consummation, administration or management of this Lease. Landlord hereby agrees that if it violates any of the terms of this Section 32.2, then the County may declare this Lease null and void, and the County reserves the right to exercise any and all other remedies available under applicable law.

### **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, as security for the Landlord's obligation to repay any monetary obligation, 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 Building with CMBS (commercial mortgage backed securities) financing or other traditional real estate financing. However, Landlord may not encumber the Building 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 and every assignment, transfer, hypothecation or encumbrance of Landlord's interest in this Lease and any 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 in this Lease, 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, as necessary, 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.

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

LANDLORD:

GARDENA PROFESSIONAL MEDICAL  
PLAZA L.P.,  
a California limited partnership

By:   
Name: JANE LEE  
Its: EV

TENANT:

COUNTY OF LOS ANGELES,  
a body corporate and politic

FESIA A. DAVENPORT  
Acting Chief Executive Officer

By: \_\_\_\_\_  
DEAN LEHMAN  
Senior Manager, Real Estate Division

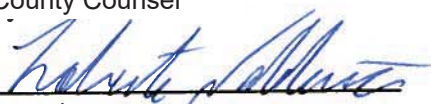
ATTEST:

DEAN C. LOGAN  
Recorder/County Clerk  
Of the county of Los Angeles

By: \_\_\_\_\_  
Deputy

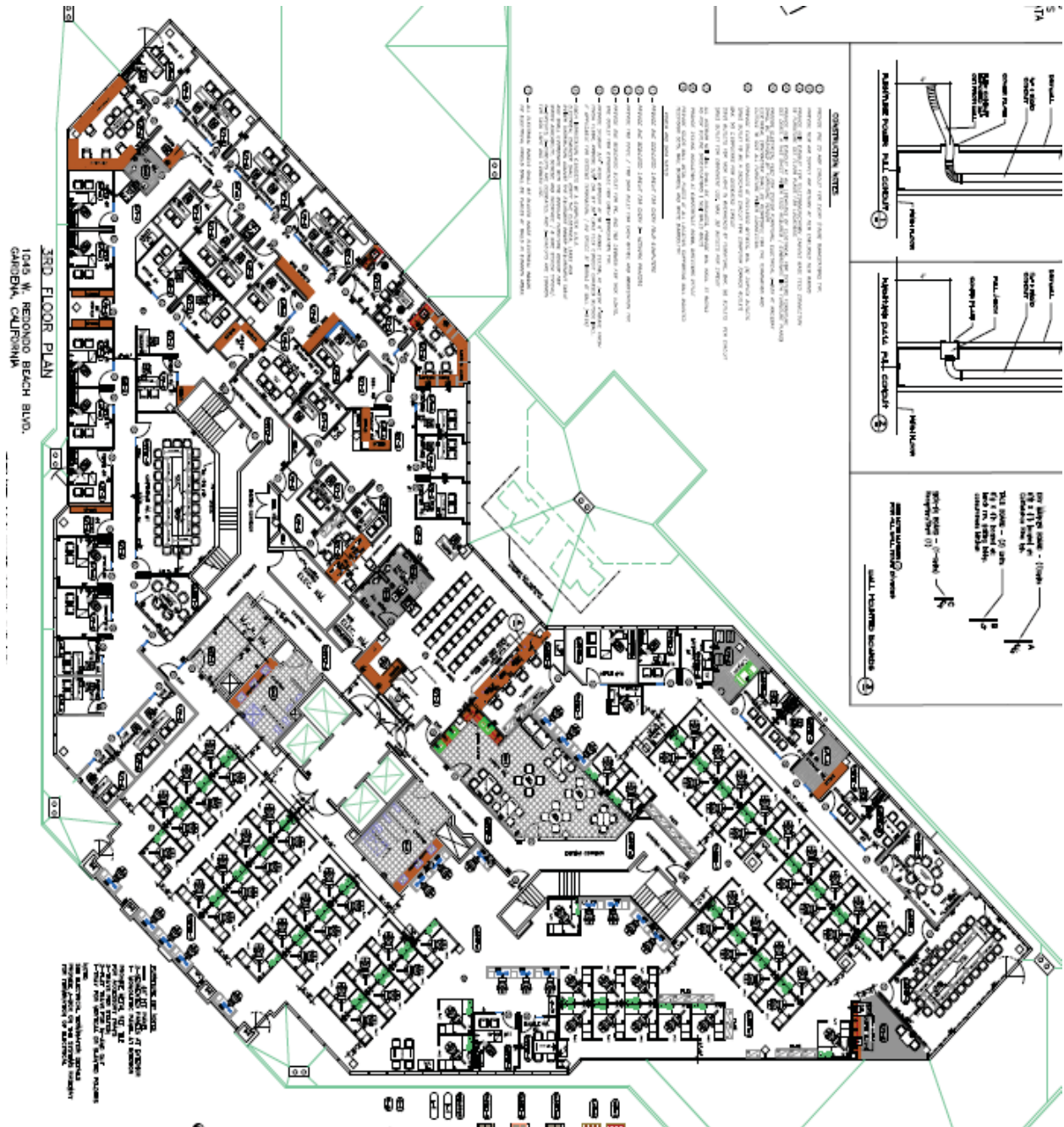
APPROVED AS TO FORM:

RODRIGO A. CASTRO-SILVA  
Acting County Counsel

By:   
Deputy

# EXHIBIT A

## FLOOR PLAN OF PREMISES



## EXHIBIT B

### COMMENCEMENT DATE MEMORANDUM AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain Lease Agreement ("Lease") dated \_\_\_\_\_, 20\_\_, between County of Los Angeles, a body corporate and politic ("Tenant"), and Gardena Professional Medical Plaza, L.P., a California limited partnership ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 1045 W Redondo Beach Boulevard, Gardena, California 90247 ("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 \_\_\_\_\_ rentable square feet of space; and
- 5) Landlord has paid a commission in the amount of \$\_\_\_\_\_ to Tenant pursuant to Section 30.3 of the Lease.

IN WITNESS WHEREOF, this memorandum is executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Tenant:

Landlord:

COUNTY OF LOS ANGELES,  
a body corporate and politic

GARDENA PROFESSIONAL MEDICAL  
PLAZA, L.P.,  
a California limited partnership

By: \_\_\_\_\_  
Name \_\_\_\_\_  
Its \_\_\_\_\_

By: \_\_\_\_\_  
Name \_\_\_\_\_  
Its \_\_\_\_\_

**CEO-REAL ESTATE DIVISION**  
**RENT PAYMENT VOUCHER**  
**FISCAL YEAR 2017-18**

<b>To be completed by Lessor:</b>	
Tax/S. S. ID#	
Signature	
Date	Email:
Phone No.	Fax No.

1

Exhibit C – Page 1  
LEGAL DESCRIPTION OF PREMISES

## **EXHIBIT D**

### **HEATING, VENTILATION AND AIR CONDITIONING**

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.

## EXHIBIT E

### CLEANING AND MAINTENANCE SCHEDULE

#### 1. DAILY (Monday through Friday)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Emergency exit signage and egress battery replacement (if applicable)
- K. Graffiti expunged as needed within two working days after notice by Tenant
- L. Floors washed as needed.
- M. Kitchen/lunchroom/restroom supplies replenished, including paper supplies, soap and \_\_\_\_\_.
- N. Exclusive day porter service from \_\_\_\_ a.m. to \_\_\_\_\_ p.m. (if provided by contract).

#### 2. WEEKLY

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

#### 3. MONTHLY

- C. Floors washed and waxed in uncarpeted office area.



- D. High-reach areas, door frames and tops of partitions dusted.
- E. Upholstered furniture vacuumed, plastic and leather furniture wiped
- F. Picture moldings and frames dusted.
- G. Wall vents and ceiling vents vacuumed.
- H. Carpet professionally spot cleaned as required to remove stains.
- I. HVAC chiller water checked for bacteria, water conditioned as necessary.

4. QUARTERLY

- J. Light fixtures cleaned and dusted, but not less frequently than quarterly.
- K. Wood furniture polished.
- L. Draperies or mini-blinds cleaned as required, but not less frequently than quarterly.
- M. HVAC units serviced for preventative maintenance purposes, all filters changed.

5. SEMI-ANNUALLY

- N. Windows washed as required inside and outside but not less frequently than twice annually.
- O. All painted wall and door surfaces washed and stains removed.
- P. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

- Q. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.
- R. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.
- S. Touch-up paint all interior painted surfaces in a color and finish to match existing.

7. AS NEEDED

- T. 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.
- U. 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.
- V. Interior and exterior pest control inspections and remediation frequency is to be determined by a licensed exterminator.
- W. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning:
  - ii. heavy traffic areas cleaned as needed, with a minimum frequency of bi-monthly [six (6) times per year];
  - iii. moderate traffic areas cleaned as needed, with a minimum of once every six (6) months [two (2) times per year]; and
  - iv. clean light traffic areas a minimum of once per year.

Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.

- E. All walls repainted and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence") except for touch-up paint as provided in Paragraph 6.C. of this Exhibit E. The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute an Occurrence for the purpose of determining the frequency of this work.
- F. All HVAC ducts cleaned as needed.

8. GENERAL

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

**EXHIBIT F**

**SUBORDINATION, NON-DISTURBANCE  
AND ATTORNMENT AGREEMENT**

**RECORDING REQUESTED BY  
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**

)  
)  
)  
)  
)  
)  
)

**Space above for Recorder's Use**

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**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 \_\_\_\_\_, 200\_\_ by and among COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant"), GARDENA PROFESSIONAL MEDICAL PLAZA, L.P., a California limited partnership, ("Borrower") and [*Insert name of Lender*], ("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 Building (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 Building 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 lien of the Deed of Trust and all amendments, modifications and extensions thereto shall be and remain at all times a lien on the Building prior and superior to the Lease, except that if Tenant is granted any option to extend the Term of the Lease, right of first offer to lease additional premises or option to purchase the Building or right of first offer to purchase the Building in the Lease, such provisions shall not be affected or diminished by any such subordination.

2. Definitions of "Transfer of the Building" and "Purchaser". As used herein, the term "Transfer of the Building" means any transfer of Borrower's interest in the Building 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 Building and also includes any and all successors and assigns, including Lender, of such transferee.

3. Non-disturbance. The 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.

4. Attornment. Subject to Section 3 above, if any Transfer of the Building 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, unless such act or omission continues after the date that Lender or Purchaser succeeds to the interest of such prior landlord; 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, unless

resulting from a default or breach by such prior landlord which continues after Lender or Purchaser succeeds to the interest of such prior landlord; and provided that any offsets deducted by Tenant prior to the date that Lender or Purchaser succeeds to the interest of such prior landlord shall not be subject to challenge; or

(c) be bound by any prepayment by Tenant of more than one month's installment of rent, unless the Lease expressly requires such prepayment; 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 which materially increases Landlord's obligations under the Lease or materially decreases Tenant's obligation under the Lease, unless Lender has approved such modification or amendment in writing, which approval shall not be unreasonably withheld, conditioned or delayed.

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  
320 West Temple Street, 7th Floor  
Los Angeles, CA 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.

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BORROWER: GARDENA PROFESSIONAL MEDICAL PLAZA,  
L.P.,  
a California limited partnership

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

LENDER: [*Insert name of Lender*],

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_  
Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")  
personally appeared \_\_\_\_\_,  
Name of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature (Seal)

## EXHIBIT G

### TENANT ESTOPPEL CERTIFICATE

To: [Insert name of party to rely on document]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

Re:    Date of Certificate: \_\_\_\_\_  
      Lease Dated: \_\_\_\_\_  
      Current Landlord: \_\_\_\_\_  
      Located at: \_\_\_\_\_  
      Premises: \_\_\_\_\_  
      Commencement Date of Term: \_\_\_\_\_  
      Expiration Date: \_\_\_\_\_  
      Current Rent: \_\_\_\_\_

County of Los Angeles ("Tenant") hereby certifies that, to its actual knowledge, as of the date hereof:

1.     Tenant is the present 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 Rent is set forth above.

      (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. Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking other than that specified in the Lease.

      (d)    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).

      (e)    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, except as set forth in Exhibit A, and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

[(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.]

(c) Tenant's interest in the Lease has not been assigned or encumbered.

(d) Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease, except as set forth in the Lease.

(e) No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full, and all of Landlord's obligations with respect to tenant improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES,  
a body corporate and politic

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
\_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT H

### COMMUNITY BUSINESS ENTERPRISE FORM

INSTRUCTIONS: All Landlords shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of MBE/WBE participation. The information requested below is for statistical purposes only. The final analysis and consideration of the lease will be determined without regard to race, creed, color or gender. *(Categories listed below are based on those described in 49 CFR Section 23.5)*

#### I. Minority/Women Participation in Firm (Partners, Associate Partners, Managers, Staff, etc.)

1. Firm Name:			3. Contact Person/Telephone Number:			
2. Address:						
			4. Total number of employees in the firm: _____			

5. Provide the number of all minority employees and women in each	Owners, Partners and Associate		Managers		Staff	
	All O,P & AP	Women	All Managers	Women	All Staff	Women
Black/African American						
Hispanic/Latin American						
Asian American						
Portuguese American						
American Indian/Alaskan Native						
All Others						

#### II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

1. Type of Business Structure: (Corporation, Partnership, Sole Proprietorship, Etc.) \_\_\_\_\_

2. Total Number of Ownership/Partners, Etc.: _____			<b>III. MINORITY/WOMEN-OWNED FIRM CERTIFICATION</b>	
3. Provide the percentage of ownership in each	All Employee	Women	<p>Is your firm currently certified as a minority owned business firm</p> <p>by the: State of California? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span></p> <p>City of Los Angeles? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span></p> <p>Federal Government? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span></p>	
Black/African American			<p><b>Section D. OPTION TO PROVIDE REQUESTED INFORMATION</b></p> <p><input type="checkbox"/> We do not wish to provide the information required in this form.</p> <p>Firm Name: _____</p> <p>Signature/Title: _____</p> <p>Date: _____</p>	
Hispanic/Latin American				
Asian American				
Portuguese American				
American Indian/Alaskan Native				
All Others				

## **EXHIBIT I**

### **MEMORANDUM OF LEASE**

#### **RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:**

County of Los Angeles  
Chief Executive Office - Real Estate Division  
320 West Temple Street, 7th Floor  
Los Angeles, CA 90012  
Attention: Director of Real Estate

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code Section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code Section 11922.

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### **MEMORANDUM OF LEASE**

This Memorandum of Lease ("Memorandum") is made and entered into by and between GARDENA PROFESSIONAL MEDICAL PLAZA, L.P., a California limited partnership (the "Landlord"), and the COUNTY OF LOS ANGELES, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Tenant"), who agree as follows:

Landlord and Tenant have entered into an unrecorded lease dated \_\_\_\_\_, 20\_\_ (the "Lease") of certain real property located in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, for a term commencing on \_\_\_\_\_, 20\_\_, and ending on a date \_\_\_\_\_ years after the commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in the Lease.

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

Dated: \_\_\_\_\_, 20\_\_.

LANDLORD:

GARDENA PROFESSIONAL  
MEDICAL PLAZA, L.P.,

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

TENANT:

COUNTY OF LOS ANGELES,  
a body corporate and politic

SACHI A. HAMAI  
Chief executive Officer

By: \_\_\_\_\_  
David P. Howard  
Assistant Chief Executive Officer

ATTEST:

DEAN C. LOGAN  
Recorder/County Clerk  
Of the county of Los Angeles

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By: \_\_\_\_\_  
Deputy

STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Exhibit I – Page 3  
MEMORANDUM OF LEASE

**LANDLORD'S WORK LETTER**

**For**

**COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE  
LEASE AGREEMENT**

**COUNTY OF LOS ANGELES, as Tenant**

**LANDLORD: GARDENA PROFESSIONAL MEDICAL PLAZA, L.P.**

**Property Address: 1045 W Redondo Beach Boulevard, Suite 300, Gardena, CA 90247**

## LANDLORD'S WORK LETTER

This Work Letter supplements the Lease Agreement (the "Lease") dated \_\_\_\_\_, 20\_\_\_\_, executed concurrently herewith, by and between GARDENA PROFESSIONAL MEDICAL PLAZA, L.P., a California limited partnership, as Landlord, and COUNTY OF LOS ANGELES, 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) <u>Tenant Improvement Allowance</u>   | \$840,770.00 (i.e., \$35.00 per rentable square foot of the Premises)  |
| (b) <u>Tenant's TI Contribution</u>   | \$2,402,200.00 (i.e., \$100.00 per rentable square foot of the Premises)   |
| (c) <u>Change Request Contingency</u>   | [Intentionally omitted]  |
| (d) <u>Tenant Improvement Amortization Rate and Change Request Amortization Rate:</u> | 7 % per annum  |
| (e) <u>Tenant's Work Letter Representative</u>  | Section Chief or an assigned staff person of the Chief Executive Office-Real Estate Division   |
| (f) <u>Landlord's Work Letter Representative</u>                                      | Property Manager, or an assigned staff person of the Landlord  |
| (g) <u>Landlord's Address for Work Letter Notice</u>                                  | Gardena Professional Medical Plaza, LP<br>9800 S. La Cienega Blvd., Suite 200<br>Inglewood, CA 90301<br>Attn: Property Manager<br><br>With a copy to:<br><br>3470 Wilshire Boulevard, Suite 700<br>Los Angeles, CA 90010<br>Attn: Legal Department |
| (h) <u>Tenant's Address for Work Letter Notice</u>                                    | County of Los Angeles<br>Chief Executive Office - Real Estate Division<br>County of Los Angeles<br>320 West Temple Street, 7th Floor<br>Los Angeles, CA 90012  |

Attention: Director of Real Estate

(i) Addenda

Addendum A: Base Building  
Improvements  
Addendum B: Tenant Improvements  
Addendum C: Form of Preliminary and  
Final TI Cost Statement

## 2. **Construction of the Building.**

2.1 **Base Building Improvements.** Landlord has constructed or shall construct the base building improvements described on Addendum A hereto (the "Base Building Improvements") as a part of the Building. If 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 not be considered Tenant Improvements (as defined below) unless such changes or additions are specifically described in Addendum B hereto.

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

(a) If the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred if the Building had been in compliance with such codes, then 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 or to 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, (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, nor (v) supervision or overhead costs of Landlord, unless otherwise approved by Tenant.

2.3 **Base Building Plans.** Landlord has delivered to Tenant complete and accurate "as built" plans and specifications for the Building in an AutoCAD 2015 (or later version) format. If Tenant incurs additional costs because such plans and specifications are materially incomplete or inaccurate, then any delay caused thereby shall not be a Tenant Delay (as defined below), and Landlord shall pay for any increased costs incurred in correcting such material incompleteness or inaccuracy.

3. **Selection of Architect and Engineer.** Landlord shall promptly solicit at least three (3) proposals from qualified licensed architects and engineers familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings (as defined below). Landlord shall select an architect and an engineer, subject to Tenant's acceptance, which shall not be unreasonably withheld, and which acceptance (or rejection for reasonable reasons) shall be granted within three (3) business days after Landlord has



submitted the name of the selected architect and the selected engineer to Tenant, together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until Tenant accepts an architect (the "Architect") and an engineer (the "Engineer"), and Tenant's written acceptance has been delivered to and received by Landlord. Landlord shall contract for the approved Architect and Engineer to complete the Working Drawings and the Final Plans, as defined below, provide plan check review and permitting by the local agencies having jurisdiction and provide the complete scope of Architectural and Engineering services to complete the project according to the Final Permitted Plans. Landlord's costs shall be included in the calculation of Tenant Improvement Costs (as defined below), and the costs for plan check and permits shall be included in the calculation of Tenant Improvement Costs (as defined below).

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 accepted by Tenant, sufficient in number so that a minimum of three (3) bids are received. Each 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 depicted on the Final Plans. Landlord shall select the most qualified bidder offering the lowest price after adjustments for inconsistent assumptions, and Landlord shall submit all bids, along with Landlord's recommendation, to Tenant for Tenant's review and acceptance. Following Tenant's acceptance, Landlord shall enter into a construction contract (the "Construction Contract") with the selected contractor (the "Contractor") to construct the Tenant Improvements, consistent with the terms of the accepted bid.

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

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

5.2 **Preparation and Review of Working Drawings.** Within thirty (30) days after 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 consistent with the Preliminary TI Cost Statement (as defined below), compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all information required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and which shall include 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 thereof as has been submitted, for Tenant's review and acceptance. Landlord shall be solely responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect. Landlord's costs shall be included in the calculation of Tenant Improvement Costs (as defined below).

5.3 **Preparation and Review 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 and acceptance. Landlord's costs shall be included in the calculation of Tenant Improvement Costs (as defined below).

5.4 Integration of Working Drawings and Engineering Drawings into Final Plans. After Tenant has accepted the Engineering Drawings, Landlord shall cause the Architect to integrate the accepted Working Drawings with the accepted Engineering Drawings (collectively "Final Plans") and deliver five (5) sets of the Final Plans to Tenant for Tenant's review and acceptance. Landlord's costs of the Architect integrating the accepted Working Drawings with the accepted Engineering Drawings shall be included in the calculation of Tenant Improvement Costs (as defined below). 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), power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements. Landlord's review of the Space Plan, Working Drawings, Engineering Drawings and Final Plans shall be at Landlord's sole cost and expense.

5.5 Tenant's Plan Review and Acceptance. Tenant shall accept or reject the Working Drawings, the Engineering Drawings and the Final Plans within fifteen (15) business days after Tenant receives the applicable plans and drawings from Landlord. If Tenant rejects any such plans or drawings, then Tenant shall notify Landlord thereof, specifying in detail the reason for such rejection, in which case Landlord shall revise the applicable plans or drawings and deliver revised plans or drawings to Tenant within ten (10) days after receipt of Tenant's rejection notice. This procedure shall be repeated until the applicable plans are accepted by Tenant. If, after such procedure, the parties cannot agree on the Working Drawings, the Engineering Drawings or the Final Plans, then Tenant may elect to terminate the Lease and this Work Letter by delivering written termination notice to Landlord, whereupon all monies previously paid to Landlord shall be promptly refunded to Tenant, and the parties shall have no further obligations under the Lease and the Work Letter. Tenant's acceptance of the Working Drawings, Engineering Drawings and/or the Final Plans 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 fifteen (15) business days after the Plan Submission Date, Landlord shall submit to Tenant a detailed construction schedule, subject to acceptance by Tenant, which shall not be unreasonably withheld, setting forth the completion dates 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 the Construction Contract, construction commencement, construction completion, the Projected Commencement Date and other relevant dates. As the construction continues, Landlord shall amend the construction schedule at least once each month to reflect any changes to the projected dates, and Landlord shall promptly submit the revised construction schedules to Tenant.

5.7 Submittals. The Contractor shall submit to Tenant any Shop Drawings, Product Data, Samples and similar submittals required by the Final Plans in coordination with the construction

schedule and with reasonable promptness, so as not to cause any delay in the construction of the Tenant Improvements. The purpose of Shop Drawings, Product Data, Samples and similar submittals is to demonstrate the way by which the Contractor proposes to construct a design concept expressed in the Final Plans. "Shop Drawings" are drawings, diagrams, schedules and other data specially prepared by the Contractor or a subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Tenant Improvements. "Product Data" are illustrations, standard schedules, performance charts, instructions, brochures, diagrams and other information furnished by the Contractor to illustrate materials or equipment for some portion of the Tenant Improvements. "Samples" are physical examples that illustrate materials, equipment or workmanship for some portion of the Tenant Improvements. The Contractor shall construct no portion of the Tenant Improvements for which the Final Plans require submittal and review of Shop Drawings, Product Data, Samples or similar submittals until the respective submittal has been accepted by Tenant.

## **6. Landlord's TI Cost Statement and Payment of Tenant Improvement Costs.**

**6.1 Cost Statement.** Within three (3) days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary cost statement for the Tenant Improvements in a format similar to Addendum C attached hereto (the "Preliminary TI Cost Statement"), which must not exceed the sum of the Tenant Improvement Allowance and Tenant's TI Contribution. Such statement shall be revised into final form within ten (10) days after the date that the Contractor is selected and will be referred to herein as the "Final TI Cost Statement". Tenant shall have ten (10) business days after the date of receipt of the Final TI Cost Statement to accept or reject the Final TI Cost Statement, including but not limited to any Contractor overhead, profit and/or general conditions costs included therein. Tenant's failure to accept or reject the Final TI Cost Statement in writing within such period shall be deemed to be rejection. Construction of the Tenant Improvements shall not begin until Tenant accepts the Final TI Cost Statement in writing. If Tenant rejects the Final TI Cost Statement due to matters related to cost and the Final TI Cost Statement is ten percent (10%) or more higher in cost than was projected in the Preliminary TI Cost Statement, then, at Tenant's request, Landlord shall cause the Architect and the Engineer to redesign the Tenant Improvements, at Landlord's sole expense, to comply with the Preliminary TI Cost Statement, and any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay. If Tenant rejects the Preliminary TI Cost Statement or the Final TI Cost Statement, the parties shall promptly confer to resolve all issues relating thereto. If after such consultation, the parties cannot agree on the Preliminary TI Cost Statement or the Final TI Cost Statement, then Tenant may elect to terminate the Lease and this Work Letter by delivering written termination notice to Landlord, whereupon all monies previously paid to Landlord shall be promptly refunded to Tenant, and the parties shall have no further obligations under the Lease or this Work Letter.

**6.2 Tenant Improvement Allowance and Tenant's TI Contribution.** All improvements required by the Final Plans, as further described in Addendum B hereto, and any and all modular furniture described in the Modular Specifications (as defined below) shall be referred to herein, collectively, as "Tenant Improvements." Costs of Tenant Improvements shall include costs for furniture, telecommunications equipment, soft costs, and any other costs approved in writing by Tenant (collectively "Tenant Improvement Costs"), all of which must not exceed the Tenant Improvement Allowance, Tenant's TI Contribution and costs of any Change Requests (as defined below) that are approved in writing by both parties. 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. Except as otherwise provided herein, all Tenant Improvement Costs shall be paid by Landlord and deducted from the Tenant

Improvement Allowance. If the Tenant Improvement Costs exceed the Tenant Improvement Allowance, then Tenant may authorize Landlord to pay the overage in an amount not exceeding Tenant's TI Contribution. Thereafter, Tenant shall pay such overage to Landlord as provided in Section 6.3 below.

**6.3 Method of Payment.** That portion of Tenant's TI Contribution used to pay for any Tenant Improvement Costs in excess of the Tenant Improvement Allowance may, at Tenant's election, be paid to Landlord (a) in a lump sum, when the Tenant Improvements are Substantially Complete, or (b) in equal monthly payments, amortized over the term of the Lease at the Tenant Improvement Amortization Rate. Tenant may, at any time during the Term, prepay all or any portion of the Tenant Improvement Costs in excess of the Tenant Improvement Allowance and pay any remaining amount in equal monthly payments, amortized over the remaining 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, such work shall be performed by Landlord and included in the cost of Tenant Improvements.

**7.2 Bids.** Unless waived by Tenant in writing, any major contractors, subcontractors and material suppliers providing labor and/or materials for the Tenant Improvements shall be selected only after three (3) bids have been solicited from responsible and qualified persons. 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. Landlord shall also obtain three (3) bids for the purchase and installation of Tenant's office furniture system, if applicable, in accordance with Section 9.1 below.

**7.3 Permits.** Landlord shall obtain the approval of all applicable governmental authorities and all permits required for the Tenant Improvements, promptly after Tenant's acceptance of the Final Plans. Landlord shall obtain plan check approval prior to soliciting bids from contractors pursuant to Section 4 hereof. Landlord's costs shall be included in the calculation of Tenant Improvement Costs.

**7.4 Commencement of Construction.** Landlord shall commence construction of the Tenant Improvements within fifteen (15) business days after Tenant's acceptance of the Contractor pursuant to Section 4 hereof. Contractor shall obtain the building permit for the Tenant Improvements prior to the commencement of construction. Thereafter, Landlord shall diligently proceed to construct and complete all Tenant Improvements in a good and workmanlike manner, subject only to any cessation that may be caused by Force Majeure Delays (as defined below).

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

(a) **Notice of Non-responsibility.** Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of non-responsibility by Tenant in compliance with California Civil Code Section 8444.

(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 other decor selection efforts required by Tenant, shall be provided by Landlord' in accordance with Tenant's Space Plan and such costs shall be included in the calculation of Tenant Improvement Costs. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Warranties. Landlord warrants that the Tenant Improvements shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of Substantial Completion. Landlord shall require each contractor and subcontractor to provide warranties of like duration in all construction contracts relating to the Tenant Improvements and, upon Tenant's request, Landlord shall assign to Tenant any such warranties relating to the Tenant Improvements.

(d) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises or in other areas utilized by Landlord or its contractors, and Landlord 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.

(e) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations, including but not limited to the provisions of the California Labor Code relating to the payment of prevailing wages on public works projects, unless the work is otherwise exempt therefrom pursuant to the California Labor Code. 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 California Labor Code. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly wage rate and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the Tenant 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.

(f) Access During Construction. Tenant shall have the right to inspect the Tenant Improvements during the course of construction. Additionally, pursuant to Section 4.3 of the Lease, Tenant shall be entitled to enter the Premises at least thirty (30) days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Landlord and Tenant shall use reasonable good faith efforts to coordinate the work of their respective contractors to achieve timely completion of the Tenant Improvements and Tenant's installation work. In no event shall Tenant's early entry interfere with the work performed hereunder.

7.6 Completion/Close Out. The Premises shall not be considered Substantially Complete until the Tenant Improvements have been completed in accordance with the Final Plans, subject only to the completion of minor punch-list items that will not interfere with Tenant's use and occupancy of the Premises for Tenant's permitted and intended use under the Lease. Upon Substantial Completion of the Tenant Improvements, Landlord shall notify Tenant in writing and, within ten (10) business days of Tenant's receipt of such notice, Landlord and Tenant shall conduct a "walk-through" inspection of the Premises and prepare a punch-list of known or apparent deficiencies or incomplete work required to be corrected or completed by Landlord.



Landlord, at Landlord's sole cost and expense, shall cause all punch-list items to be repaired or completed as soon as possible, but in no event later than ninety (90) days following the walk-through inspection. If Landlord fails to complete any of the punch-list items within such ninety (90) day period, then Tenant, in addition to its other rights and remedies under the Lease, after giving ten (10) days written notice to Landlord, shall have the right, but not the obligation, to cause such punch-list items to be completed, with the cost thereof plus ten percent (10%) for Tenant's overhead and supervision to be deducted from the next installment(s) of rent or other amounts payable by Tenant under the Lease. Latent or hidden defects in the Tenant Improvements shall be brought to Landlord's attention promptly upon Tenant's becoming aware of such defects. Landlord, at Landlord's sole cost and expense, shall promptly cause such defects to be repaired following receipt of notice thereof, and Tenant shall have the same rights with respect thereto as set forth herein for all other punch-list items.

**7.7 Conformed Plans.** Within sixty (60) days after Substantial Completion of the Tenant Improvements and Landlord's 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 in Auto CAD R 15.dwg (or later version) format, along with one (1) complete set of mylar transparencies of drawings and one (1) complete set of specifications.

**8. Change Requests.** Tenant and Landlord may request changes, additions, deletions or substitutions in the Final Plans (each, a "Change Request"), provided that the requesting party must submit a written request to the other party and that Change Requests will not be effective unless approved in writing by both Tenant and Landlord. The amount of the Change Request Contingency set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of any and all Change Requests, but only the Chief Executive Officer is authorized to approve Change Requests on behalf of Tenant, and only if the aggregate amount of all approved Change Requests does not exceed the Change Request Contingency. If Tenant requests any changes or substitutions to the Tenant Improvements after the Final Plans and the Final TI Cost Statement have been accepted, then any additional costs related thereto in excess of Tenant Improvement Allowance shall be paid by Tenant, provided that Tenant executes a written Change Request prior to the performance of the applicable work. Tenant may elect to pay for such costs (a) in a lump sum, upon Substantial Completion of the Tenant Improvements, or (b) in equal monthly payments, amortized over the term of the Lease at the Change Request Amortization Rate. Landlord shall be solely responsible for the cost of any Change Requests that are not requested by Tenant. Landlord shall submit to the Chief Executive Officer with each Change Request (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Requests previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Request is approved. Each Change Request must be signed and dated by the Chief Executive Officer.

## **9. Furniture System.**

9.1 Tenant shall deliver to Landlord within ten (10) 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 (3) furniture vendors. Prior to submission for bids, Landlord shall review the bid package with Tenant, and Tenant shall have the right to accept or reject the bid package within five (5) business days. Landlord shall order the modular furniture set forth in the Modular Specifications, and install the same within the

Premises, all of which shall be a Tenant Improvement Cost, payable by Landlord and/or Tenant as provided in Section 6.2 and Section 6.3 hereof. Tenant's acceptance of any bid package shall not be deemed to be a representation by Tenant as to the adequacy or correctness of any specifications contained therein.

9.2 Alternatively, Tenant may elect to finance the cost of modular furniture through lease-purchase financing with a third-party lender ("Creditor"). If Tenant elects to enter into a lease-purchase financing of any furniture or telecommunications equipment (individually or collectively, "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 to the Building or the Premises caused by such removal shall be repaired by Creditor.

(b) Landlord must receive written notice from Creditor of any plan by Creditor to remove the Personal Property from the Building.

(c) This Section 9.2 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 hereby waives any right to gain possession of any of Personal Property during the term of the Lease.

**10. Tenant Improvement Costs Adjustment and Right to Audit.** Within five (5) days of the issuance of a Certificate of Occupancy for the Premises, or a final sign-off by the City of Gardena, whichever occurs first, Landlord shall provide to Tenant a statement showing in reasonable detail, including but not limited to pay applications, invoices, cancelled checks, contracts, approved changed orders, and any other support documentation reasonably required by Tenant, all Tenant Improvement Costs and the amount thereof that is excess of the Tenant Improvement Allowance and payable hereunder by Tenant to Landlord. Upon approval of such statement by Tenant, payments by either party pursuant to the Lease and this Work Letter shall be adjusted as appropriate based upon such statement. Tenant shall have the right to audit the Tenant Improvement Costs at any time within twenty-four (24) months after the date of Tenant's Acceptance of the Premises and Landlord having provided a complete statement showing reasonable details of all Tenant Improvements Costs. If the audit shows that Tenant is entitled to a reduction in payments made by Tenant to the Landlord pursuant to this Work Letter, then Tenant shall provide Landlord with a copy of the audit summary, and Landlord shall pay Tenant the amount of any over-payment made by Tenant within thirty (30) days, and any future payments owed by Tenant shall be adjusted as appropriate based upon the audit results. Landlord shall require the Contractor to include reasonable audit provisions in all subcontracts which allow Tenant to audit the subcontractors' books and records with respect to the Tenant Improvements.

**11. 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 thirty (30) days prior to the Projected Commencement Date. During this thirty (30) day period, the Landlord shall be responsible for the security and protection of any telephone/data equipment delivered to the site prior to the Projected Commencement Date.

## 12. Delay.

12.1 Tenant Delays and Force Majeure Delays. Except as set forth in this Section 12, 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 Tenant shall not be charged as a result of any delay in the construction of Tenant Improvements. Subject to the provisions of Section 12.2, the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (a) 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 (b) 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)").

## 12.2 Limitations.

(a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless, within forty eight (48) hours of the event giving rise to such claim, Landlord provides Tenant with written notice in compliance with the Lease specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred, 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 if 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 that the additional cost incurred by Landlord due to such efforts does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to the excess).

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

(d) Change Requests. Landlord may not claim that a Change Request 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 executed Change Request.

13. 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 the Tenant Improvements have not been completed within one hundred eighty (180) days after the Projected Commencement Date, then Tenant may, at its option:

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



13.2 Upon thirty (30) days written notice to Landlord, assume the responsibility for constructing and/or completing the Tenant Improvements itself. If Tenant elects to construct or complete the 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) Base 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 Tenant's administrative costs, and including interest at the rate of six percent (6%) per annum ("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 (5) years and deducted from the Base Rent payable under the Lease.

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

#### **14. Representatives.**

14.1 Tenant Representative. Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this 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 Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.

14.2 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 Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.

15. **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 during the early entry period set forth in Section 4.3 of the Lease, (a) Landlord shall cause to be made operational a temporary construction elevator and hoist, or (b) Tenant shall have priority usage of two (2) 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.


16. **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 that is mutually convenient. An initial construction meeting shall be held within five (5) days after the date the Contractor is selected. Contractor shall provide minutes of each construction meeting to Tenant within a reasonable time thereafter, but not later than the date of the next construction meeting.

17. **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.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Work Letter as of the dates set forth below.

LANDLORD:

GARDENA PROFESSIONAL MEDICAL PLAZA,  
L.P., a California limited partnership

By:   
Name: STUART LEE  
Title: Exp  
Date Signed: \_\_\_\_\_

TENANT:

COUNTY OF LOS ANGELES,  
a body corporate and politic

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date Signed: \_\_\_\_\_

## **ADDENDUM A to Landlord's Work Letter**

### **BASE BUILDING IMPROVEMENTS**

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

- (a) the Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;
- (b) the core area, including mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord;
- (c) men's and women's toilet rooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;
- (d) 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 (7) 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 (2) 208/120 and one (1) 480/277 bolt panels connected to the Building power system;
- (p) mechanical equipment room with ducted mechanical exhaust system;

- (q) concrete floors with troweled finish, level to specified tolerances and designed to support a minimum live load of fifty (50) pounds per square foot and a partition load of twenty (20) pounds per square foot;
- (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, frames, 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 and structural capacity; and
- (k) Fiber optic access.

**ADDENDUM C to Landlord's Work Letter**

**PRELIMINARY AND FINAL TI COST STATEMENT**

\_\_\_ Preliminary TI Cost Statement  
\_\_\_ Final TI Cost Statement

Lease No. \_\_\_\_\_  
Address \_\_\_\_\_

Cost Category

Architecture and Engineering Contract	\$
Plan Check Fees	\$
General Contractor	\$
Furniture	\$
Other	\$
Total Tenant Improvement Costs	\$

# BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

☒ Board Letter

☐ Board Memo

☐ Other

<b>OPS CLUSTER AGENDA REVIEW DATE</b>	12/9/2020	
<b>BOARD MEETING</b>	1/5/2021	
<b>DELEGATED AUTHORITY BOARD LETTER</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	1 <sup>st</sup>	
<b>DEPARTMENT</b>	Children and Family Services	
<b>SUBJECT</b>	Approval of Amendment no. 2 for Additional TI funding of the existing lease at 1933 S. Broadway, Los Angeles.	
<b>PROGRAM</b>	The proposed lease is intended to house multiple units of DCFS.	
<b>SOLE SOURCE CONTRACT</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	If Yes, please explain why:	
<b>DEADLINES/ TIME CONSTRAINTS</b>	Because the Additional TI amounts previously approved by the Board are insufficient to complete the necessary TI work, additional authority is being requested so as to finish out the leased space on behalf of DCFS within Service Planning Area 4.	
<b>COST &amp; FUNDING</b>	Total cost: \$2,671,895	Funding source: The costs will be funded 45 percent with State and Federal funds and 55 percent with net County cost.
	TERMS (if applicable): The total TI expense to be paid by the County under the lease is up to \$9,176,709, including interest, of which \$4,969,920 may be paid in one or more payments as previously approved by the Board, and up to \$2,671,895 additional TI funding which will be paid in a lump sum.	
	Explanation: Sufficient funding for the proposed Lease, and County TI reimbursement costs for the first year of the proposed term is included in the Fiscal Year (FY) 2020-21 Rent Expense Budget and will be billed back to DCFS. DCFS has sufficient funding in its FY 2020-21 operating budget to cover the lease costs for the first year. Beginning in FY 2021-22, ongoing funding for costs associated with the proposed lease will be part of the budget for DCFS.	
<b>PURPOSE OF REQUEST</b>	Approval of the recommended action will authorize additional tenant improvement funds to adequately provide the necessary office space for multiple DCFS programs within SPA 1.	
<b>BACKGROUND (include internal/external issues that may exist)</b>	The Board approved TI dollars at the time it authorized the Chief Executive Office (CEO) to enter into the first lease amendment to extend and expand the existing lease. Upon the development of construction plans and bid out, the actual cost for expansion project was higher than anticipated and exceeded the TI amount previously approved by the Board under the first amendment which mirrored the TI budget originally approved from the initial lease in 2011. Staff worked with DCFS and the Landlord to analyze the improvements in order the fulfill the programmatic needs as well as reduce overall expenditures. The overages are attributable to several factors including, without limitation, prevailing wages and construction costs increases. The County, along with other owners, has been experiencing higher than expected construction costs due to a number of factors including increased labor and material expenses.	
<b>DEPARTMENTAL AND OTHER CONTACTS</b>	Michael Navarro CEO- Real Estate Division 213-974-4364 Mnavarro@ceo.lacounty.gov	





# 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>

FESIA A. DAVENPORT  
Acting Chief Executive Officer

Board of Supervisors  
HILDA L. SOLIS  
First District

HOLLY J. MITCHELL  
Second District

SHEILA KUEHL  
Third District

JANICE HAHN  
Fourth District

KATHRYN BARGER  
Fifth District

January 5, 2021

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:

**LEASE NO. 77274 – AMENDMENT NO. 2  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
1933 SOUTH BROADWAY, LOS ANGELES  
(FIRST DISTRICT)  
(3 VOTES)**

**SUBJECT**

Approval of a lease amendment to provide additional tenant improvement (TI) funds for an existing lease for the Department of Children and Family Services (DCFS).

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed lease amendment is exempt from the California Environmental Quality Act (CEQA), for the reasons stated in this Board letter and in the project records.
2. Authorize the Acting Chief Executive Officer, or her designee, to execute the proposed Amendment No. 2 to Lease No. 77274 with PHR LA Mart, LLC, a California limited liability company, (Landlord), to provide up to \$2,671,895 of additional TI funds to be paid by DCFS. The County's additional TI cost proposed herein will be paid in one lump sum payment. The costs will be funded 45 percent with State and Federal funds and 55 percent with net County cost.
3. Authorize the Acting Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the increased funding, and authorize and direct the Acting Chief Executive Officer, or her designee, to take actions necessary and appropriate to implement the authorization provided above.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Lease No. 77274 is being amended to provide additional funding in order to complete the planned TIs.

## **BACKGROUND**

Since July 1, 2011, DCFS has been in operation in 142,360 square feet at this facility under an existing 15-year lease agreement. In 2018, the lease was amended by Amendment No. 1 to provide DCFS with an additional 56,001 square feet of new office space and renew the District Attorney's lease of 6,123 square feet. The landlord provided DCFS with \$1,242,480 in base TI allowance. The Board also approved the County contributing \$4,969,920 in additional TI for the new office space for a total TI budget of \$6,212,400.

The TI budget was based upon preliminary estimates. After Amendment No. 1 was executed, the Landlord had their architect (i) conduct actual site measurements as inaccuracies in the landlord's as-built drawings became evident during design development. Additionally and concurrently, a redesign and a value engineering process was undertaken as, (i) prevailing wage labor applies to this work, (ii) construction costs had increased. Upon completion of plans by the Landlord's architect, bids were obtained for the work. Unfortunately, the bids came in higher than anticipated and the cost of the work still exceeded the amount previously approved by the Board. The TI budget is insufficient to build out the new office space for the following reasons: (i) Construction costs have significantly increased since the lease was amended; (ii) prevailing wages applies to this work; (iii) the ultimate furniture design resulted in increased furniture costs and additional heating, ventilation and air conditioning, and electrical costs; and (iv) actual site measurements differed from the as-built plans, resulting in redesign of the space. The current estimated costs have increased by \$2,671,895 for a total TI budget of \$8,884,295.

## **FISCAL IMPACT/FINANCING**

The proposed additional TI funding to be paid by the County, of up to \$2,671,895 for DCFS, will be paid in a lump sum payment.

The CEO has informed the Landlord it must stop work on the County's TI work until such time that additional funds have been authorized so that we do not exceed the Board approved TI amount. The requested additional TI funding includes a contingency, which could be used to cover any cost of delay or other unanticipated costs.

The aggregate lease expense with the proposed additional TI costs over the eight-year term is estimated to be \$57,063,753. Enclosure A provides an overview of the revised lease costs with the additional TI expenses contemplated by the proposed lease amendment.

Sufficient funding for the proposed additional TI costs to be paid by the County is included in the Fiscal Year 2020-21 Rent Expense budget and will be billed back to DCFS. The costs will be funded 45 percent with State and Federal funds and 55 percent with net County cost.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

County Counsel will review and approve the proposed lease amendment prior to its execution.

## **ENVIRONMENTAL DOCUMENTATION**

This project is exempt from CEQA, as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities). The proposed amendment involves minor TIs within an existing building, with no expansion of the existing building, is within a class of projects that have been determined not to have a significant effect on the environment and 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 project 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.

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

The proposed amendment continues to provide the necessary office space for the County requirements. DCFS concurs with the proposed additional TI funding.

## **CONCLUSION**

It is requested that the Executive Office of the Board return one certified copy of the Minute Order and an adopted-stamped copy of this letter to the Chief Executive Office, Real Estate Division, 320 West Temple Street, 7<sup>th</sup> Floor, Los Angeles, CA 90012.

Respectfully submitted,

Fesia A. Davenport  
Acting Chief Executive Officer

FAD:JMN:DPH:DL  
JLC:MN:NH:gw

Enclosures

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

## OVERVIEW OF THE PROPOSED BUDGETED LEASE AND RELATED COSTS

Department of Children and Family Services (DCFS)  
1933 South Broadway

Leased Area (sq. ft.)	204,484								
Term (months)	96								
Annual Rent Adjustment	3%								
Base Rent	Cost Per RSF Per Month (\$)	Cost Per RSF Per Year (\$)							
	\$2.07	\$24.84							
Low Voltage Costs (Labor Cost + TESMA Cost)	Lump Sum	TESMA (Lump Sum Costs)	TESMA (Amortized Costs)						
	\$1,093,500	\$1,336,500	N/A						
Tenant Improvement Cost	Lump Sum	Amortized							
	\$4,969,920	\$6,504,814							
Additional Tenant Improvement Cost	\$2,671,895								
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	Total 8 Year Rental Costs
Annual Base Rent Costs <sup>1</sup>	5,079,383	5,231,765	5,388,717	5,550,379	5,716,890	5,888,397	6,065,049	6,247,000	45,167,580
Low Voltage Costs <sup>2</sup>	1,418,693	325,193	325,193	325,193	325,193	325,193	325,193	325,193	3,695,042
Approved Tenant Improvement Costs <sup>3</sup>	813,102	813,102	813,102	813,102	813,102	813,102	813,102	813,102	6,504,814
Additional Tenant Improvement Costs <sup>4</sup>	2,671,895								2,671,895
<b>Total Annual Lease Costs</b>	<b>9,983,073</b>	<b>6,370,060</b>	<b>6,527,012</b>	<b>6,688,674</b>	<b>6,855,185</b>	<b>7,026,692</b>	<b>7,203,344</b>	<b>7,385,295</b>	<b>58,039,331</b>

<sup>1</sup> Base rent includes annual CPI increases capped at 3 percent.

<sup>2</sup> Includes Low Voltage budget costs of \$2,430,000 which is potentially split between labor and materials. The low voltage labor costs of \$1,093,500 (45%) would be paid via a lump sum payment. The low voltage materials costs amount to \$1,336,500 (55%) and would be potentially financed over five years at 8% interest resulting in an annual payment of \$325,193. The first-year low voltage cost would be \$1,093,500 plus \$325,193 = \$1,418,693.

<sup>3</sup> Based upon the full reimbursable TI amount of \$4,969,920 amortized over 8 years at 7% interest.

<sup>4</sup> Additional Tenant Improvement (TI) funds requested by the DCFS. The TI cost will be paid in one or more payments.

**\*Calculation note: For budget purposes, all numbers are rounded up to ensure sufficient funds available to pay the specified expense.**

**SECOND AMENDMENT TO LEASE No. 77274  
COUNTY OF LOS ANGELES  
1933 SOUTH BROADWAY, LOS ANGELES, CALIFORNIA**

This Amendment No. 2 to Lease No. 77274 (the "Amendment" or "Amendment No. 2") is made and entered into this 22<sup>nd</sup> day of October, 2020 by and between PHR LA MART, LLC, a California limited liability company, hereinafter referred to as "Landlord" and the COUNTY OF LOS ANGELES, a body corporate and politic, hereinafter referred to as "Tenant."

**RECITALS**

WHEREAS, Landlord and Tenant entered into that certain Lease Agreement No. 77274 dated May 18, 2010 (the "Original Lease"), and that certain Amendment No. 1 to Lease Agreement No. 77274 dated September 18, 2018 ("Amendment No. 1," and together with the Original Lease, collectively the "Lease"), whereby Tenant would lease approximately 62,124 rentable square feet of expansion space at 1933 South Broadway, Los Angeles, California, from Landlord;

WHEREAS, Landlord and Tenant desire to make modifications to the Lease, to reflect a \$2,671,895 increase to the Additional Tenant Improvement Allowance provided in Amendment No. 1, and in connection therewith, Landlord and Tenant desire to amend the Lease as hereinafter provided;

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

1. "Additional Tenant Improvement Allowance" as defined in Section 9 of Amendment No. 1 shall be replaced in its entirety with the following:

"9. Additional Tenant Improvement Allowance: The Additional Tenant Improvement Allowance shall be Seven Million Six Hundred Forty-One Thousand Eight Hundred Fifteen and 00/100 Dollars (\$7,641,815, i.e., \$123 per rentable square foot) for completion of Tenant's build out of the Premises. Tenant may use all, part or none of the Additional Tenant Improvement Allowance."

2. Notwithstanding anything to the contrary contained in this Amendment No. 2, except as specifically amended or modified herein, each and every term, covenant, and condition of the Lease as amended hereby is ratified and shall remain in full force and effect. Tenant represents and warrants as of the date hereof that (a) no defenses or offsets exist to the enforcement of the Lease by Landlord, (b) neither Tenant nor Landlord is in default in the performance of the Lease or any provisions contained therein, (c) neither Tenant nor Landlord has committed any breach of the Lease, nor has any default occurred which, with the passage of time or the giving of notice or both, would constitute a default or a breach by Tenant or Landlord under the Lease. In the event of a conflict between the Lease and this Amendment No. 2, the terms of this Amendment No. 2 shall control. The covenants, agreements, terms and conditions contained in this Amendment No. 2 shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

3. All terms used herein shall have the same respective meanings as set forth in the Lease unless expressly provided otherwise in this Amendment No. 2.

4. Each of the signatories for the Landlord and Tenant personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Amendment No. 2 upon the terms and conditions stated herein, and each agrees to indemnify and hold harmless Tenant from all damages, costs, and expenses, which result from a breach of this representation.

5. This Amendment No. 2 and any other document necessary for the consummation of the transaction contemplated by this Amendment No. 2 may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically. An electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Amendment No. 2 and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Amendment No. 2 had been delivered had been signed using a handwritten signature. Landlord and Tenant (i) agree that an electronic signature, whether digital or encrypted, of a party to this Amendment No. 2 is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intended to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv) hereby waive any defenses to the enforcement of the terms of this Amendment No. 2 based on the foregoing forms of signature. If this Amendment No. 2 has been executed by electronic signature, all parties executing this document are expressly consenting under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("E-SIGN") and California Uniform Electronic Transactions Act ("UETA")(Cal. Civ. Code § 1633.1, et seq.), that a signature by fax, email or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

*[SIGNATURE PAGE IMMEDIATELY FOLLOWS]*

IN WITNESS WHEREOF, the Landlord's duly authorized representative has executed this Amendment No. 2 to Lease No. 77274, or caused it to be duly authorized executed, and the County of Los Angeles by the order of the Board of Supervisors, has caused this Amendment No. 2 to Lease No. 77274 to be executed on its behalf on the day, month, and year first above written.

LANDLORD:

PHR LA MART, LLC, a California limited liability company

By:   
Name: Jeff Stauffer  
Title: Authorized Signatory

TENANT:

COUNTY OF LOS ANGELES,  
a body corporate and politic

FESIA A. DAVENPORT  
Acting Chief Executive Officer

By: \_\_\_\_\_  
David P. Howard  
Assistant Chief Executive Officer

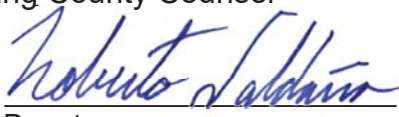
ATTEST:

DEAN C. LOGAN  
Registrar/County Clerk  
of the County of Los Angeles

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

RODRIGO A. CASTRO-SILVA  
Acting County Counsel

By:   
Deputy

# BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

☒ Board Letter

☐ Board Memo

☐ Other

<b>OPS CLUSTER AGENDA REVIEW DATE</b>	12/9/2020	
<b>BOARD MEETING</b>	1/5/2021	
<b>DELEGATED AUTHORITY BOARD LETTER</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	5th	
<b>DEPARTMENT</b>	Department of Public Health (DPH)	
<b>SUBJECT</b>	Approve a proposed 8-year amendment to an existing lease for the continued use of 17,107 square feet of existing office space and 64 parking spaces at 1000 South Fremont Avenue, 4 <sup>th</sup> Floor A9 West, Alhambra.	
<b>PROGRAM</b>	Health Promotion Bureau, Substance Abuse Prevention Control (SAPC)	
<b>SOLE SOURCE CONTRACT</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	If Yes, please explain why:	
<b>DEADLINES/ TIME CONSTRAINTS</b>	Existing lease is currently on a month-to-month holdover basis since April 2019 with a fifty percent holdover rent increase. The Landlord will credit the \$20,296.80 per month holdover rent paid by the County since April 2019 upon Board approval of an eight-year amendment and subsequent full execution.	
<b>COST &amp; FUNDING</b>	Total cost: \$4,492,000 rental costs over the 8-year term includes: base rent, parking rent, and rent credits for the second, third, and fourth month base rent at no cost to the County and for the holdover rent paid by the County.	Funding source: The rental costs will be funded 100 percent with 2011 Realignment funds.
	TERMS (if applicable): The base rent is subject to fixed 3 percent increases per annum. Commencing on year five of the term, the monthly parking rate will increase to \$75 per parking space. The lease provides an early termination right at the beginning of the 85 <sup>th</sup> month, with 360 days' notice, subject to payment of a termination fee not to exceed \$44,257.22 comprised of the \$22,050.89 unamortized portion of the TIs and \$22,206.53 unamortized portion of the brokerage commission.	
	Sufficient funding to cover the proposed rent for the first year of the proposed amendment term is included in the Fiscal Year (FY) 20-2021 Rent Expense Budget, and will be billed back to DPH. DPH has sufficient funding in its FY 2020-21 operating budget to cover the proposed rent for the first year. Beginning in FY 2021-22, ongoing funding for costs associated with the proposed amendment will be part of the budget for DPH.	
<b>PURPOSE OF REQUEST</b>	Approval of the recommended actions will authorize and continue to adequately provide the necessary office space for DPH.	
<b>BACKGROUND (include internal/external issues that may exist)</b>	The proposed amendment will provide DPH the continual use of 17,107 square feet of office space and 64 parking spaces for the DPH SAPC office.	
<b>DEPARTMENTAL AND OTHER CONTACTS</b>	Michael Navarro CEO- Real Estate Division 213-974-4364    Mnavarro@ceo.lacounty.gov	





FESIA A. DAVENPORT  
Acting Chief Executive Officer

# 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>

January 5, 2021

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:

**EIGHT-YEAR LEASE AMENDMENT  
PUBLIC HEALTH  
1000 SOUTH FREMONT AVENUE, ALHAMBRA  
(FIFTH DISTRICT)  
(3 VOTES)**

**SUBJECT**

Approval of a proposed eight-year lease amendment to an existing lease to provide the Department of Public Health (DPH) continued use of 17,107 square feet of office space, and 64 on-site parking spaces for its Health Promotion Bureau, Substance Abuse Prevention Control (SAPC).

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed amendment 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 Acting Chief Executive Officer, or her designee, to execute the proposed amendment with Elite-TRC Alhambra Community, LLC (Landlord), for approximately 17,107 square feet of office space and 64 on-site parking spaces located at 1000 South Fremont Avenue, 4<sup>th</sup> Floor A9West, Alhambra, CA 91803, to be occupied by DPH. The \$571,076 estimated maximum first year rental cost, including parking, is adjusted to \$15,514 after deducting one-time rent credits of \$129,328.92 for a rent abatement for months two, three and four, and a holdover rent credit of \$426,232.80 (assuming the amendment is executed in January 2021). The estimated total amendment cost is \$4,492,000 over the eight-year term. The rental costs will be funded 100 percent with 2011 Realignment funds.

Board of Supervisors  
HILDA L. SOLIS  
First District

HOLLY J. MITCHELL  
Second District

SHEILA KUEHL  
Third District

JANICE HAHN  
Fourth District

KATHRYN BARGER  
Fifth District

3. Authorize and direct the Acting Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the proposed amendment, and to take actions necessary and appropriate to implement the proposed amendment, including, without limitation, early termination rights.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The DPH SAPC has occupied the subject facility since 2014. The existing lease expired in April 2019 and has been on a month-to-month holdover basis with the County paying a fifty percent holdover rent fee equal to \$20,296.80 per month. The County will be credited all the holdover fee paid by the County upon approval of the proposed amendment by the Board, and full execution of the proposed amendment. If the Board approves the proposed amendment and the proposed amendment is executed in January 2021, the holdover fee to be credited to the County will be \$426,232.80.

The SAPC oversees substance use disorder treatment and prevention services throughout the County. As part of California's Drug Medi-Cal Organized Delivery System, SAPC has oversight of over 350 community-based contracted providers consisting of medical professionals, technical experts/consultants, and administrative staff. Meetings, conferences, and trainings for health providers, clients, and various stakeholders are periodically provided at this office. The office is occupied by 88 employees.

The existing facility is centrally located to service the entire County and is in close proximity to public transportation. Relocation to a new building would require costly improvements.

Approval of the recommended actions will find that the proposed amendment is exempt from CEQA and will allow DPH to continue operating at the subject facility.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal 2 - *Foster Vibrant and Resilient Communities* - provides that our investments in the lives of County residents are sustainable only when grounded in strong communities. We want to be the hub of a network of public-private partnering agencies supporting vibrant communities.

The proposed lease is consistent with the Strategic Asset Management Plan Goal 2 – Strengthen Connection between Service Priorities and Asset Decisions; and Key Objective 4 – Guide Strategic Decision-Making.

This amendment supports the above goals and objective by providing DPH with appropriate office space which will allow it to collaborate with contracted providers and properly oversee the implementation of substance use disorder treatment services for high-risk individuals within the community. The proposed amendment conforms with the Asset Management Principles outlined in Enclosure A.

### **FISCAL IMPACT/FINANCING**

Sufficient funding to cover the proposed rent for the first year of the proposed term, is included in the Fiscal Year (FY) 2020-21 Rent Expense budget, and will be billed back to DPH. DPH has sufficient funding in its FY 2020-21 operating budget to cover the proposed rent for the first year. Beginning in FY 2021-22, ongoing funding for costs associated with the proposed amendment will be part of the budget for DPH. The rental costs will be funded 100 percent with 2011 Realignment funds.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In addition to the terms previously stated, the proposed amendment also includes the following provisions:

- Upon commencement of the extended term, the base rent of \$487,123.32 will increase to \$517,316. Base rent is subject to a fixed 3 percent increase per annum.
- The current monthly parking rate will increase from \$65 per parking space to \$70 per parking space for 64 on-site parking spaces. Commencing on year five of the term, the monthly parking rate will increase to \$75 per parking space for the remainder of the term.
- Assuming the Board approves the amendment and the amendment is signed in January 2021, in the first year only, the annual rental cost, including parking, will be adjusted to \$15,514 after deducting one-time rent credits of \$129,328.92 and the estimated holdover rent credit of \$426,232.80.
- The Landlord will provide a \$136,856 (\$8 per rentable square foot) base tenant improvement (TI) allowance for refurbishment of the premises to include new carpet within the carpeted areas and repainting of the premises as needed. Any unused portion of the TIs will be credited towards the base rent.
- The Landlord is responsible for all operating and maintenance costs of the building, including utilities and janitorial costs. The County has no responsibility for any operating and maintenance costs.
- The aggregate costs associated with the proposed amendment over the entire term is \$4,492,000, as shown on Enclosure B.

- The County has the right to terminate the proposed amendment at the beginning of the 85<sup>th</sup> month with 360 days' notice, subject to a termination fee equal to the unamortized portion of the TI allowance not to exceed \$22,050.89, and the unamortized brokerage commission not to exceed \$22,206.53.
- Holdover at the proposed amendment expiration is permitted on the same terms and conditions except commencing on seventh month, the monthly base rent will increase by 25 percent as a holdover fee. In the event the County and the Landlord enter into a subsequent amendment extending the County's use of the Premises, the Landlord will credit any holdover fee actually paid by the County.
- The proposed amendment term will be effective upon approval by the Board and full execution of the proposed amendment.

The Chief Executive Office (CEO) conducted a market search of available office space for lease but was unable to identify any sites that could accommodate this requirement more economically. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$30.16 and \$48.72 per square foot, per year. The base annual rental rate of \$30.24 per square foot, per year for the proposed amendment represents a rate that is at the low end of market range for the area. Due to the tenant improvements needed should the Department relocate to a new space, remaining in the proposed space is the most cost-effective choice. We recommend the proposed facility as the most suitable to meet the County's space requirements.

The CEO has communicated with co-working office space companies regarding office space for the applicable programs and they have informed the CEO that their co-working office space does not have available space for long-term occupancy to accommodate the required space needs. In addition, co-working office space is not financially viable in comparison to the rental costs of traditional long-term office space.

Enclosure C shows County-owned or leased facilities within the surveyed area, and there are no suitable County-owned or leased facilities available for this space requirement.

The Department of Public Works previously inspected this facility and found it suitable for the County's occupancy. The required notification letter to the City of Alhambra has been sent in accordance with Government Code Section 25351. County Counsel has reviewed the enclosed proposed amendment and approved it as to form.

The proposed amendment will continue to provide an appropriate location for the program, which is consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012, and as outlined in Enclosure D.

## **ENVIRONMENTAL DOCUMENTATION**

This project is exempt from CEQA, as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities). The proposed amendment, which involves the leasing of existing office space with minor tenant improvements within an existing building, with no expansion of the existing building, is within a class of projects that have been determined not to have a significant effect on the environment and 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 project 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 amendment will continue to adequately provide the necessary office space and parking spaces for this County requirement. DPH concurs with the proposed amendment and recommendations.

The Honorable Board of Supervisors  
January 5, 2021  
Page 6

**CONCLUSION**

It is requested that the Executive Office of the Board return one certified copy of the Minute Order and an adopted-stamped copy of this letter to the CEO, Real Estate Division, at 320 West Temple Street, 7th Floor, Los Angeles, CA 90012, for further processing.

Respectfully submitted,

FESIA A. DAVENPORT  
Acting Chief Executive Officer

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

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Public Health

**PUBLIC HEALTH  
1000 SOUTH FREMONT AVENUE, ALHAMBRA  
Asset Management Principles Compliance Form<sup>1</sup>**

<b>1.</b>	<b><u>Occupancy</u></b>		<b>Yes</b>	<b>No</b>	<b>N/A</b>	
	A	Does lease consolidate administrative functions?			<b>X</b>	
	B	Does lease co-locate with other functions to better serve clients?			<b>X</b>	
	C	Does this lease centralize business support functions?			<b>X</b>	
	D	Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup> <b><sup>1</sup> It is approximately 195 square feet per person.</b>		<b>X</b>		
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? <b>The ratio is lower because the department only requested 64 spaces.</b>		<b>X</b>		
	F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location?	<b>X</b>			
<b>2.</b>	<b><u>Capital</u></b>					
	A	Is it a substantial net County cost (NCC) program?		<b>X</b>		
	B	Is this a long-term County program?	<b>X</b>			
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		<b>X</b>		
	D	If no, are there any suitable County-owned facilities available?		<b>X</b>		
	E	If yes, why is lease being recommended over occupancy in County-owned space?				
	F	Is Building Description Report Enclosed as Enclosure C?	<b>X</b>			
	G	Was build-to-suit or capital project considered? <sup>2</sup> <b>The existing facility is the most economical option for the County given the improvements previously made to the space.</b>		<b>X</b>		
<b>3.</b>	<b><u>Portfolio Management</u></b>					
	A	Did department utilize CEO Space Request Evaluation (SRE)?	<b>X</b>			
	B	Was the space need justified?	<b>X</b>			
	C	If a renewal lease, was co-location with other County departments considered?	<b>X</b>			
	D	Why was this program not co-located with other County departments?				
		1. ____ The program clientele requires a "stand alone" facility.				
		2. <u>  X  </u> No suitable County occupied properties in project area.				
		3. <u>  X  </u> No County-owned facilities available for the project.				
		4. ____ Could not get City clearance or approval.				
		5. ____ The Program is being co-located.				
	E	Is lease a full-service lease	<b>X</b>			
	F	Has growth projection been considered in space request?			<b>X</b>	
	G	<sup>1</sup> Has the Dept. of Public Works completed seismic review/approval?	<b>X</b>			
<sup>1</sup> As approved by the Board of Supervisors 11/17/98						
<sup>2</sup> If not, why not?						

## COMPARISON OF THE PROPOSED AMENDMENT TO EXISTING LEASE

	<b>Existing Lease:</b> <b>1000 South Fremont Ave, 4<sup>th</sup> Fl, A9West, Alhambra</b>	<b>Proposed Amendment</b> <b>1000 South Fremont Ave, 4<sup>th</sup> Fl, A9West, Alhambra</b>	<b>Change</b>
Area (Square Feet)	17,107 sq. ft.	17,107 sq. ft.	None.
Term (years)	5 years	8 years	+ 3 years.
Annual Base Rent	\$487,123.32 (\$28.48 per sq. ft. annually)	\$517,316 (\$30.24 per sq. ft. annually)	+\$30,192.68 annually
Annual Parking Cost	\$49,920	\$53,760	+\$3,840 annually
Annual Lease Costs	\$537,043.32	\$571,076 <sup>(1)</sup>	+\$34,032.68
Rental rate adjustment	Annual CPI adjustments with 2 percent minimum capped at 5 percent.	3 percent fixed increases per annum.	+ 1 percent minimum - 2 percent maximum

- (1) Upon execution of the amendment, the Landlord will credit all holdover rent fees (\$20,296.80 per month) paid by the County. Based upon Board approval in January 2021, the amount of this credit will be \$426,232.80. The Landlord will also give the County a rent abatement for months 2, 3 and 4 of the extended term, resulting in a rent abatement of \$129,329. The total rental costs payable to the Landlord in the first year will be \$15,514.



## OVERVIEW OF THE BUDGETED LEASE AMENDMENT AND RELATED COSTS

Department of Public Health  
1000 S. Fremont Ave., Alhambra

Leased Area (sq.ft.)	17,107			
Term (months)	96			
Annual Rent Adjustment	3.00%			
	<b>Cost Per RSF Per Month</b>	<b>Cost Per RSF Per Year</b>		
Base Rent	\$2.52	\$30.24		
	<b>Cost Per Space Per Month</b>	<b>Cost Per Space Per Year</b>		
Years 1- 4				
Parking Costs (64 parking spaces)	\$70	\$840		
Years 5-8				
Parking Costs (64 parking spaces)	\$75	\$900		
Low Voltage (Lump Sum) (Labor + TESMA Cost)	<b>Labor Cost</b>	<b>TESMA (Lump Sum Cost)</b>	<b>TESMA (Amortized Cost)</b>	<b>Low Volatage Total</b>
	\$0	\$0	\$0	\$0
Low Voltage (Amortized) (Labor + TESMA Cost)	\$0	\$0	\$0	\$0
Tenant Improvement Costs	<b>Lump Sum Cost</b>	<b>Amortized Cost</b>		
	\$0	\$0		

	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	4 <sup>th</sup> Year	5 <sup>th</sup> Year	6 <sup>th</sup> Year	7 <sup>th</sup> Year	8 <sup>th</sup> Year	Total 8 Year Rental Costs
<b>Annual Base Rent Costs <sup>1</sup></b>	517,316	532,836	548,821	565,285	582,244	599,711	617,702	636,234	<b>4,601,000</b>
<b>Parking Costs <sup>2</sup></b>	53,760	53,760	53,760	53,760	57,600	57,600	57,600	57,600	<b>446,000</b>
<b>Subtotal Rental Costs</b>	571,076	586,596	602,581	619,045	639,844	657,311	675,302	693,834	<b>5,047,000</b>
<b>Free Rent Deduction <sup>3</sup></b>	-129,328.92	0	0	0	0	0	0	0	<b>-129,328.92</b>
<b>Holdover Rent Credit <sup>4</sup></b> (April 2019 -December 2020)	-426,232.80	0	0	0	0	0	0	0	<b>-426,232.80</b>
<b>Total Annual Lease Costs</b>	<b>15,514</b>	<b>586,596</b>	<b>602,581</b>	<b>619,045</b>	<b>639,844</b>	<b>657,311</b>	<b>675,302</b>	<b>693,834</b>	<b>4,492,000</b>

<sup>1</sup> Annual base rent includes fixed 3 percent annual increases.

<sup>2</sup> The parking cost for the first four (4) years is \$70 per space per month. Commencing upon the fifth year of the term, the parking rate increases to \$75 per space per month for the remainder of the term.

<sup>3</sup> The base rent of \$43,109.64 is abated for months two, three, and four.

<sup>4</sup> Based upon a holdover rent credit in the amount of \$20,296.80 to be applied for each month, starting April 2019, continuing until Board approval of the amendment (approximately January 2021 or 21 months).

\*Calculation note: All numbers are rounded up to ensure sufficient funds available to pay the specified expense.

## DEPARTMENT OF PUBLIC HEALTH

SPACE SEARCH – 3 MILE RADIUS FROM  
1000 SOUTH FREMONT AVENUE, ALHAMBRA

LACO	Name	Address	Proprietor	Ownership Type	Property Use	Gross Sq. Ft.	Vacant
A469	The Alhambra Complex - West Tower	1000 S. Fremont Ave. Alhambra 91803	Public Health	Leased	Office	15,206	NONE
4526	Biscailuz - Administration Building	1060 N. Eastern Ave. Los Angeles 90063	Sheriff	Owned	Office	16,571	NONE
A327	Office of Managed Care	1100 Corporate Center Dr. Monterey Park 91754	Health Services	Leased	Office	15,280	NONE

## **FACILITY LOCATION POLICY ANALYSIS**

**Proposed lease:** Amendment for DPH – 1000 South Fremont Avenue, 4<sup>th</sup> Floor A9West, Alhambra – Fifth District.

**A. Establish Service Function Category** – DPH Health Promotion Bureau, SAPC

**B. Determination of the Service Area** – Centrally located to service the entire County.

**C. Apply Location Selection Criteria to Service Area Data**

- Need for proximity to service area and population: Central location to serve the entire County.
- Need for proximity to existing County facilities: Located within the same office campus currently occupied by other DPH programs and County departments.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit services, and is in close proximity to Metro and Foothill bus service and connections to light rail service.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: None available that meet the Department's programmatic office space needs.
- Compatibility with local land use plans: The City of Alhambra has been notified of the proposed County use which is consistent with its use and zoning for office space at this location.
- Estimated acquisition/construction and ongoing operational costs: The initial annual rent of \$571,076 (\$2.52 per sq. ft., per month) is comprised of the \$517,316 base rent and the \$53,760 parking rent. The \$571,076 first year rent is adjusted to \$15,514 after deducting one-time rent credits.

**D. Analyze results and identify location alternatives**

The Chief Executive Office (CEO), conducted a market search of available office space for lease but was unable to identify any sites that could accommodate this requirement more economically. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$30.16 and \$48.72 per square, foot per year. The base annual rental rate of \$30.24 per square foot, per year for the proposed amendment represents a rate that is at the low end of market range for the area. Due to the tenant improvements needed should the Department relocate to a new space, remaining in the proposed space is the most cost-effective choice. We recommend continued use of the existing facility as the most suitable to meet the County's space requirements.

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

The proposed amendment will continue to provide adequate and efficient office space for 88 employees consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012. There are no available buildings in the area that meet the Department's requirements.

**AMENDMENT NO. 1 TO LEASE NO. 77987  
DEPARTMENT OF PUBLIC HEALTH  
1000 SOUTH FREMONT AVENUE, ALHAMBRA**

THIS AMENDMENT No. 1 to Lease No. 77987 ("**Amendment**" or "**Amendment No. 1**") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ ("**Amendment No. 1 Effective Date**") by and between ELITE-TRC ALHAMBRA COMMUNITY LLC, a Delaware limited liability company, hereinafter referred to as "**Landlord**", and the COUNTY OF LOS ANGELES, a body corporate and politic, hereinafter referred to as "**Tenant**".

**RECITALS:**

WHEREAS, The Alhambra Office Community, LLC, Landlord's predecessor-in-interest, and Tenant entered into that certain Lease Agreement dated July 16, 2013, as supplemented by that certain Commencement Date Memorandum and Confirmation of Lease Terms dated March 12, 2014 (collectively, "**Lease No. 77987**").

WHEREAS, Lease No. 77987 allowing Tenant to lease approximately 17,107 rentable square feet on the 4th Floor of Building A9 West (the "**Premises**") at 1000 South Fremont Avenue, Alhambra, became effective July 16, 2013 (Lease No. 77987 and all amendments thereto are collectively referred to hereinafter as the "**Lease**"), and;

WHEREAS, Landlord and Tenant desire to amend the Lease to extend the Term of the Lease and to provide for certain other amendments to the Lease;

NOW THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements herein contained and intended to be legally bound hereby, Landlord and Tenant hereby covenant and agree as follows:

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

2. **TERM OF THE LEASE.**

(a) The parties acknowledge that the Term of the Lease expired April 10, 2019 and that Tenant is currently in occupancy of the Premises pursuant to the holdover provision set forth in Section 7 of the Lease (i.e., Base Rent payable at 150% of the amount of Base Rent payable for April 2019, as such Base Rent may be adjusted from time to time in accordance with the Lease, plus all other charges payable under the Lease). Upon the mutual execution and delivery of this Amendment, and provided that Tenant is not in default under the Lease, Landlord shall apply the Holdover Amount (as defined below) as a credit against Base Rent payable under this Amendment for the Extended Term (as defined below). As used herein "**Holdover Amount**" means the difference between (i) the amount of holdover Base Rent actually paid by Tenant to Landlord for the period commencing upon April 11, 2019 and expiring upon the Revised Commencement Date (as defined below) and (ii) the amount of Base Rent that would have been paid by Tenant for such period at the monthly Base Rent in effect for April 2019 (i.e., absent the 50% holdover surcharge).

(b) Effective as of Amendment No. 1 Effective Date, the Term of the Lease is hereby extended for an additional period of eight (8) years (the "**Extended Term**"), so that the Extended Term shall commence on the Amendment No. 1 Effective Date ("**Revised Commencement Date**") and expire, unless terminated sooner pursuant to the terms of the Lease, on the last day of the calendar month in which the eighth (8th) anniversary of the Revised Commencement Date occurs ("**Revised Termination Date**"). All references to "**Term**" in the Lease and this Amendment shall be deemed references to the Term as extended by this Amendment and all references to "**Termination Date**" shall be deemed references to the Revised Termination Date.

(c) The parties acknowledge and agree that the Amendment No. 1 Effective Date as set forth in the preamble to this Amendment shall be the date that both parties have executed and delivered this Amendment, which execution and delivery shall require the prior approval of the Los Angeles County Board of Supervisors as evidenced by the signature for such body in the signature pages of this Amendment.

3. **CONDITION OF THE PREMISES.** Except as set forth in Section 5 below, Landlord shall have no obligation whatsoever to construct leasehold improvements for Tenant or to repair or refurbish the Premises. The taking of possession of the Premises by Tenant shall be conclusive evidence that Tenant accepts the same "**AS IS**" and that the Premises is suited for the use intended by Tenant and was in good and satisfactory condition at the time such possession was taken. Tenant acknowledges that neither Landlord nor Landlord's agents has made any representation or warranty as to the condition of the Premises, Building or the Complex or its suitability for Tenant's purposes. Tenant represents and warrants to Landlord that (a) its sole intended use of the Premises is for uses set forth in the Lease, (b) it does not intend to use the Premises for any other purpose, and (c) prior to executing this Amendment it has made such investigations as it deems appropriate with respect to the suitability of the Premises for its intended use and has determined that the Premises is suitable for such intended use.

4. **BASE RENT.**

(a) Effective as of the Revised Commencement Date and in addition to all other costs and expenses payable by Tenant pursuant to the Lease, Tenant shall pay the following monthly Base Rent for the Premises, in accordance with the terms of Section 5 of the Lease: \$41,912.15 per month (which is based upon a rental rate of \$2.45 per rentable square foot), which amount is adjustable as provided in Sections 2(b) and 5(b) of the Lease; provided, however, if the Revised Commencement Date has not occurred by December 31, 2019, then the monthly Base Rent payable for the Premises, commencing on the Revised Commencement Date, shall be \$43,109.64 per month (which is based upon a rental rate of \$2.52 per rentable square foot), subject to adjustment as provided in Sections 2(b) and 5(b) of the Lease.

(b) Effective as of the Revised Commencement Date, Section 5(b) of the Lease is amended in its entirety as follows: "(b) Rent Adjustment. At the beginning of the 13th month of the Extended Term as defined in the Amendment No. 1 to Lease ("**Adjustment Date**") and on and every anniversary of the Adjustment Date thereafter, monthly Base Rent shall be increased to an amount equal to 103% of the amount payable in the last month prior to each Adjustment Date."

(c) Effective as of the Revised Commencement Date, Sections 5(c), 5(d) and 5(e) of the Lease (CPI Formula and Adjustments) are hereby deleted in their entirety and are of no further force or effect.

(d) Provided that Tenant shall faithfully perform all of the terms and conditions of the Lease (as amended hereby), Landlord shall abate Tenant's obligation to pay Base Rent payable with respect to the Premises for the second (2nd) month through and including the fourth (4th) month following the Revised Commencement Date, for a total of three (3) months of abated Base Rent. During such abatement period, Tenant shall still be responsible for the full payment of all of its other monetary obligations under this Lease, including, without limitation, parking charges and any expenses relative to Tenant's use and occupancy of the Premises.

## 5. **ADDITIONAL IMPROVEMENTS.**

(a) Commencing upon the mutual execution and delivery of this Amendment, Landlord shall, at its sole cost and expense, refurbish the Building A9 West 4th Floor elevator lobby, using Building standard materials and finishes, as follows: (i) new LED lighting, (ii) replace carpeting inset, (iii) replace cove base to match new carpeting, if needed, and (iv) repaint lobby walls.

(b) Commencing upon the mutual execution and delivery of this Amendment, Landlord shall complete the following refurbishment work within the Premises, using Building standard materials and finishes, provided that the costs of such refurbishment work shall not exceed One Hundred Thirty-Six Thousand Eight Hundred Fifty-Six Dollars (\$136,856.00) (calculated at \$8.00 per leasable square foot of the Premises) ("**Allowance**"): (i) new carpet within the carpeted areas of the Premises, and (ii) repaint the Premises (together, "**Refurbishment Work**"). Landlord shall solicit three (3) bids from qualified vendors with respect to the Refurbishment Work.

(c) If the aggregate total cost of the Refurbishment Work is less than the Allowance, and provided that Tenant is not in default under the Lease (as amended hereby), then Tenant may utilize any unused portion of the Allowance as a credit toward Base Rent (but Base Rent shall never be less than \$0.00), by giving Landlord written notice of such election and the total amount to be credited within 180 days following Landlord's completion and reconciliation of the Refurbishment Work, which total amount shall thereafter be credited against Base Rent as it becomes due.

(d) Tenant understands that the work contemplated under this Section 5 (the "**Landlord Work**") will be performed during Tenant's occupancy and use of the Premises, and may result in inconvenience to Tenant (including noise, vibration and displacement from portions of the Premises from time to time). Tenant will fully cooperate with Landlord's efforts to efficiently complete the Landlord Work by, among other things, vacating portions of the Premises from time to time to permit work to proceed, and by moving any personal property within the Premises that is necessary for the completion of the Landlord Work. Landlord will make reasonable efforts to minimize the inconvenience and disturbance caused by the Landlord Work, but is not responsible for business interruption or damage to property which results from the Landlord Work. Tenant hereby agrees that the performance of the Landlord Work shall in no way constitute a constructive eviction of Tenant or entitle Tenant to any

abatement of rent payable pursuant to the Lease. Landlord shall have no responsibility for, or for any reason be liable to, Tenant for any direct or indirect injury to or interference with Tenant's business arising from the performance of the Landlord Work, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from the performance of the Landlord Work, or for any inconvenience or annoyance occasioned by the performance of the Landlord Work. Tenant shall be responsible for any increase in the costs or expenses incurred by Landlord in connection with the Landlord Work resulting from any act or omission of Tenant or any agents, employees, contractors, licensees or invitees of Tenant, including without limitation any additional costs incurred by Landlord if Tenant requests or requires that any of the Landlord Work be done during other than normal business hours or if Tenant requests or requires that Landlord delay any portion(s) of the Landlord Work, and Tenant shall pay any such increase in such costs or expenses to Landlord upon demand.

In connection with the Landlord Work, Landlord shall coordinate with Tenant such that the Landlord Work shall be performed at time(s) to accommodate Tenant's business operations; provided, however, that if Tenant requests or requires that any of the Landlord Work be done other than during normal business hours, then any resulting increase in the cost of the Landlord Work shall be the responsibility of Tenant and shall be paid by Tenant to Landlord within thirty (30) days of Tenant's receipt of an invoice therefor from Landlord.

#### 6. **EARLY TERMINATION.**

(a) Section 1.1(k) of the Basic Lease Information is hereby amended in its entirety as follows:

"(k) Early Termination Notice Date. At the beginning of the eighty-fifth (85th) month of the Extended Term (i.e., May 11, 2026)."

(b) Section 4(d) of the Lease is hereby amended in its entirety as follows:

"(d) Early Termination. Tenant shall have a one-time right to terminate this Lease on the Early Termination Notice Date, as defined in Section 1.1(k), by giving Landlord not less than 360 days' prior written notice executed by the Chief Executive Officer of Tenant ("**Termination Notice**"). Within thirty (30) days of delivery by Tenant to Landlord of the Termination Notice, Tenant shall reimburse Landlord for the unamortized Allowance and Brokerage Commissions (i.e., \$44,257.42 = \$22,050.89 for unamortized Allowance and \$22,206.53 for unamortized Brokerage Commissions) ("Termination Fee"), at an interest rate of eight percent (8%) per annum. Subject to the terms hereof, if Tenant properly exercises such option to terminate this Lease, such termination shall be effective as of the Early Termination Notice Date. If Tenant fails to exercise its rights under this Section 4(d) strictly in accordance with the terms and conditions set forth herein (including without limitation, failure to pay the Termination Fee as set forth herein), such right shall be null and void and shall be of no further force or effect."



7. **PARKING.** Tenant's parking rights shall remain as set forth in Section 1.1(o) of the Basic Lease Information; provided, however, (a) during the first four (4) years of the Extended Term, the parking rate shall be \$70 per unreserved space per month or \$4,480 per month for 64 unreserved spaces, and (b) commencing upon the fourth (4th) anniversary of the Revised Commencement Date, the parking rate shall increase to \$75 per unreserved space per month or \$4,800 per month for 64 unreserved spaces.

8. **HOLDOVER.** The first paragraph of Section 7 of the Lease (Holdover) is hereby amended in its entirety as follows: "Upon the expiration of this Lease, the Lease shall continue on a month-to-month basis for up to six (6) months, terminable by either party upon thirty (30) days' prior written notice to the other party, with monthly Base Rent payable in the amount equal to 103% of the monthly Base Rent in effect for the last month of 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. If Tenant remains in possession of the Premises or any part thereof after the expiration of such 6-month period, such occupancy shall be a holdover month-to-month tenancy which is terminable only upon thirty (30) days' written notice from Landlord to the Chief Executive Officer of Tenant, with monthly Base Rent payable in the amount equal to 125% of the monthly Base Rent payable under this Lease in the last month of such 6-month period (as such Base Rent may be adjusted from time to time in accordance with this Lease), plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease; provided, however, if the parties subsequently enter into a lease amendment extending the Term of this Lease, and provided that Tenant is not in default under the Lease, Landlord shall apply the Future Holdover Amount (as defined below) as a credit against Base Rent payable pursuant to such lease extension amendment. As used herein "**Future Holdover Amount**" means the difference between (i) the amount of holdover Base Rent actually paid by Tenant to Landlord for the period commencing upon the expiration of such 6-month period and expiring upon the commencement date of such future extension term and (ii) the amount of Base Rent in effect as of the last month of such 6-month period (i.e., absent the 25% holdover surcharge).

9. **BROKERS.** Tenant represents and warrants to Landlord that it has not engaged any broker, finder or other person, other than the County of Los Angeles ("**Tenant's Broker**"), who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Amendment. Tenant's Broker and CBRE Inc. ("**Landlord's Broker**") shall be compensated by Landlord pursuant to the terms of separate express written agreements specifying the commission amounts ("**Brokerage Commissions**") and the terms of payment.

10. **DISCLOSURE.** For purposes of Section 1938(a) of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that neither the Complex nor the Premises has undergone inspection by a Certified Access Specialist (CASp) (defined by California Civil Code Section 55.52). Pursuant to California Civil Code Section 1938, Tenant is hereby notified that a CASp can inspect the Premises and determine whether the Premises complies with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the Premises, Landlord may not prohibit Tenant from obtaining a CASp inspection of the Premises for the occupancy of the Tenant, if requested by Tenant. Landlord and Tenant shall mutually agree on the arrangements for the time and manner of any 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, which cost shall be the obligation of Landlord unless said violation is caused by Tenant.

11. **LANDLORD'S ADDRESS FOR NOTICE.** Landlord's address for notice set forth in Subparagraph 1.1 of the Lease is hereby amended to read as follows:

ELITE-TRC ALHAMBRA COMMUNITY LLC  
c/o The Ratkovich Company  
1000 South Fremont Avenue, Unit 1  
Alhambra, California 91803  
Attention: Senior Development Manager  
Telephone: (626) 300-5000  
Telecopier: (626) 300-5025

With a copy to:

DLA Piper LLP (US)  
550 South Hope Street, Suite 2400  
Los Angeles, California 90071  
Attention: Jackie Park, Esq.  
Telephone: (213) 330-7743  
Telecopier: (213) 330-7543

With a copy to:

c/o ELITE INTERNATIONAL INVESTMENT FUND  
700 S. Flower Street, Suite 2380  
Los Angeles, California 90017  
Attention: Bill Zhou

12. **TENANT'S ADDRESS FOR NOTICE.** Tenant's address for notice set forth in Subparagraph 1.1 of the Lease is hereby amended to read as follows:

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  
320 West Temple Street, 7th Floor  
Los Angeles, California 90012  
Attention: Senior Manager  
Email: LeaseAcquisitions@ceo.lacounty.gov

13. All terms when used herein shall have the same respective meanings as set forth in the Lease unless expressly provided otherwise in this Amendment No. 1.

14. The signatory for the Landlord covenants, warrants and guarantees that it has the power and authority to execute this Amendment No. 1 upon the terms and conditions stated herein. The signatory for the Tenant covenants, warrants and guarantees that it has the power and authority to execute this Amendment No. 1 upon the terms and conditions stated herein.

15. The Smoking in County Facilities policy set forth on Schedule 1 attached hereto shall apply to the Premises.

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

[Signatures Next Page]

IN WITNESS WHEREOF, the Landlord's duly authorized representative has executed this Amendment No. 1 to Lease No. 77987 or caused it to be executed, the day, month and year first above written.

LANDLORD:

ELITE-TRC ALHAMBRA COMMUNITY LLC,  
a Delaware limited liability company

By: 

Name: Brian Seeger

Its: VLL President

TENANT:

COUNTY OF LOS ANGELES,  
a body politic and corporate

FESIA A. DAVENPORT  
Acting Chief Executive Officer

By: \_\_\_\_\_

DAVID P. HOWARD

Assistant Chief Executive Officer

ATTEST:

DEAN C. LOGAN  
Recorder/County Clerk  
of the County of Los Angeles

By: \_\_\_\_\_

Deputy

APPROVED AS TO FORM:

RODRIGO A. CASTRO-SILVA  
Acting County Counsel

By: 

Deputy County Counsel

## Schedule 1

### Policy regarding Smoking in County Facilities

Smoking in County Facilities. The Surgeon General of the United States has concluded that passive smoke exposure is the third leading cause of preventable death in the United States. The United States Environmental Protection Agency has found second-hand smoke to be a known carcinogen. It is recognized that the County has a responsibility to establish, maintain and promote a healthful and safe working environment and to reduce health and safety risks of its employees and the public at large. Tobacco smoke is a hazard to the health of County employees and the general public and represents an annoyance which should be regulated and banned in all county facilities to the end that air quality in all such facilities be improved for the preservation and improvement of the health of all County employees and the public. Therefore, to the greatest extent possible, the rights and comfort of all employees shall be respected. Reasonable effort shall be made to provide smokers a place to smoke in areas open to the sky or otherwise located outside County facilities and, except as provided under Los Angeles County, California - Code of Ordinances Chapter 2.126 ("LAMC 2.126"), all portions of County-owned facilities and all portions of facilities leased by or from the County, which areas are not open to the sky, shall be designated as "no smoking" areas. Smoking, including the use of electronic smoking devices, shall be prohibited in the following areas of County facilities: (1) Within 50 feet of any operable entry or exit door or operable window of any County building and within 25 feet of any access ramp or handicap path; (2) Within any County parking lot, parking structure, or parking garage, whether enclosed or open to the sky; or (3) Within any driving range and eating area, including outdoor eating areas, of any County golf course. International no-smoking signs and other appropriate signs which designate no-smoking areas shall be clearly, sufficiently and conspicuously posted in every room, building or other place so covered by LAMC 2.126. The manner of such posting, including the wording, size, color and place of posting, whether on the walls, doors, tables, counters, stands or elsewhere, shall be at the discretion of the building proprietor so long as clarity, sufficiency and conspicuousness are apparent in communicating the intent. (Los Angeles County, California - Code of Ordinances Chapter 2.126.).

## BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

☒ Board Letter

☐ Board Memo

☐ Other

<b>OPS CLUSTER AGENDA REVIEW DATE</b>	12/9/2020	
<b>BOARD MEETING</b>	1/5/2021	
<b>DELEGATED AUTHORITY BOARD LETTER</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	1 <sup>st</sup>	
<b>DEPARTMENT</b>	Probation	
<b>SUBJECT</b>	Approve a proposed nine-year lease for approximately 21,997 square feet of office space and 93 on-site parking spaces for the Probation Department (Probation).	
<b>PROGRAM</b>	Adult Investigative Services Unit	
<b>SOLE SOURCE CONTRACT</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	If Yes, please explain why:	
<b>DEADLINES/ TIME CONSTRAINTS</b>	None	
<b>COST &amp; FUNDING</b>	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Total cost: \$10,102,00 rental costs over 9-years, including parking.</p> </div> <div style="width: 45%;"> <p>Funding source: 100 percent funded from Public Safety Realignment Act (AB 109) revenue.</p> </div> </div> <p>TERMS (if applicable): The base rent is subject to fixed 3 percent increases per annum and includes a right to terminate the lease early at the end of the 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> years of the lease term subject to an early termination fee not to exceed \$496,128.64 comprised of the \$403,278.33 unamortized portion of the TI allowance and the \$92,850.31 unamortized portion of the commission.</p> <p>Explanation: Funding for the proposed lease is included in the Fiscal Year 2020-2021 Rent Expense budget and will be billed back to Probation. Beginning in FY 2021-22, ongoing funding for costs associated with the proposed lease will be part of the budget for Probation.</p>	
<b>PURPOSE OF REQUEST</b>	Approval of the recommended actions will authorize and adequately provide the necessary office space for Probation's new program.	
<b>BACKGROUND (include internal/external issues that may exist)</b>	<p>Prop 63 requires Probation to provide investigative services to ensure that persons convicted of a felony or a certain misdemeanor are in compliance with Prop 63 which prohibits them from possessing firearms. Clients will not be reporting to this location.</p> <p>The proposed lease will provide \$55 per rentable square foot as a base tenant improvement allowance (TI), i.e., \$1,209,835, and \$2,309,685 (\$105 per rentable square foot) as the County's lump sum TI contribution. The Landlord is only willing to provide the amount of \$1,759,760 amortized over five years, and requires the remaining amount of \$549,925 to be amortized over three years. Both amounts will be repaid to the Landlord with fixed annual interest rate of 8 percent for a fully amortized amount not to exceed \$2,762,000.</p>	
<b>DEPARTMENTAL AND OTHER CONTACTS</b>	Michael Navarro CEO- Real Estate Division 213-974-4364      Mnavarro@ceo.lacounty.gov	



FESIA A. DAVENPORT  
Acting Chief Executive Officer

# 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>

Board of Supervisors  
HILDA L. SOLIS  
First District

HOLLY J. MITCHELL  
Second District

SHEILA KUEHL  
Third District

JANICE HAHN  
Fourth District

KATHRYN BARGER  
Fifth District

January 5, 2021

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:

**NINE-YEAR LEASE  
PROBATION DEPARTMENT  
2934 EAST GARVEY AVENUE SOUTH, WEST COVINA  
(FIRST DISTRICT)  
(3 VOTES)**

**SUBJECT**

Approval of a proposed new nine-year lease for 21,997 rentable square feet of office space and 93 on-site parking spaces for the Probation Department's (Probation) Adult Investigative Services Unit.

**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 Acting Chief Executive Officer, or her designee, to execute the proposed lease with Garvey Avenue South, LLC (Landlord), for approximately 21,997 rentable square feet of office space and 93 on-site parking spaces located at 2934 East Garvey Avenue South, West Covina, CA 91791, to be occupied by Probation. The estimated maximum first year base rental cost is \$620,316. The estimated total lease cost is \$10,102,000 over the nine-year term, including low voltage cost to be paid by Probation directly to Internal Services Department (ISD). The costs will be funded 100 percent from Public Safety Realignment Act Assembly Bill 109 (AB 109) revenue.

3. Authorize the Acting Chief Executive Officer, or her designee, to reimburse the Landlord up to \$2,309,685 for the County's Tenant Improvement (TI) contribution if paid in a lump sum or \$2,762,000 if fully amortized.
4. Authorize the Director of Probation to contract with and direct ISD in coordination with the Acting Chief Executive Officer, or her designee for the acquisition and installation of telephone, data, and low-voltage systems (Low Voltage Items) at a total cost not to exceed \$919,313 if paid in a lump sum, or \$1,038,000 if amortized over five years at 6 percent interest per annum. The cost for the Low Voltage Items is in addition to the rental costs and the County's TI contribution payable to the Landlord.
5. Authorize and direct the Acting Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the terms of the proposed lease, and to take actions necessary and appropriate to implement the terms of the proposed lease, including, without limitation, exercising early termination rights.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The proposed lease at 2934 East Garvey Avenue South, West Covina is intended to house the new Probation Investigative Services Unit in response to Proposition 63 (Prop 63).

Prop 63 requires Probation to provide investigative services to ensure that persons convicted of a felony or a certain misdemeanor are in compliance with Prop 63 which prohibits them from possessing firearms. The courts defer to Probation to investigate whether the Automated Firearms System, or other credible information obtained from law enforcement, reveal that the individual owns, possess or controls a firearm. Clients will not be reporting to this location.

The proposed lease will provide Probation with sufficient office space to house approximately 110 employees, will adequately meet the space needs of the department, and is accessible to public transportation routes.

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



### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal 1 – *Make Investments That Transform Lives* 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 is consistent with the Strategic Asset Management Plan Goal 2 – Strengthen Connection between Service Priorities and Asset Decisions and Key Objective 4 – Guide Strategic Decision-Making.

The proposed lease supports the above goals and objective as it will provide Probation with appropriate office space to conduct its investigations which enhance public safety and customer service. The proposed lease conforms with the Asset Management Principles outlined in Enclosure A.

### **FISCAL IMPACT/FINANCING**

Sufficient funding to cover the proposed lease and County TI reimbursement costs for the first year of the proposed lease term, is included in the Fiscal Year (FY) 2020-21 Rent Expense Budget, and will be billed back to Probation. Probation has sufficient funding in its FY 2020-21 operating budget to cover the proposed rent, Low-Voltage Items, and County TI costs for the first year. Beginning in FY 2021-22, ongoing funding for costs associated with the proposed lease will be part of the budget for Probation. The costs will be funded 100 percent from Public Safety Realignment Act AB 109 revenue. The costs for Low Voltage Items will be paid by Probation directly to ISD and are not part of the lease.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In addition to the terms previously stated, the proposed lease also includes the following provisions:

- The base rent includes parking and is subject to fixed 3 percent increases per annum.
- Total TI costs are expected to be \$3,519,520. The Landlord will provide \$1,209,835 (\$55 per rentable square foot) base TI allowance.

- The County will reimburse the Landlord up to \$2,309,685 (\$105 per rentable square foot) as the County's lump sum TI contribution. The Landlord is only willing to provide the amount of \$1,759,760 amortized over five years, and requires the remaining amount of \$549,925 to be amortized over three years. Both amounts will be repaid to the Landlord with fixed annual interest rate of 8 percent for a fully amortized amount not to exceed \$2,762,000.
- The Landlord is responsible for all operating and maintenance costs of the building including all utilities and janitorial costs. The County has no responsibility for any operating and maintenance costs.
- The proposed lease includes 93 on-site parking spaces at no additional cost to the County.
- The aggregate cost associated with the proposed lease over the entire term is \$10,102,000, as shown on Enclosure B.
- The County has the right to terminate the proposed lease at the end of the sixth, seventh and eighth years of the lease term subject to an early termination fee not to exceed \$496,128.64 comprised of the \$403,278.33 unamortized portion of the TI allowance and the \$92,850.31 unamortized portion of the brokerage commission.
- Holdover at the proposed lease expiration is permitted on the same lease terms and conditions except the monthly base rent during the initial six months of the holdover period will be at the same base rent at the time of the lease expiration and effective six months after expiration of the lease term, the base rent will increase by 10 percent and effective one year after expiration of the lease term, the base rent will increase by 50 percent.
- The proposed lease will be effective upon approval by the Board and full execution of the proposed lease, but the term and rent will commence upon completion of the TIs by the Landlord and acceptance of the premises by the County.

The Chief Executive Office (CEO) issued a flyer soliciting proposals for available space from landlords, brokers, and other owner representatives, for this space need, through the Board's Executive Office website, and the CEO-Real Estate's County website. The recommended facility was the only suitable response meeting Probation's needs. The CEO conducted a market search of available office space for lease but was unable to identify any sites that could accommodate this requirement more economically. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$30.60 and \$31.80 per square foot, per year. The base annual rental rate of \$28.20 per square foot, per year for the proposed lease represents a rate that is below the market range for the area. We recommend the proposed facility as the most suitable to meet the County's space requirements.

CEO has communicated with co-working office space companies regarding office space for the applicable programs and they have informed CEO that their co-working office space does not have available space for long term occupancy to accommodate the required space needs. In addition, co-working office space is not financially viable in comparison to rental costs of traditional long-term office space.

Enclosure C shows County-owned and leased facilities within the surveyed area, and there are no County-owned or leased facilities available for this space requirement.

The Department of Public Works has inspected the facility and found it suitable for County occupancy. Construction of the TIs will be completed in compliance with relevant building and construction laws and regulations, including the Americans with Disabilities Act.

The required notification letter to the city of West Covina has been sent in accordance with Government Code Section 25351. County Counsel has reviewed the enclosed proposed lease and has approved it as to form.

The proposed lease will provide a suitable office location for the new Probation Investigative Services Unit, which is consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012, and as outlined in Enclosure D.

## **ENVIRONMENTAL DOCUMENTATION**

This project is exempt from CEQA, as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities). The proposed lease, which involves the leasing of existing office space with minor tenant improvements within an existing building, with no expansion of the existing building, is within a class of projects that have been determined not to have a significant effect on the environment and 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 project 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 adequately provide the necessary office space and parking spaces, for this County requirement. Probation concurs with the proposed lease and recommendations.

The Honorable Board of Supervisors  
January 5, 2021  
Page 7

**CONCLUSION**

It is requested that the Executive Office of the Board return one certified copy of the Minute Order and an adopted-stamped copy of this letter to the CEO, Real Estate Division, at 320 West Temple Street, 7th Floor, Los Angeles, CA 90012, for further processing.

Respectfully submitted,

FESIA A. DAVENPORT  
Acting Chief Executive Officer

FAD:JMN:DPH:DL  
JLC:MN:MC:gw

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Probation

**PROBATION DEPARTMENT  
2934 EAST GARVEY AVENUE SOUTH, WEST COVINA**

**Asset Management Principles Compliance Form<sup>1</sup>**

<b>1.</b>	<b><u>Occupancy</u></b>		<b>Yes</b>	<b>No</b>	<b>N/A</b>
	A	Does lease consolidate administrative functions? <sup>2</sup>			<b>X</b>
	B	Does lease co-locate with other functions to better serve clients? <sup>2</sup>			<b>X</b>
	C	Does this lease centralize business support functions? <sup>2</sup>			<b>X</b>
	D	Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup>	<b>X</b>		
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? <sup>2</sup>	<b>X</b>		
	F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? <sup>2</sup>	<b>X</b>		
<b>2.</b>	<b><u>Capital</u></b>				
	A	Is it a substantial net County cost (NCC) program? <b>The costs are 100 percent funded from Public Safety Realignment Act (AB 109) revenue.</b>		<b>X</b>	
	B	Is this a long-term County program?	<b>X</b>		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		<b>X</b>	
	D	If no, are there any suitable County-owned facilities available?		<b>X</b>	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			<b>X</b>
	F	Is Building Description Report attached as Enclosure C?	<b>X</b>		
	G	Was build-to-suit or capital project considered? <sup>2</sup>			<b>X</b>
<b>3.</b>	<b><u>Portfolio Management</u></b>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	<b>X</b>		
	B	Was the space needed justified?	<b>X</b>		
	C	If a renewal lease, was co-location with other County departments considered?			<b>X</b>
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. <u>X</u> No suitable County occupied properties in project area.			
		3. ____ No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. ____ The Program is being co-located.			
	E	Is lease a full-service lease? <sup>2</sup>	<b>X</b>		
	F	Has growth projection been considered in space request?	<b>X</b>		
	G	<sup>1</sup> Has the Dept. of Public Works completed seismic review/approval?	<b>X</b>		
<sup>1</sup> As approved by the Board of Supervisors 11/17/98					

### OVERVIEW OF PROPOSED LEASE COSTS

2934 East Garvey Ave. South, West Covina	Proposed Lease
Area (square feet)	21,997
Term	9 years
First Year Annual Base Rent	\$620,316 (\$28.20 per sq. ft. annually)
Base TI Allowance (non-reimbursable)	\$1,209,835 (\$55.00 per sq. ft)
County TI Contribution (reimbursable)	\$2,309,685 (\$105.00 per sq. ft.)
Total First Year Lease Costs	\$1,606,045 <sup>(1)</sup>
Rental Adjustment	3 percent per annum
Parking (included in Rent)	93 spaces
Option to Renew	N/A

<sup>(1)</sup> The total first year cost is comprised of base rent of \$620,316, including parking, \$350,757 low voltage costs, and TI costs of \$634,972.

## OVERVIEW OF THE BUDGETED LEASE AND RELATED COSTS

Probation Department  
2934 Garvey Ave, S., West Covina

Leased Area (sq. ft.)	21,997			
Term (months)	108			
Annual Rent Adjustment	3%			
Base Rent	Cost Per RSF Per Month \$2.35	Cost Per RSF Per Year \$28.20		
	Labor Costs	TESMA (Lump Sum Cost)	TESMA (Amortized Cost)	Low Voltage Total
Low Voltage (Lump Sum) (Labor Cost + TESMA Cost)	\$179,012.15	\$740,300.00		\$919,312.15
Low Voltage (Amortized) (Labor Cost + TESMA Cost)	\$179,012.15		\$858,724.38	\$1,037,736.53
		Lump Sum Cost	Amortized Cost	Amortized Cost
Tenant Improvement (\$80 per sq. ft.)		\$1,759,760.00	\$2,140,895.26	\$2,140,895.26
		Lump Sum Cost	Amortized Cost	Amortized Cost
Tenant Improvement (\$25 per sq. ft.)		\$549,925.00	\$620,375.40	\$620,375.40

	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	4 <sup>th</sup> Year	5 <sup>th</sup> Year	6 <sup>th</sup> Year	7 <sup>th</sup> Year	8 <sup>th</sup> Year	9 <sup>th</sup> Year	Total 9 Year Rental Costs
<b>Annual Base Rent Costs <sup>1</sup></b>	620,316	638,925	658,093	677,836	698,171	719,116	740,690	762,910	785,797	<b>6,302,000</b>
<b>Tenant Improvement Costs <sup>2</sup></b>	428,180	428,180	428,180	428,180	428,180					<b>2,141,000</b>
<b>Tenant Improvement Costs <sup>3</sup></b>	206,792	206,792	206,792							<b>621,000</b>
<b>Total TI Contribution</b>	634,972	634,972	634,972	428,180	428,180					<b>2,762,000</b>
<b>Total Paid to Landlord</b>	1,255,288	1,273,897	1,293,065	1,106,016	1,126,351	719,116	740,690	762,910	785,797	<b>9,064,000</b>
<b>Low Voltage Costs <sup>4</sup></b>	350,757	171,745	171,745	171,745	171,745					<b>1,038,000</b>
<b>Total Annual Lease Costs</b>	<b>1,606,045</b>	<b>1,445,642</b>	<b>1,464,810</b>	<b>1,277,761</b>	<b>1,298,096</b>	<b>719,116</b>	<b>740,690</b>	<b>762,910</b>	<b>785,797</b>	<b>10,102,000</b>

<sup>1</sup> Base rent includes fixed 3 percent increases per annum.

<sup>2</sup> Assumes Tenant's TI Contribution of \$1,759,760 (\$80 per RSF) and amortized at 8% fixed rate over 60 months (5-Years) with no Change Request Contingency.

<sup>3</sup> Assumes Tenant's TI Contribution of \$549,925 (\$25 per RSF) and amortized at 8% fixed rate over 36 months (3-Years).

<sup>4</sup> Low Voltage Costs: Labor costs (\$179,015.15) must be paid via a lump sum payment in the first year. Equipment costs will be financed over 5 years at 6%. The first year labor and equipment costs will be \$350,757 (\$179,012.15 + \$171,744.84).

\*Calculation note: All numbers are rounded up to ensure sufficient funds available to pay the specified expense.



**PROBATION DEPARTMENT****SPACE SEARCH – EAST SAN GABRIEL VALLY AREA**

LACO	Name	Address	Ownership Type	Gross Sq. Ft	Vacant
10111	Regional Facilities Agency	265 Cloverleaf Dr Baldwin Park 91706	Owned	444,244	None
10241	DMH – East San Gabriel Valley Mental Health Center	1359 N Grand Ave Covina 91724	Leased	28,619	None
A059	West Covina Regional Services Building	2934 E Garvey Ave West Covina 91791	Leased	57,633	None
A171	DPSS - Medi - Cal Long Term Care (LTC)	17171 E Gale Ave City of Industry 91745	Leased	36,000	None
A344	DCFS - Covina Annex	1373 E Center Court Dr Covina 91724	Leased	29,525	None
B441	PW - Inc City Office (Irwindale)	5050 N Irwindale Ave Irwindale 91706	Gratis Use	665,597	None

## FACILITY LOCATION POLICY ANALYSIS

**Proposed Lease:** Nine-year lease for the Probation Department – 2934 East Garvey Avenue South, West Covina – First Supervisorial District.

**A. Establish Service Function Category** – Countywide administrative service function.

**B. Determination of the Service Area** – Centrally located within the Eastern San Gabriel Valley region

**C. Apply Location Selection Criteria to Service Area Data**

- Need for proximity to service area and population: This location meets the service area criteria.
- Need for proximity to existing County facilities: N/A.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit services, i.e. LA Metro and Foothill Transit bus service.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative existing County buildings available to meet Probation's needs.
- Compatibility with local land use plans: The city of West Covina has been notified of the proposed County use which is consistent with its use and zoning for office space at this location. A notification letter has been sent pursuant to Government Code Section 25351.
- The total first year costs associated with the proposed lease is \$1,606,045 which is comprised of base rent of \$620,316, including parking, \$350,757 low voltage costs, and TI costs of \$634,972.

•

**D. Analyze results and identify location alternatives**

The Chief Executive Office (CEO) issued a flyer soliciting proposals for available space from landlords, brokers, and other owner representatives, for this space need, through the Board's Executive Office website and the CEO-Real Estate's County website. The recommended facility was the only suitable response meeting the Department's needs. The CEO conducted a market search of available office space for lease but was unable to identify any sites that could accommodate this requirement more economically. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$30.60 and \$31.80 per square foot, per year. The base annual rental rate of \$28.20 per square foot, per year for the proposed lease represents a rate that is below the market range for the area. We recommend the proposed facility as the most suitable to meet the County's space requirements.

**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 110 employees consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012.

**COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE**

**LEASE AGREEMENT**

**COUNTY OF LOS ANGELES - Tenant  
GARVEY AVENUE SOUTH, LLC – Landlord**

**2934 EAST GARVEY AVE SOUTH  
WEST COVINA, CALIFORNIA**

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## **EXHIBITS**

- Exhibit A – Floor Plan of the Premises
- Exhibit B – Commencement Date Memorandum and Confirmation of Lease Terms
- Exhibit C – Form of Payment Voucher
- Exhibit D – Heating, Ventilation, and Air Conditioning Standards
- Exhibit E – Cleaning and Maintenance Schedule
- Exhibit F – Subordination, Nondisturbance and Attornment Agreement
- Exhibit G – Tenant Estoppel Certificate
- Exhibit H – Community Business Enterprises Form
- Exhibit I – Memorandum of Lease Terms

## **LANDLORD'S WORK LETTER**

- Addendum A – Base Building Improvements
- Addendum B – Tenant Improvements
- Addendum C – Form of Preliminary and Final TI Cost Statement

COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

This LEASE AGREEMENT ("Lease") is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ between GARVEY AVENUE SOUTH, LLC, a California limited liability company ("Landlord"), and COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant" or "County").

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:	GARVEY AVENUE SOUTH, LLC C/O Ron Kelly 556 North Diamond Bar Boulevard Suite 200 Diamond Bar, California 91765 Email: <a href="mailto:ron.kelly@olsonmax.com">ron.kelly@olsonmax.com</a>
b. Tenant's Address for Notice:	Chief Executive Office Real Estate Division 320 West Temple Street, 7th Floor Los Angeles, California 90012 Attention: Director of Real Estate Email: <a href="mailto:LeaseAcquisitions@ceo.lacounty.gov">LeaseAcquisitions@ceo.lacounty.gov</a>  With a copy to:  County of Los Angeles Office of the County Counsel 648 Kenneth Hahn Hall of Administration 500 West Temple Street Los Angeles, CA 90012-2713 Attention: Property Division
c. Premises:	Approximately 21,997 rentable/gross square feet in the Building (defined below), as shown on <u>Exhibit A</u> attached hereto.



d. Building:	The Building located at 2934 East Garvey, Avenue South, West Covina, California, which is currently assessed by the County Assessor as APN 8480-001-029 (the "Property");
e. Term:	Nine years, commencing 30 days after the date of Tenant's Acceptance of the Premises, as defined in Section 4.1 (the "Commencement Date"), and terminating at midnight on the day before the ninth anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.
f. Projected Commencement Date:	June 1, 2020
g. Irrevocable Offer Expiration Date: (see Section 33)	January 5, 2021
h. Base Rent:	\$51,692.95 per month (\$2.35/sf/mo.)
i. Early Termination (see Section 4.4)	A one (1) time right to terminate at the end of year six (6), year seven (7) and year eight (8), by giving Landlord not less than one hundred and eighty (180) days prior written notice.
j. Rentable/gross Square Feet in the Premises:	21,997 square feet
k. Initial Departmental Use:	Probation Department, subject to Section 6.
l. Parking Spaces:	93
m. Normal Working Hours:	6 a.m. to 8 p.m. Monday through Friday, and 9 a.m. to 2 p.m. on Saturdays
n. Asbestos Report:	A report dated <u>November 19, 2019</u> prepared by <u>Safeguard EnviroGroup</u> , a licensed California Asbestos contractor.
o. Seismic Report	A report dated <u>2019</u> and revised <u>November 12, 2019</u> prepared by the Department of Public Works.

p. Disabled Access Survey	A report dated <u>September 4, 2018</u> prepared by the State of California General Services.
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## 1.2 Defined Terms Relating to Landlord's Work Letter

a. Tenant Improvement Allowance:	\$1,209,835.00 (i.e., \$55.00 per rentable square foot of the Premises)
b. Tenant's TI Contribution:	\$2,309,685 (i.e., \$105.00 per rentable square foot of the Premises)
c. Change Request Contingency	Not Applicable
d. Tenant Improvement Amortization Rate and Change Request Amortization Rate:	Eight percent (8 %) per annum
e. Tenant's Work Letter Representative:	An assigned staff person of the Chief Executive Office-Real Estate Division
f. Landlord's Work Letter Representative:	Ron Kelly or an assigned staff person of the Landlord
g. Landlord's Address for Work Letter Notice:	GARVEY AVENUE SOUTH, LLC 556 North Diamond Bar Boulevard Suite 200 Diamond Bar, California 91765
h. Tenant's Address for Work Letter Notice:	Chief Executive Office Real Estate Division 320 West Temple Street, 7 <sup>th</sup> Floor Los Angeles, California 90012 Attention: Director of Real Estate Email: LeaseAcquisitions@ceo.lacounty.gov

<p>1.3     <u>Exhibits to Lease</u></p>	<p>Exhibit A - Floor Plan of Premises  Exhibit B - Commencement Date Memorandum and Confirmation of Lease Terms  Exhibit C - Form of Payment Voucher  Exhibit D - HVAC Standards  Exhibit E - Cleaning and Maintenance Schedule  Exhibit F - Subordination, Non-Disturbance and Attornment Agreement  Exhibit G - Tenant Estoppel Certificate  Exhibit H - Community Business Enterprises Form  Exhibit I - Memorandum of Lease</p>
<p>1.4     <u>Landlord's Work Letter</u></p> <p>(Executed concurrently with this Lease and incorporated herein by this reference):</p>	<p>Landlord's Work Letter  Addendum A:     Base Building Improvements  Addendum B:     Tenant Improvements  Addendum C:     Form of Preliminary and Final TI Cost Statement</p>

## 2.     **PREMISES**

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 depicted on Exhibit A attached hereto.

## 3.     **COMMON AREAS**

Tenant may use the following areas ("Common Areas") in common with Landlord and any other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common 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 a Commencement Date Memorandum and Confirmation of Lease Terms in the form attached hereto as Exhibit B. The Commencement Date shall begin 30 days after the date of 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 Tenant Improvements and the Premises are Substantially Complete, Tenant has inspected the Premises, and Tenant has accepted the Tenant Improvements and the Premises. 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 including seismic retrofit of the building to ensure it complies with Tenants seismic requirements and findings noted on the Seismic Report referenced on Section 1.1(0) 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 and Landlord's Work Letter (if any), including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises;
- 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 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.

#### Termination Right

If the Commencement Date has not occurred within 60 days after the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays, as provided in Landlord's Work Letter executed concurrently herewith, then 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 rights or obligations to one another hereunder.

#### 4.2 Termination Right

If the Commencement Date has not occurred within 60 days after the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays, as provided in Landlord's Work Letter executed concurrently herewith, then 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 rights or obligations to one another hereunder.

#### 4.3 Early Entry

Tenant shall be entitled to enter 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 entry shall be subject to all provisions hereof, but shall not advance the Termination Date, and Tenant shall not pay Base Rent nor any other charges for such early entry period.

#### 4.4 Early Termination

Tenant shall have the right to terminate this Lease at the Early Termination dates specified in Section 1.1, by giving Landlord not less than 180 days prior written notice, executed by the Chief Executive Officer of Tenant and shall reimburse the Landlord for all unamortized Tenant Improvement and all unamortized Leasing Commissions as specified below within thirty (30) days from the date of the Early Termination notice

Unamortized Amounts	Commissions	TIs	Total Penalty
Year 6 Termination Penalty	\$ 92,850.31	\$ 403,278.33	\$ 496,128.64
Year 7 Termination Penalty	\$ 61,900.21	\$ 268,852.22	\$ 330,752.43
Year 8 Termination Penalty	\$ 30,950.10	\$ 134,426.11	\$ 165,376.21

### 5. RENT

#### 5.1 Base Rent

Tenant shall pay Landlord the Base Rent stated in Section 1 during the Term hereof within 15 days after (a) the Commencement Date, and (b) the first day of each calendar month thereafter, provided that prior to the Commencement Date, Landlord must file with the Auditor of the County of Los Angeles a payment voucher for the Base Rent attributable to the initial month(s) of the Term up to and including June of the first year during the Term, and annually thereafter, on or before June 15 of each subsequent calendar year, for the Base Rent attributable to the following 12 months (i.e., beginning July 1). Landlord shall submit such payment vouchers in the same form as Exhibit C attached hereto, along with a completed IRS form W-9 and evidence of insurance in compliance with Section 20.2. If Landlord fails to timely file any payment voucher as required pursuant to this Section 5.1, then Tenant shall not be required to pay Base Rent to Landlord until 15 days after Landlord files such payment voucher for the applicable period. Base Rent for any partial calendar month during the Term shall be prorated in proportion to the number of days during the Term within such calendar month. The monthly Base Rent shall be abated for months 2 through 4 (Free Rent) and is subject to three percent annual increases as follows:

<u>Year</u>	<u>Rental Rate</u>	<u>Monthly</u>
1	\$2.35	\$51,692.95
2	\$2.42	\$53,243.74
3	\$2.49	\$54,841.05
4	\$2.57	\$56,486.28
5	\$2.64	\$58,180.87
6	\$2.72	\$59,926.30
7	\$2.81	\$61,724.09
8	\$2.89	\$63,575.81
9	\$2.98	\$65,483.08

**6. USES**

Landlord agrees that the demised Premises, together with all appurtenances thereto, shall be used by the Tenant for the government department set forth in Section 1.1 or for any other governmental purposes or other lawful purposes that do not materially adversely interfere with other uses in the Building, during Normal Working Hours, after Normal Working Hours, and on weekends and holidays.

**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 90 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, plus any other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease. Should Tenant remain in possession of the Premises or any part thereof beyond six (6) months after the expiration of the term of this Lease, the holdover rate shall increase to one-hundred and ten percent (110%) of the last monthly Base Rent payable under this Lease, plus any other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease and should Tenant remain in possession of the Premises or any part thereof beyond one (1) year after the expiration of the term of this Lease, the holdover rate shall increase to one-hundred and fifty percent (150%) of the last monthly Base Rent payable under this lease, plus any other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

**8. COMPLIANCE WITH LAW**

Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including but not limited to the Americans with Disabilities Act, except if 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**

If any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable, and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days, then Landlord shall promptly commence and diligently prosecute to complete the repairs to the Premises, provided that insurance proceeds are available to repair the damages., 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.

## 9.2 Tenant Termination Right

If any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable, and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days for any reason, then Tenant may terminate this Lease by giving Landlord written notice within ten days after Tenant's receipt of written notice from Landlord or its agents 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. If Tenant does not elect to terminate this Lease, then Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided that 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 occurs during the last year of the Term, then 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 9, and Landlord thereafter fails to diligently prosecute said repair and restoration work to completion, as determined by Tenant in its reasonable discretion, then Tenant may, at its sole election terminate the lease.

# 10. REPAIRS AND MAINTENANCE

## 10.1 Landlord Representations

- a. Landlord represents to his knowledge to Tenant that, as of the date hereof and on the Commencement Date:



- i. The Premises, the Building, and all Common Areas (including electrical, heating, ventilating, and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including but not limited to the Americans With Disabilities Act, and are in reasonably good working order and condition;
  - ii. The Building and the Premises comply with all covenants, conditions, restrictions and insurance underwriter's requirements;
  - iii. The Premises, the Building and the Common Areas are free of the presence of Hazardous Materials (as hereinafter defined); and
  - iv. Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation.
- b. Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report (as defined in Section 1.1) that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos-containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.
- c. CASp Inspection:

In accordance with California Civil Code Section 1938, Landlord hereby states that the Premises and the Common Areas:  
*[Check the appropriate box]*

☐ Have undergone inspection by a Certified Access Specialist (a "CASp") and have been determined to meet all applicable construction related accessibility standards pursuant to California Civil Code Section 55.53. Landlord shall provide Tenant with a copy of the CASp inspection report and a current disability access inspection certificate for the Premises within seven (7) days after the execution of this Lease.

☐ Have undergone inspection by a Certified Access Specialist and have not been determined to meet all applicable construction related accessibility standards pursuant to California Civil Code Section 55.53. Landlord has provided Tenant with a copy of the CASp inspection report at least 48 hours prior to the execution of this Lease. 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.

☐ Have not undergone inspection by a Certified Access Specialist. 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.

The foregoing statement is provided solely for the purpose of complying with California Civil Code Section 1938 and shall not affect the Landlord's and Tenant's respective responsibilities for compliance with any design and construction related accessibility obligations as provided under this Lease or any Work Letter.

- d. Landlord agrees to indemnify and hold harmless Tenant from all damages, costs, and expenses, which result from a material breach of Landlord's representations contained in this Section 10.1.

## 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, foundations, roof, concealed plumbing, stairways, concealed electrical systems and intra-building telephone network cables;
  - 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.
- b. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition

and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to:

- i. the floor covering (if such floor covering is carpeting it shall be replaced once during the initial Lease Term, but not less often than after five years of use), and shall not to exceed three dollars (\$3.00) per rentable square foot;
  - ii. interior partitions;
  - iii. doors;
  - iv. the interior side of demising walls (which shall be repainted once during the initial Lease Term but not less often than every five years), and not to exceed one dollar and fifty cents (\$1.50) per rentable square foot;
  - v. signage;
  - vi. emergency exit signage and battery replacement; and
  - vii. HVAC equipment dedicated to the mechanical rooms housing Tenant's computer servers and related equipment.
- c. Landlord shall, to the best of its ability, provide any reports, maintenance records, or other documentation as may be requested from time to time.

### 10.3 Tenant Obligations

Without limiting Landlord's repair and maintenance obligations, and subject to Section 20.5 hereof, Tenant shall be responsible for (i) the cost of repairing any area of the Property damaged by Tenant or by Tenant's agents, employees, invitees or visitors, and (ii) 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 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.

### 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 if 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 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 prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action.. If not reimbursed by Landlord within thirty 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 15.

- b. Notwithstanding any provisions of this Lease to the contrary, Tenant, at its sole discretion, acting through the Chief Executive Office, may request that the Landlord perform, supply and administer any repairs, maintenance, building services and/or alterations that are the responsibility of the Tenant, in which case Tenant shall promptly reimburse Landlord for such cost, not to exceed \$5,000. Any improvements by Landlord shall be subject to (i) the Work Letter provisions regarding selection and bidding of contractors, Landlord-Tenant coordination and audit rights, and Tenant remedies found in, but not limited to, Sections 4 through 13 of said Work Letter; and (ii) compliance with County Internal Services Department Purchasing Policy and Procedure No. A-0300, effective November 22, 2016, delivered to Landlord and incorporated by reference herein.

## **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. In addition, Landlord shall furnish HVAC at all times (i.e., 24 hours per day, 7 days per week, 365 days per year) to the mechanical rooms housing Tenant's computer servers and related equipment.

- b. Electricity

Landlord shall furnish to the Premises the amount of electric current provided for in the Work Letter (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, and, by prior arrangement with Landlord's building manager, freight elevator service.

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. Janitorial

Landlord, at its sole cost and expense, shall provide janitorial service five (5) nights per week, generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

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 any and all pest control services to the premises per the specifications set forth in Exhibit E attached hereto.

11.2 Utilities

Landlord agrees to pay, at its sole cost, when due, all charges for the use of the sewer, effluent treatment (when and if imposed by any governmental authority), all water, sprinkler standby charges, electricity, gas, heating and common area power and lighting, trash removal service, fire/life safety systems, charges associated with the HVAC, and other utility rents and charges accruing or payable in connection with the Premises and the Common Areas during the Term of this Lease or any renewal, extension, or holdover thereof, whether the same are pro-rated or measured by separate meters. In the event Landlord fails or refuses to pay any or all of such charges when due, Tenant may give Landlord ten (10) calendar days prior written notice and thereafter pay directly such charges and

deduct the payments from the next installments of rent due as a charge against the Landlord.

Landlord agrees to pay, at its sole cost, when due, all charges for the use of the sewer, effluent treatment (when and if imposed by any governmental authority), all water, sprinkler standby charges, electricity, gas, heating and common area power and lighting, trash removal service, fire/life safety systems, charges associated with the HVAC, and other utility rents and charges accruing or payable in connection with the Premises and the Common Areas during the Term of this Lease or any renewal, extension, or holdover thereof, whether the same are prorated or measured by separate meters. In the event Landlord fails or refuses to pay any or all of such charges when due, Tenant may give Landlord ten (10) calendar days prior written notice and thereafter pay directly such charges and deduct the payments from the next installments of rent due as a charge against the Landlord.

## **12. TAXES**

Landlord, at its sole cost and expense, shall pay, prior to delinquency, all real property taxes, assessments and special assessments which may be levied or assessed against the Premises or the 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 during Normal Working Hours 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 the Premises, Base Rent shall be prorated based upon the percentage of the Premises or the Building rendered unusable 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 the failure continues for a period of ten (10) days after written notice to Tenant;
- 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.

#### 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, 10.4, 19, 21.2 and 32.3, 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 ten days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10.4); 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 pursue the remedy of specific performance;

#### 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 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 cases, 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**

### **16.1 Assignment and Subletting**

Tenant may not assign or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent; provided, however, no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.

### **16.2 Sale**

If Landlord sells or conveys the Property, then all liabilities and obligations of Landlord accruing under this Lease after the sale or conveyance shall be binding upon the new owner, and the transferor shall be released from all liability under this Lease accruing subsequent to such sale or conveyance, provided that the transferee assumes Landlord's remaining obligations hereunder in writing. Nothing in this Section 16.2 shall be deemed to release Landlord's successor in interest from responsibility for any condition (including but not limited to deferred maintenance) existing on the date of transfer.

Upon any sale or transfer of the Property, Landlord shall provide the following information to Tenant, at Tenant's Address for Notice, as a condition of Tenant's obligation to pay Base Rent to the new owner:

- a. Written evidence of the transfer of the Property (e.g., a recorded deed), or a letter from the transferor confirming that the Property was transferred to the new owner.
- b. A signed letter including the following information:
  - i. Name and address of new owner or other party to whom Base Rent should be paid
  - ii. Federal tax ID number for new owner
  - iii. Name of contact person and contact information (including phone number) for new owner
  - iv. Proof of insurance
- c. A W-9 form for new owner

## **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 or the Common Areas 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 in proportion to the degree to which Tenant's use of the Premises and the Common Areas is impaired by such Condemnation.

#### 18.4 Restoration

Notwithstanding the preceding paragraph, if, within 30 days after the Determination Date, Landlord notifies Tenant that Landlord, at its sole cost, will add to the remaining Premises and/or the Common Areas so that the Premises and the space available for parking, will be substantially the same (as reasonably determined by Tenant) 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, then this Lease shall continue in effect. In such event, 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

Intentionally Omitted.

#### 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 from and against any and all liability, loss, injury or damage, arising from or connected with the use or operation of the Building by Landlord, its employees, agents or contractors or any other acts and omissions arising from and/or relating to the Landlord's ownership of the Building, or arising from any breach or default under this Lease by Landlord.

#### 19.2 Tenant's Indemnity

The Tenant shall indemnify, defend and hold harmless the Landlord, from and against any and all liability, loss, injury or damage, 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, or arising from any breach or default under this Lease by Tenant.

**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 – Landlord 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 that Tenant and Tenant's Agents (defined below) are named as Additional Insureds under the Landlord's Commercial 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  
Chief Executive Office  
Real Estate Division  
320 West Temple Street, 7th Floor  
Los Angeles, CA 90012  
Attention: Director of Real Estate

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

Tenant and its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively, "Tenant's Agents"), shall be named as additional insureds under Landlord's Commercial General Liability Insurance policy with respect to the Building. Tenant's additional insured status shall apply whether liability is attributable to the Landlord, Tenant or Tenant's Agents. 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 set forth herein. Use of an automatic additional insured endorsement form is acceptable, provided that it satisfies the Required Insurance provisions set forth 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 reasonably 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 Landlord 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 Landlord deductible or 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 (i.e., "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:

- i. 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:	\$ 2 million
Products/Completed Operations Aggregate:	\$ 1 million
Personal and Advertising Injury:	\$ 1 million
Each Occurrence:	\$ 1 million

Tenant, at its sole option, may satisfy all or any part of this insurance requirement through use of a program of self-insurance. A certificate evidencing insurance coverage or letter evidencing self-insurance will be provided to Landlord after execution of this Lease at Landlord's request.

### 20.4 Landlord Requirements: During the term of this Lease, Landlord shall provide and maintain the following programs of insurance coverage:

- a. Commercial General Liability Insurance, providing scope of coverage equivalent to ISO policy form CG 00 01, naming Tenant and Tenant's 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

- b. Commercial Property Insurance. Such insurance shall:

- i. Provide coverage for Tenant's property and any tenant improvements and betterments to the Premises; 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.
- ii. 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 Landlord and Tenant, 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 parking spaces set forth in Section 1, without charge, for the Term of this Lease. Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building.

### **21.2 Remedies**

Landlord acknowledges that it is a material term of this Lease that Tenant receives 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), then 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 Base Rent thereafter accruing hereunder an amount each month equal to the Base Rent times the percentage of parking spaces not so provided times the number 1.5, but such deduction from Base Rent shall be not less than ten percent (10%) nor more than one hundred percent (100%) of the Base Rent.

## **22. ENVIRONMENTAL MATTERS**

### **22.1 Hazardous Materials**

Tenant shall not cause nor permit, nor allow any of Tenant's employees agents, customers, visitors, invitees, licensee, contractor, 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, fines, 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 those 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.

## 23. ESTOPPEL CERTIFICATES

Tenant shall, within 30 business 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 (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 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 in the form of Exhibit F attached hereto and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase, or right of first offer to purchase the Property 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 Exhibit F attached hereto, within 30 days after the execution of this Lease.

**26.3 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 and requests copies of any notice of default that Tenant serves upon Landlord, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee or beneficiary a copy of any notice of default that Tenant serves upon Landlord which could permit Tenant to terminate this Lease, along with 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 peaceful and quiet 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 and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation. Tenant shall receive from Landlord or Landlord's broker, within ten days after the execution of this Lease, an amount equal to 50% of all commissions due to Landlord's broker as a result of the execution of this Lease, as set forth in a separate written agreement between Landlord and Landlord's broker, a copy of which has been delivered by Landlord to Tenant prior to the execution of this Lease.

### **30.4 Entire Agreement**

This Lease (including all exhibits hereto and the Landlord's Work Letter) 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

The parties shall give all notices in writing by (i) personal delivery, (ii) national-recognized, next-day courier service, (iii) first-class registered or certified mail, postage prepaid, or (iv) electronic mail, to the Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Without limiting the generality of the foregoing, Landlord's notices to Tenant shall not be effective if they are delivered to the Premises or to another address that is not set forth in Section 1 hereof. Any notice given under this Lease shall be deemed effective upon the date of delivery (whether accepted or refused), which, for certified mail and courier service, shall be established by U.S. Post Office return receipt or the courier's proof of delivery, respectively.

### 30.7 Governing Law and Venue

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 and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) business days after written request is made therefore, together with all necessary information.

### 30.11 Community Business Enterprises

Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Exhibit H attached hereto.

### 30.12 Memorandum of Lease

If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Exhibit I attached hereto, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

### 30.13 Counterparts

This Lease may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

## 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 Office of the County (the "Chief Executive Office") 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 the 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 who has had any involvement in the procurement, negotiation, consummation, administration or management of a 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.

Landlord hereby represents and warrants that it has not provided, and will not provide, any financial benefits to any County official, employee or agent who has had any involvement in the procurement, negotiation, consummation, administration or management of this Lease. Landlord hereby agrees that if it violates any of the terms of this Section 32.2, then the County may declare this Lease null and void, and the County reserves the right to exercise any and all other remedies available under applicable law.

### 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, as security for the Landlord's obligation to repay any monetary obligation, 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 CMBS (commercial mortgage backed securities) financing or other traditional real estate financing. However, Landlord may not encumber the Property through any type of bond financing vehicle, including but not limited to certificate of participation financing.
- d. Landlord shall give the County notice and a copy of each and every assignment, transfer, hypothecation or encumbrance of Landlord's interest in this Lease and any 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.

- e. 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.
- f. 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 in this Lease, 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, as necessary, 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. COUNTERPARTS; ELECTRONIC SIGNATURES**

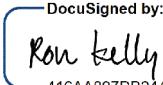
This Lease and any other document necessary for the consummation of the transaction contemplated by this Lease may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically. An electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Lease and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Lease had been delivered had been signed using a handwritten signature. Landlord and Tenant (i) agree that an electronic signature, whether digital or encrypted, of a party to this Lease is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intended to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv)

hereby waive any defenses to the enforcement of the terms of this Lease based on the foregoing forms of signature. If this Lease has been executed by electronic signature, all parties executing this document are expressly consenting under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("E-SIGN") and California Uniform Electronic Transactions Act ("UETA")(Cal. Civ. Code § 1633.1, et seq.), that a signature by fax, email or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

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

LANDLORD:

GARVEY AVENUE SOUTH, LLC,  
a California limited liability company

DocuSigned by:  
 11/6/2020  
By: 416AA897DB244A1...  
Name: Ron Kelly  
Its: Manager

TENANT:

COUNTY OF LOS ANGELES,  
a body corporate and politic

FESIA A. DAVENPORT  
Acting Chief Executive Officer

By: \_\_\_\_\_  
DEAN LEHMAN  
Senior Manager, Real Estate Division

ATTEST:

DEAN C. LOGAN  
Recorder/County Clerk  
of the County of Los Angeles

By: \_\_\_\_\_  
Deputy

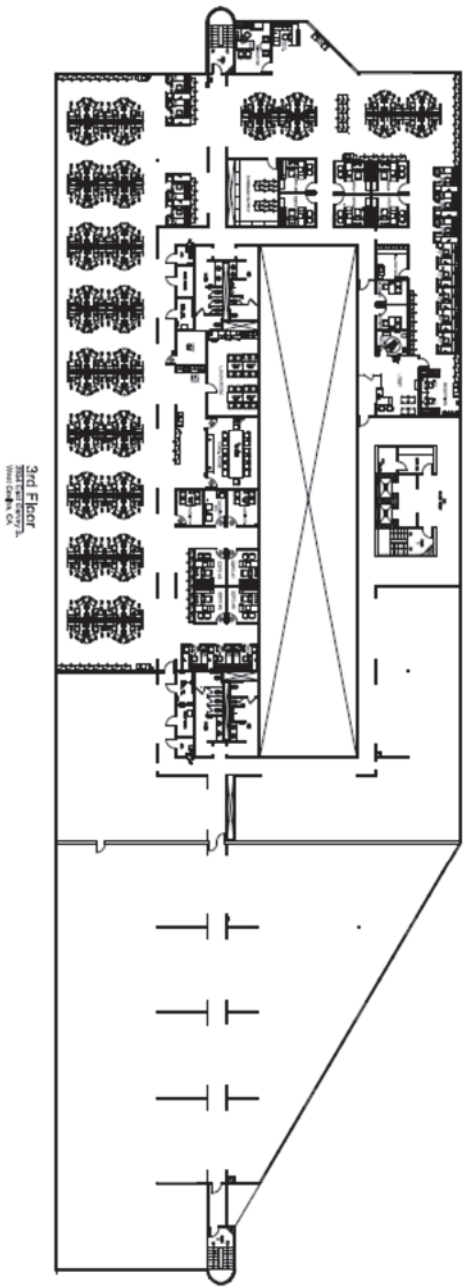
APPROVED AS TO FORM:

Rodrigo A. Castro-Silva  
Acting County Counsel

By: Lisa Jacobs  
Deputy

EXHIBIT A

FLOOR PLAN OF PREMISES





**EXHIBIT B****COMMENCEMENT DATE MEMORANDUM  
AND CONFIRMATION OF LEASE TERMS**

Reference is made to that certain Lease Agreement ("Lease") dated \_\_\_\_\_, 20\_\_, between COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant"), and GARVEY AVENUE SOUTH, LLC, a California limited liability company ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 2934 East Garvey, Avenue South, West Covina, 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 \_\_\_\_\_ rentable/gross square feet of space; and
- 5) Landlord has paid a commission in the amount of \$\_\_\_\_\_ to Tenant pursuant to Section 30.3 of the Lease.

For clarification, the base rent for months 2 through 4 shall be abated, and the base rent is subject to fixed 3 percent rental rate adjustments as follows:

<b><u>Year</u></b>	<b><u>Rental Rate</u></b>	<b><u>Monthly</u></b>
1	\$2.35	\$51,692.95
2	\$2.42	\$53,243.74
3	\$2.49	\$54,841.05
4	\$2.57	\$56,486.28
5	\$2.64	\$58,180.87
6	\$2.72	\$59,926.30
7	\$2.81	\$61,724.09
8	\$2.89	\$63,575.81
9	\$2.98	\$65,483.08

IN WITNESS WHEREOF, this memorandum is executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Tenant:

COUNTY OF LOS ANGELES,  
a body corporate and politic

Landlord:

GARVEY AVENUE SOUTH, LLC,  
a California limited liability company

By:

Name \_\_\_\_\_  
Its \_\_\_\_\_

By:

Name \_\_\_\_\_  
Its \_\_\_\_\_



## **EXHIBIT D**

### **HEATING, VENTILATION AND AIR CONDITIONING**

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.

## EXHIBIT E

### CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday through Friday)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Emergency exit signage and egress battery replacement (if applicable)
- K. Graffiti expunged as needed within two working days after notice by Tenant
- L. Floors washed as needed.
- M. Kitchen/lunchroom/restroom supplies replenished, including paper supplies, soap and \_\_\_\_\_.
- N. Exclusive day porter service from \_\_\_\_ a.m. to \_\_\_\_\_ p.m. (if provided by contract).

2. WEEKLY

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

3. MONTHLY

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

- G. Wall vents and ceiling vents vacuumed.
- H. Carpet professionally spot cleaned as required to remove stains.
- I. HVAC chiller water checked for bacteria, water conditioned as necessary.

4. QUARTERLY

- J. Light fixtures cleaned and dusted, but not less frequently than quarterly.
- K. Wood furniture polished.
- L. Draperies or mini-blinds cleaned as required, but not less frequently than quarterly.
- M. HVAC units serviced for preventative maintenance purposes, all filters changed.

5. SEMI-ANNUALLY

- N. Windows washed as required inside and outside but not less frequently than twice annually.
- O. All painted wall and door surfaces washed and stains removed.
- P. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

- Q. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.
- R. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.
- S. Touch-up paint all interior painted surfaces in a color and finish to match existing.

7. AS NEEDED

- T. 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.
- U. 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.
- V. Interior and exterior pest control inspections and remediation frequency is to be determined by a licensed exterminator.

W. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning:

- ii. heavy traffic areas cleaned as needed, with a minimum frequency of bi-monthly [six (6) times per year];
- iii. moderate traffic areas cleaned as needed, with a minimum of once every six (6) months [two (2) times per year]; and
- iv. clean light traffic areas a minimum of once per year.

Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.

E. All walls repainted and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence") except for touch-up paint as provided in Paragraph 6.C. of this Exhibit E. The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute an Occurrence for the purpose of determining the frequency of this work.

F. All HVAC ducts cleaned as needed, but no less than every five (5) years.

8. GENERAL

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

**EXHIBIT F**

**SUBORDINATION, NONDISTURBANCE  
AND ATTORNMENT AGREEMENT**

**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

**County of Los Angeles  
Chief Executive Office  
Real Estate Division  
320 West Temple Street  
7<sup>th</sup> Floor  
Los Angeles, California 90012**

)  
)  
)  
)  
)  
)  
)

**Space above for Recorder's Use**

---

**SUBORDINATION, NONDISTURBANCE  
AND ATTORNMENT AGREEMENT**

**NOTICE: THIS SUBORDINATION, NONDISTURBANCE 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, Nondisturbance and Attornment Agreement ("Agreement") is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and among COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant"), [*Insert name of Landlord*], ("Borrower") and [*Insert name of Lender*], ("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 nondisturbance provision, all as set forth more fully below.

**Agreement**

Therefore, the parties agree as follows:



1. Subordination. The lien of the Deed of Trust and all amendments, modifications and extensions thereto shall be and remain at all times a lien on the Property prior and superior to the Lease, except that if Tenant is granted any option to extend the Term of the Lease, right of first offer to lease additional premises or option to purchase the Property or right of first offer to purchase the Property in the Lease, such provisions shall not be affected or diminished by any such subordination.

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. Nondisturbance. The 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.

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, unless such act or omission continues after the date that Lender or Purchaser succeeds to the interest of such prior landlord; 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, unless resulting from a default or breach by such prior landlord which continues after Lender or Purchaser succeeds to the interest of such prior landlord; and provided that any offsets deducted by Tenant prior to the date that Lender or Purchaser succeeds to the interest of such prior landlord shall not be subject to challenge; or

(c) be bound by any prepayment by Tenant of more than one month's installment of rent, unless the Lease expressly requires such prepayment; 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 which materially increases Landlord's obligations under the Lease or materially decreases Tenant's obligation under the Lease, unless Lender has approved such modification or amendment in writing, which approval shall not be unreasonably withheld, conditioned or delayed.

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  
320 West Temple Street, 7<sup>th</sup> 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.

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BORROWER: *[Insert name of Landlord]*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

LENDER: *[Insert name of Lender],*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_  
Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared \_\_\_\_\_,  
Name of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature (Seal)

**EXHIBIT G****TENANT ESTOPPEL CERTIFICATE**

To: [Insert name of party to rely on document]

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Attn: \_\_\_\_\_

Re:    Date of Certificate: \_\_\_\_\_  
       Lease Dated: \_\_\_\_\_  
       Current Landlord: \_\_\_\_\_  
       Located at: \_\_\_\_\_  
       Premises: \_\_\_\_\_  
       Commencement Date of Term: \_\_\_\_\_  
       Expiration Date: \_\_\_\_\_  
       Current Rent: \_\_\_\_\_

County of Los Angeles ("Tenant") hereby certifies that, to its actual knowledge, as of the date hereof:

1.     Tenant is the present 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 Rent is set forth above.

      (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. Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking other than that specified in the Lease.

      (d)    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).

      (e)    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, except as set forth in Exhibit A, and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

[(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.]

(c) Tenant's interest in the Lease has not been assigned or encumbered.

(d) Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease, except as set forth in the Lease.

(e) No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full, and all of Landlord's obligations with respect to tenant improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES,  
a body corporate and politic

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT H****COMMUNITY BUSINESS ENTERPRISE FORM**

INSTRUCTIONS: All Landlords shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of MBE/WBE participation. The information requested below is for statistical purposes only. The final analysis and consideration of the lease will be determined without regard to race, creed, color or gender. *(Categories listed below are based on those described in 49 CFR Section 23.5)*

**I. Minority/Women Participation in Firm (Partners, Associate Partners, Managers, Staff, etc.)**

1. Firm Name:			3. Contact Person/Telephone Number:			
2. Address:						
			4. Total number of employees in the firm:			
5. Provide the number of all minority	Owners, Partners and		Managers		Staff	
	All O.P. &	Women	All	Women	All Staff	Women
Black/African American						
Hispanic/Latin American						
Asian American						
Portuguese American						
American Indian/Alaskan						
All Others						

**II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM**

1. Type of Business Structure: (Corporation, Partnership, Sole Proprietorship, Etc.) \_\_\_\_\_

2. Total Number of Ownership/Partners:

3. Provide the percentage of	All Empl	Wome
Black/African		
Hispanic/Latin		
Asian American		
Portuguese American		
American		
All Others		

**III. MINORITY/WOMEN-OWNED FIRM CERTIFICATION**

Is your firm currently certified as a minority owned

business firm by the: State of California? ☐

Yes ☐ No

City of Los Angeles? ☐ Yes ☐ No

**Section D. OPTION TO PROVIDE REQUESTED INFORMATION**

☐ We do not wish to provide the information required in this form.

Firm Name: \_\_\_\_\_

Signature/Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT I**

**MEMORANDUM OF LEASE**

**RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:**

County of Los Angeles  
Chief Executive Office  
Real Estate Division  
320 West Temple Street  
7th Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code Section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code Section 11922.

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**MEMORANDUM OF LEASE**

This Memorandum of Lease ("Memorandum") is made and entered into by and between \_\_\_\_\_, a \_\_\_\_\_ (the "Landlord"), and the COUNTY OF LOS ANGELES, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Tenant"), who agree as follows:

Landlord and Tenant have entered into an unrecorded lease dated \_\_\_\_\_, 20\_\_ (the "Lease") of certain real property located in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, for a term commencing on \_\_\_\_\_, 20\_\_, and ending on a date \_\_\_\_\_ years after the commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in the Lease.

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.



Dated: \_\_\_\_\_, 20\_\_.

LANDLORD:

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

TENANT:

COUNTY OF LOS ANGELES,  
a body corporate and politic

FESIA A. DAVENPORT  
Acting Chief Executive Officer

By: \_\_\_\_\_

DAVID P. HOWARD  
Assistant Chief Executive Office

ATTEST:

DEAN C. LOGAN  
Recorder/County Clerk  
of the County of Los Angeles

By: \_\_\_\_\_ Deputy

APPROVED AS TO FORM:

RODRIGO A. CASTRO-SILVA  
Acting County Counsel

By: \_\_\_\_\_  
Deputy

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me,

\_\_\_\_\_ Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")  
personally appeared \_\_\_\_\_,

Name of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature (Seal)

**LANDLORD'S WORK LETTER**

**For**

**COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE  
LEASE AGREEMENT**

**COUNTY OF LOS ANGELES, as Tenant  
GARVEY AVENUE SOUTH, LLC – Landlord**

**2934 EAST GARVEY AVE SOUTH  
WEST COVINA, CALIFORNIA**

## LANDLORD'S WORK LETTER

This Work Letter supplements the Lease Agreement (the "Lease") dated \_\_\_\_\_, 20\_\_\_\_, executed concurrently herewith, by and between GARVEY AVENUE SOUTH, LLC, a California limited liability company as Landlord, and COUNTY OF LOS ANGELES, a body corporate and politic 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) <u>Tenant Improvement Allowance</u>   | \$1,209,835 (i.e., \$55 per rentable square foot of the Premises)  |
| (b) <u>Tenant's TI Contribution</u>   | \$ 2,309,685 (i.e., \$105 per rentable square foot of the Premises)  |
| (c) <u>Change Contingency</u>   | Not Applicable   |
| (d) <u>Tenant Improvement Amortization Rate and Change Authorization Amortization Rate:</u> | 8% per annum   |
| (e) <u>Tenant's Work Letter Representative</u>  | Edgar Pejoro or an assigned staff person of the Chief Executive Office-Real Estate Division  |
| (f) <u>Landlord's Work Letter Representative</u>  | Ron Kelly or an assigned staff person of the Landlord  |
| (g) <u>Landlord's Address for Work Letter Notice</u>  | GARVEY AVENUE SOUTH, LLC<br>C/O Ron Kelly<br>556 North Diamond Bar Boulevard<br>Suite 200<br>Diamond Bar, California 91765<br>Email: <a href="mailto:ron.kelly@olsonmax.com">ron.kelly@olsonmax.com</a>  |
| (h) <u>Tenant's Address for Work Letter Notice</u>  | Chief Executive Office<br>Real Estate Division<br>320 West Temple Street, 7th Floor<br>Los Angeles, California 90012<br>Attention: Director of Real Estate<br><a href="mailto:LeaseAcquisitions@ceo.lacounty.gov">LeaseAcquisitions@ceo.lacounty.gov</a> |
| (i) Addenda   | Addendum A: Base Building Improvements<br>Addendum B: Tenant Improvements  |

Addendum C: Form of Preliminary and  
Final TI Cost Summary

**2. Construction of the Building.**

2.1 Base Building Improvements. Landlord has constructed or shall construct the base building improvements described on Addendum A hereto (the "Base Building Improvements") as a part of the Building. If 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 not be considered Tenant Improvements (as defined below) unless such changes or additions are specifically described in Addendum B hereto.

2.2 Additional Costs Not Tenant Improvement Costs.

(a) If the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred if the Building had been in compliance with such codes, then 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 or to 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, (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, nor (v) 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.

2.3 Base Building Plans. Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2015 (or later version) 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 (3) proposals from qualified licensed architects and engineers familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings (as defined below). Landlord shall select an architect and an engineer, subject to Tenant's acceptance, which shall not be unreasonably withheld, and which acceptance (or rejection for reasonable reasons) shall be granted within three (3) business days after Landlord has submitted the name of the selected architect and the selected engineer to Tenant, together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated

until Tenant accepts an architect (the "Architect") and an engineer (the "Engineer"), and Tenant's written acceptance has been delivered to and received by Landlord.

**4. Selection of Contractor.** The Final Plans (as defined below) and a proposed construction contract accepted by Tenant shall be submitted to a sufficient number of contractors, selected by Landlord and accepted by Tenant, so that a minimum of three (3) bids are received. Each 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 depicted on the Final Plans. Landlord shall select the most qualified bidder offering the lowest price after adjustments for inconsistent assumptions, and Landlord shall submit all bids, along with Landlord's recommendation, to Tenant for Tenant's review and acceptance. Following Tenant's acceptance, Landlord shall enter into a construction contract (the "Construction Contract") with the selected contractor (the "Contractor") to construct the Tenant Improvements, consistent with the terms of the accepted bid.

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

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

**5.2 Preparation and Review of Working Drawings.** Within thirty (30) days after 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 consistent with the Preliminary TI Cost Summary (as defined below), compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all information required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and which shall include 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 thereof as has been submitted, for Tenant's review and acceptance. Landlord shall be solely responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

**5.3 Preparation and Review 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 and acceptance.

**5.4 Integration of Working Drawings and Engineering Drawings into Final Plans.** After Tenant has accepted the Engineering Drawings, Landlord shall cause the Architect to integrate the accepted Working Drawings with the accepted Engineering Drawings (collectively "Final Plans") and deliver five (5) sets of the Final Plans to Tenant for Tenant's review and acceptance. 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), power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements. Landlord's review of the Space Plan, Working Drawings, Engineering Drawings and Final Plans shall be at Landlord's sole cost and expense.

**5.5 Tenant's Plan Review and Acceptance.** Tenant shall accept or reject the Working Drawings, the Engineering Drawings and the Final Plans within fifteen (15) business days after Tenant receives the applicable plans and drawings from Landlord. If Tenant rejects any such plans or drawings, then Tenant shall notify Landlord thereof, specifying in detail the reason for such rejection, in which case Landlord shall revise the applicable plans or drawings and deliver revised plans or drawings to Tenant within ten (10) days after receipt of Tenant's rejection notice. This procedure shall be repeated until the applicable plans are accepted by Tenant. If, after such procedure, the parties cannot agree on the Working Drawings, the Engineering Drawings or the Final Plans, then Tenant may elect to terminate the Lease and this Work Letter by delivering written termination notice to Landlord, whereupon all monies previously paid to Landlord shall be promptly refunded to Tenant, and the parties shall have no further obligations under the Lease and the Work Letter. Tenant's acceptance of the Working Drawings, Engineering Drawings and/or the Final Plans 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 fifteen (15) days after the Plan Submission Date, Landlord shall submit to Tenant a detailed construction schedule, subject to acceptance by Tenant, which shall not be unreasonably withheld, setting forth the completion dates 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 the Construction Contract, construction commencement, construction completion, the Projected Commencement Date and other relevant dates. As the construction continues, Landlord shall amend the construction schedule at least once each month to reflect any changes to the projected dates, and Landlord shall promptly submit the revised construction schedules to Tenant.

**5.7 Submittals.** The Contractor shall submit to Tenant any Shop Drawings, Product Data, Samples and similar submittals required by the Final Plans in coordination with the construction schedule and with reasonable promptness, so as not to cause any delay in the construction of the Tenant Improvements. The purpose of Shop Drawings, Product Data, Samples and similar submittals is to demonstrate the way by which the Contractor proposes to construct a design concept expressed in the Final Plans. "Shop Drawings" are drawings, diagrams, schedules and other data specially prepared by the Contractor or a subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Tenant Improvements. "Product Data" are illustrations, standard schedules, performance charts, instructions, brochures, diagrams and other information furnished by the Contractor to illustrate materials or equipment for some portion of the Tenant Improvements. "Samples" are physical examples that illustrate materials, equipment or workmanship for some portion of the Tenant Improvements. The Contractor shall construct no portion of the Tenant Improvements for which the Final Plans require submittal and review of Shop Drawings, Product Data, Samples or similar submittals until the respective submittal has been accepted by the Tenant.



## **6. Landlord's TI Cost Summary and Payment of Tenant Improvement Costs.**

6.1 Cost Summary. Within three (3) days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary cost summary for the Tenant Improvements in a format similar to Addendum C attached hereto (the "Preliminary TI Cost Summary"), which must not exceed the sum of the Tenant Improvement Allowance and Tenant's TI Contribution. The Preliminary TI Cost Summary shall be revised into final form within ten (10) days after the date that the Contractor is selected and will be referred to herein as the "Final TI Cost Summary". Tenant shall have ten (10) business days after the date of receipt of the Final TI Cost Summary to accept or reject the Final TI Cost Summary, including but not limited to any Contractor overhead, profit and/or general conditions costs included therein; provided, however, that any proposed increase to Tenant's TI Contribution shown on the Final TI Cost Summary shall not be effective unless approved in a separate written agreement executed by Landlord and Tenant. Tenant's failure to accept or reject the Final TI Cost Summary in writing within such period shall be deemed to be rejection. Construction of the Tenant Improvements shall not begin until Tenant accepts the Final TI Cost Summary in writing. If Tenant rejects the Final TI Cost Summary due to matters related to cost and the Final TI Cost Summary is ten percent (10%) or more higher in cost than was projected in the Preliminary TI Cost Summary, then, at Tenant's request, Landlord shall cause the Architect and the Engineer to redesign the Tenant Improvements, at Landlord's sole expense, to comply with the Preliminary TI Cost Summary, and any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay. If Tenant rejects the Preliminary TI Cost Summary or the Final TI Cost Summary, the parties shall promptly confer to resolve all issues relating thereto. If after such consultation, the parties cannot agree on the Preliminary TI Cost Summary or the Final TI Cost Summary, then Tenant may elect to terminate the Lease and this Work Letter by delivering written termination notice to Landlord, whereupon all monies previously paid to Landlord shall be promptly refunded to Tenant minus any Architectural plan costs associated with the City submittals for permits, and the parties shall have no further obligations under the Lease or this Work Letter.

6.2 Tenant Improvement Allowance and Tenant's TI Contribution. All improvements required by the Final Plans, as further described in Addendum B hereto, and any and all modular furniture described in the Modular Specifications (as defined below) shall be referred to herein, collectively, as "Tenant Improvements." Costs of Tenant Improvements shall include costs for furniture, telecommunications equipment, soft costs, and any other costs approved in writing by Tenant (collectively "Tenant Improvement Costs"), all of which must not exceed the Tenant Improvement Allowance, Tenant's TI Contribution and costs of any Change Authorizations (as defined below) that are approved in writing by both parties. . Except as otherwise provided herein, all Tenant Improvement Costs shall be paid by Landlord and deducted from the Tenant Improvement Allowance. If the Tenant Improvement Costs exceed the Tenant Improvement Allowance, then Tenant may authorize Landlord to pay the overage in an amount not exceeding Tenant's TI Contribution. Thereafter, Tenant shall pay such overage to Landlord as provided in Section 6.3 below.

6.3 Method of Payment. One Million Seven Hundred Fifty-Nine Thousand Seven Hundred and Sixty Dollars (\$1,759,760)("Tenant's TI Contribution A") of Tenant's TI Contribution used to pay for any Tenant Improvement Costs in excess of the Tenant Improvement Allowance may, at Tenant's election, be paid to Landlord (a) in a lump sum, when the Tenant Improvements are Substantially Complete, or (b) in equal monthly payments, amortized over the first five (5) years of the Term of the Lease at the Tenant Improvement Amortization Rate. Five Hundred Forty-Nine Thousand Nine Hundred and Twenty-Five Dollars (\$549,925)("Tenant's TI Contribution B") of Tenant's TI Contribution used to pay for any Tenant Improvement Costs in



excess of the Tenant Improvement Allowance may, at Tenant's election, be paid to Landlord (a) in a lump sum, when the Tenant Improvements are Substantially Complete, or (b) in equal monthly payments, amortized over the first three (3) years of the Term of the Lease at the Tenant Improvement Amortization Rate. Tenant may, at any time during the Term, prepay all or any portion of the Tenant Improvement Costs in excess of the Tenant Improvement Allowance and pay any remaining amount in equal monthly payments, amortized over the remaining term of the Lease at the Tenant Improvement Amortization Rate. Notwithstanding the foregoing or any language to the contrary contained herein, any Tenant Improvement Costs in excess of the Tenant Improvement Allowance shall first be allocated to and paid under the terms specified under Tenant's TI Contribution A, only after Tenant's TI Contribution A funds have been exhausted shall any Tenant Improvement Costs in excess of the Tenant Improvement Allowance be allocated to and paid under the terms specified under Tenant's TI Contribution B.

6.4 Base Rent Credit for Unused Tenant Improvement Allowance. If the Tenant Improvement Costs are less than the Tenant Improvement Allowance, then the amount of any unused portion of the Tenant Improvement Allowance shall be applied as a credit against the next installment(s) of Base Rent due under the Lease.

## **7. Construction of Tenant Improvements.**

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum B hereto, such work shall be considered a Base Building Improvement and shall be performed by Landlord at its own cost and expense and not included in the cost of Tenant Improvements. In the event such expense becomes cost prohibitive, Tenant may value engineer or request approval for additional funds from the Board of Supervisors and an Amendment to the Lease.

7.2 Bids. Unless waived by Tenant in writing, any major contractors, subcontractors and material suppliers providing labor and/or materials for the Tenant Improvements shall be selected only after three (3) bids have been solicited from responsible and qualified persons. 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. Landlord shall also obtain three (3) bids for the purchase and installation of Tenant's office furniture system, if applicable, in accordance with Section 9.1 below.

7.3 Permits. Landlord shall obtain the approval of all applicable governmental authorities and all permits required for the Tenant Improvements, promptly after Tenant's acceptance of the Final Plans. Landlord shall obtain plan check approval prior to soliciting bids from contractors pursuant to Section 4 hereof.

7.4 Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within fifteen (15) days after Tenant's acceptance of the Contractor pursuant to Section 4 hereof. Contractor shall obtain the building permit for the Tenant Improvements prior to the commencement of construction. Thereafter, Landlord shall diligently proceed to construct and complete all Tenant Improvements in a good and workmanlike manner, subject only to any cessation that may be caused by Force Majeure Delays (as defined below).

7.5 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 in compliance with California Civil Code Section 8444.

(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 other decor selection efforts required by Tenant, shall be provided by Landlord, at Landlord's expense, in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Warranties. Landlord warrants that the Tenant Improvements shall be free from any defects in workmanship and materials for a period of not less than two (2) years from the date of Substantial Completion. Landlord shall require each contractor and subcontractor to provide warranties of like duration in all construction contracts relating to the Tenant Improvements and, upon Tenant's request, Landlord shall assign to Tenant any such warranties relating to the Tenant Improvements.

(d) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises or in other areas utilized by Landlord or its contractors, and Landlord 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.

(e) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations, including but not limited to the provisions of the California Labor Code relating to the payment of prevailing wages on public works projects, unless the work is otherwise exempt therefrom pursuant to the California Labor Code. 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 California Labor Code. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly wage rate and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the Tenant 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.

(f) Access During Construction. Tenant shall have the right to inspect the Tenant Improvements during the course of construction. Additionally, pursuant to Section 4.3 of the Lease, Tenant shall be entitled to enter the Premises at least 30 days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Landlord and Tenant shall use reasonable good faith efforts to coordinate the work of their respective contractors to achieve timely completion of the Tenant Improvements and Tenant's installation work.

7.6 Completion/Close Out. The Premises shall not be considered Substantially Complete until the Tenant Improvements have been completed in accordance with the Final Plans, subject only to the completion of minor punch-list items that will not interfere with Tenant's use and occupancy of the Premises for Tenant's permitted and intended use under the Lease. Upon Substantial Completion of the Tenant Improvements, Landlord shall notify Tenant in writing and, within ten (10) business days of Tenant's receipt of such notice, Landlord and Tenant shall

conduct a "walk-through" inspection of the Premises and prepare a punch-list of known or apparent deficiencies or incomplete work required to be corrected or completed by Landlord. Landlord, at Landlord's sole cost and expense, shall cause all punch-list items to be repaired or completed as soon as possible, but in no event later than thirty (30) days following the walk-through inspection. If Landlord fails to complete any of the punch-list items within such 30-day period, then Tenant, in addition to its other rights and remedies under the Lease, after giving ten (10) days written notice to Landlord, shall have the right, but not the obligation, to cause such punch-list items to be completed, with the cost thereof plus ten percent (10%) for Tenant's overhead and supervision to be deducted from the next installment(s) of rent or other amounts payable by Tenant under the Lease. Latent or hidden defects in the Tenant Improvements shall be brought to Landlord's attention promptly upon Tenant's becoming aware of such defects. Landlord, at Landlord's sole cost and expense, shall promptly cause such defects to be repaired following receipt of notice thereof, and Tenant shall have the same rights with respect thereto as set forth herein for all other punch-list items.

**7.7 Conformed Plans.** Within sixty (60) days after Substantial Completion of the Tenant Improvements and Landlord's 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 in Auto CAD R 15.dwg (or later version) format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

**8. Requests for Change.** Tenant and Landlord may request changes, additions, deletions or substitutions in the Final Plans (each, a "Request for Change"), provided that the requesting party must submit a written request to the other party and that Requests for Change will not be effective unless approved in writing by both Tenant and Landlord (a "Change Authorization"). The amount of the Change Contingency set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of any and all Change Authorizations, but only the Chief Executive Officer is authorized to execute Change Authorizations on behalf of Tenant, and only if the aggregate amount of all approved Change Authorizations does not exceed the Change Contingency. If Tenant requests any changes or substitutions to the Tenant Improvements after the Final Plans and the Final TI Cost Summary have been accepted ("Tenant-Requested Changes"), then any additional costs related thereto in excess of Tenant Improvement Allowance shall be paid by Tenant, provided that Tenant executes a written Change Authorization prior to the performance of the applicable work. Tenant may elect to pay for such costs (a) in a lump sum, upon Substantial Completion of the Tenant Improvements, or (b) in equal monthly payments, amortized over the term of the Lease at the Change Authorization Amortization Rate. Landlord shall be solely responsible for the cost of any Change Authorizations or other Requests for Change that are not Tenant-Requested Changes. Landlord shall submit to the Chief Executive Officer with each Request for Change: (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Authorizations previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Request for Change is approved. Each Change Authorization must be signed and dated by the Chief Executive Officer.

## **9. Furniture System.**

9.1 Tenant shall deliver to Landlord within ten (10) 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 (3) furniture vendors. Prior to

submission for bids, Landlord shall review the bid package with Tenant, and Tenant shall have the right to accept or reject the bid package. Landlord shall order the modular furniture set forth in the Modular Specifications, and install the same within the Premises, all of which shall be a Tenant Improvement Cost, payable by Landlord and/or Tenant as provided in Section 6.2 and Section 6.3 hereof. Tenant's acceptance of any bid package shall not be deemed to be a representation by Tenant as to the adequacy or correctness of any specifications contained therein.

9.2 Alternatively, Tenant may elect to finance the cost of modular furniture through lease-purchase financing with a third-party lender ("Creditor"). If Tenant elects to enter into a lease-purchase financing of any furniture or telecommunications equipment (individually or collectively, "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 to the Building or the Premises caused by such removal shall be repaired by Creditor.

(b) Landlord must receive written notice from Creditor of any plan by Creditor to remove the Personal Property from the Building.

(c) This Section 9.2 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 hereby waives any right to gain possession of any of Personal Property during the term of the Lease.

**10. Tenant Improvement Costs Adjustment and Right to Audit.** Within five (5) days of the issuance of a Certificate of Occupancy for the Premises or a final sign-off by the City of West Covina, whichever occurs first, Landlord shall provide to Tenant a statement showing (a) all Tenant Improvement Costs in reasonable detail and sorted into the same line items as the Final TI Cost Summary, and (b) the amount of Tenant Improvement Costs that is excess of the Tenant Improvement Allowance and payable hereunder by Tenant to Landlord. Upon approval of such statement by Tenant, payments by either party pursuant to the Lease and this Work Letter shall be adjusted as appropriate based upon such statement. Tenant shall have the right to audit the Tenant Improvement Costs at any time after the date of Tenant's Acceptance of the Premises. If the audit shows that Tenant is entitled to a reduction in payments made by Tenant to the Landlord pursuant to this Work Letter, then Tenant shall provide Landlord with a copy of the audit summary, and Landlord shall pay Tenant the amount of any over-payment made by Tenant within thirty (30) days, and any future payments owed by Tenant shall be adjusted as appropriate based upon the audit results. Landlord shall require the Contractor to include audit provisions in all subcontracts which allow Tenant to audit the subcontractors' books and records with respect to the Tenant Improvements.

**11. 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 thirty (30) days prior to the Projected Commencement Date. During this thirty (30) day period, the Landlord shall be responsible for the security and protection of any telephone/data equipment delivered to the site prior to the Projected Commencement Date.

## **12. Delay.**

12.1 Tenant Delays and Force Majeure Delays. Except as set forth in this Section 12, Tenant shall not be charged as a result of any delay in the construction of Tenant Improvements. Subject to the provisions of Section 12.2, the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (a) 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 (b) 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)").

### **12.2 Limitations.**

(a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless, within forty eight (48) hours of the event giving rise to such claim, Landlord provides Tenant with written notice in compliance with the Lease specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred, 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 if 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 that the additional cost incurred by Landlord due to such efforts does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to the excess).

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

(d) Change Authorizations. Landlord may not claim that a Tenant-Requested Change was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the executed Change Authorization.

**13. 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 the Tenant Improvements have not been completed within sixty (60) days after the Projected Commencement Date, then Tenant may, at its option:

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



13.2 Upon thirty (30) days written notice to Landlord, assume the responsibility for constructing and/or completing the Tenant Improvements itself. If Tenant elects to construct or complete the 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) Base 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 Tenant's administrative costs, and including interest at the rate of six percent (6%) per annum ("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 (5) years and deducted from the Base Rent payable under the Lease.

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

#### **14. Representatives.**

14.1 Tenant Representative. Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this 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 Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.

14.2 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 Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.

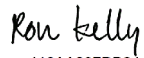
**15. Elevator Usage During Move-In.** In the event that the use of the freight elevators and/or hoists is not sufficient to meet Tenant's requirements during the early entry period set forth in Section 4.3 of the Lease, (a) Landlord shall cause to be made operational a temporary construction elevator and hoist, or (b) Tenant shall have priority usage of two (2) 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.

**16. 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 that is mutually convenient. An initial construction meeting shall be held within five (5) days after the date the Contractor is selected. Contractor shall provide minutes of each construction meeting to Tenant within a reasonable time thereafter, but not later than the date of the next construction meeting.

**17. 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.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Work Letter as of the dates set forth below.

LANDLORD:  
GARVEY AVENUE SOUTH, LLC,  
a California limited liability company

DocuSigned by:  
  
By: 416AA897DB244A1...  
Name: Ron Kelly  
Title: Manager  
Date Signed: 11/6/2020

TENANT:

COUNTY OF LOS ANGELES,  
a body corporate and politic

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date Signed: \_\_\_\_\_



## **ADDENDUM A To Landlord's Work Letter**

### **BASE BUILDING IMPROVEMENTS**

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

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

(b) the core area, including mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord; excluding future TI areas which are not a part of the Premises.

(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; at common gang restrooms only- excludes accessory restrooms within the Premises.

(d) unpainted exterior dry wall or lath and plaster covering the exposed side of all exposed core wall(public stairways;

(e) passenger and freight elevators;

(f) parking facilities;

(g) ground floor lobby;

(h) finished elevator lobbies, common area corridors (with carpet, lights, finished walls and ceiling:

(i) exterior plazas and landscaping;

(j) loading dock and/or area;

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

(l) 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, 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);

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

(n) mechanical equipment room with ducted mechanical exhaust system;

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

(p) primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution; on ground floor.

(q) 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

(r) gypsum board on the service core walls, columns and sills in the Premises. Excluding future TI areas which are not a part of 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) 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. unpainted exterior dry wall or lath and plaster covering onesided on the exposed side of the Premises walls;
- (l) finished elevator lobbies (with carpet, lights, finished walls and ceiling);
- (m) drinking fountains at the core;
- (n) standard window coverings;
- (o) 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;
- (p) hot and cold air loops located within the Premises;
- (q) floor preparation necessary for new floor covering(s).

**ADDENDUM C To Landlord's Work Letter**

**PRELIMINARY AND FINAL TI COST SUMMARY**

\_\_\_\_\_

Preliminary TI Cost Summary

\_\_\_\_\_

Final TI Cost Summary

Lease No. \_\_\_\_\_

Address \_\_\_\_\_

Cost Category	
Architecture and Engineering Contract	\$
Plan Check Fees	\$
General Contractor	\$
Furniture	\$
Other	\$
Total Tenant Improvement Costs	\$