



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101

HANNOW

DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors

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First District

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Fifth District

July 31, 2001

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:

**TEN YEAR LEASE
DEPARTMENT OF HEALTH SERVICES
5050 COMMERCE DRIVE, BALDWIN PARK
(FIRST) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Mayor to sign the attached ten year lease with Washington Mutual Bank, FA, (Lessor), for 77,700 rentable square feet of office space, with 310 parking spaces for the Department of Health Services (DHS), at an initial annual cost of up to \$2,096,346. Costs are fully funded by fees and State grant funds.
2. Authorize the Lessor and/or Director of the Internal Services Department (ISD) at the direction of the Chief Administrative Office (CAO) to acquire telephone systems for DHS at a cost not to exceed \$1,600,000. At the discretion of the CAO all or part of the telephone, data and low voltage systems may be payed in lump sum or financed over a term not to exceed \$320,000 per year in addition to other Tenant Improvement (TI) allowances provided under the lease.
3. Consider the Negative Declaration together with the fact that no comments were received during the public review process; find that the project will not have a significant effect on the environment; find that the Negative Declaration reflects the independent judgement of the County and approve the Negative Declaration; find that the project will have no adverse effect on wildlife resources; and authorize the CAO to complete and file a Certificate of Fee Exemption for the project.



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4. Approve the project and authorize the CAO, DHS and ISD to implement the project. The lease will be effective upon completion and acceptance of the improvements.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed action will consolidate DHS/Environmental Health Program (EH) headquarters comprised of 268 staff presently located at 2525 Corporate Center Place, Monterey Park and 510 South Vermont Avenue, Los Angeles. This project allows an efficient consolidation of DHS administrative and inspection staff into a central location which will also house the cross connection, vector control and environmental hygiene laboratories with their respective administrative components.

Relocation and consolidation of staff from the stated locations will provide each program with the necessary space to relieve overcrowding, provide sufficient space to consolidate laboratory operations and allow for the strategic backfill of other County subvended departments into the leased facility at 2525 Corporate Center Place, Monterey Park, and backfill of Net County Cost (NCC) programs into 510 South Vermont, Los Angeles.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we invest in public infrastructure, in order to strengthen the County's fiscal capacity. The lease of property supports this strategy by complying with the Strategic Asset Management Principles (Goal 4, Strategy 2, Objective 2). In this case we are consolidating operations and relieving overcrowded conditions and maximizing fee and grant funding by housing the programs in leased space as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The annual cost of this lease will initially range from a base rate of \$1,305,360 to a maximum of \$2,096,346, depending on the total amount of reimbursable TIs expended for the project.

PROPOSED LEASE	5050 COMMERCE DR., BALDWIN PARK
Area	77,700 sq. ft.
Annual Base Rent	\$1,305,360 (\$16.80/sq. ft.)
Tenant Improvement (TI) Allowance	\$1,165,500(\$15/sq. ft.)
Included in Base Rent	
Maximum Additional TI*	\$5,205,900 (\$67/sq. ft. per year)
Maximum Annual Rent	\$2,096,346 (\$26.98/sq. ft.)
Term of Lease	10 years
Cancellation	at end of 7 th , 8 th , 9 th year upon 9 months prior written notice and reimbursement of unamortized TIs and broker commissions
Option to Extend	One 5-year option at 90 percent of fair rental value

* \$5,205,900 represents the maximum amount of additional TI dollars available for the project. That amount equates to \$791,354 or \$10.18 per square foot annually amortized at 9 percent over the ten year lease term.

- Sufficient funding for the proposed lease is included in the 2001-02 Rent Expense Budget and will be charged back to DHS. The cost associated with the proposed lease will be funded through a combination of health license and permit fees and State grant funding at no additional NCC.
- The monthly base rent is subject to an annual adjustment, after the 12th month, based on increases to the Consumer Price Index with a floor of 2 percent and cap of 5 percent.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Staff assigned to EH provide administrative and inspection staff support for numerous EH programs. EH is the local regulatory arm for public health issues within DHS and its programs are responsible for the enforcement of public health laws and ordinances pertaining to food, housing, water solid waste, land use, public swimming areas, vector control, environmental hygiene and radiation. The EH jurisdictional area covers all County unincorporated areas and 85 contract cities.

The proposed lease provides approximately 77,700 rentable square feet of office space with 310 parking spaces for 268 staff and visitor parking at no additional cost. The lease contains the following provisions:

- Commencement upon completion and acceptance of TIs and termination ten years thereafter.
- Full service lease whereby the Lessor is responsible for all operating expenses.
- A cancellation provision allowing termination at the end of the 7th, 8th, and 9th years of the lease term by providing the Lessor nine months prior written notice. The County also has an option to extend the lease for five years at 90 percent of fair rental value.
- A \$1,165,500 or \$15 per square foot TI allowance included in the base rental rate for construction of the premises.
- A reimbursable additional TI allowance and discretionary TI allowance of \$5,205,900, or \$67 per square foot for furniture and additional TIs, which may be paid in lump sum or amortized over the ten year term at an annual interest rate of 9 percent.
- All TI allowance expenditures shall be approved in writing by the CAO. All construction shall be in compliance with "Tenant Improvement Paragraph 26" and the "Tenant Improvement Work Letter" attached as Exhibit "J" and referenced in Paragraph 26, Section A, of the proposed lease.
- **No County Project Manager or employee, including the CAO, is authorized to approve any expenditure not expressly pre-approved by the Board of Supervisors. The Board of Supervisors will not retroactively approve expenditures. Any unapproved expenditure by the Lessor, even if it benefits the County, shall not be recovered by the Lessor, who shall solely bear the risk of loss for incurring such liabilities as stated in Paragraph 33 of the proposed lease.**

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CAO Real Estate staff surveyed the East San Gabriel Valley as specified by DHS. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment B shows all County owned and leased facilities within the East San Gabriel Valley search area for these programs and there are no County owned or leased facilities available for these programs.

Based upon a survey of similar properties in the East San Gabriel Valley, staff has determined that the base rental range including parking is between \$18 and \$21.60 per square foot per year modified full service gross. Thus, the base annual rent of the proposed lease represents a below market rental rate.

The proposed lease was submitted for review to your Board's appointed Real Estate Management Commission on May 9, 2001. After careful review, it was the Commission's decision to approve the proposed lease.

The Department of Public Works has inspected this facility for seismic safety and has no objection to occupancy of the premises by the County.

The proposed building does not provide sufficient space to construct a child care center. Off-site child care services are offered at the newly constructed child care center located at 12900 Crossroads Parkway South, Industry and will be offered at 9320 Telstar Avenue, El Monte in the first quarter of 2002.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this project will have no significant impact on the environment and no adverse effect on wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted on the site as required by the California Environmental Quality Act (CEQA) and the California Administrative Code, Section 15072. Copies of the completed Initial Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration as posted are attached.

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IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed lease is in the best interest of the County and will adequately provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DHS concurs in this lease recommendation.

CONCLUSION

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

Respectfully submitted,


DAVID E. JANSSEN
Chief Administrative Officer

DEJ:SNY
CWW:CEM:kh

Attachments (4)

c: County Counsel
Auditor-Controller
Department of Health Services
Internal Services Department

ATTACHMENT A

Asset Management Principles Compliance Form¹

	YES	NO	NA
1. <u>Occupancy</u>			
A Does lease consolidate administrative functions? ²	X		
B Does lease co-locate with other departments to better serve clients? ² This lease represents an administrative and staff support, rather than client service, function.		X	
C Does this lease centralize business support functions? ²	X		
D Does lease meet the guideline of 200 sf of space per person? ²		X	
Building will house headquarters operations including three laboratories, public counter reception areas, staff development and management information systems and training space. Ratio 1/289 sf			
2. <u>Capital</u>			
A Should program be in leased space to maximize State/Federal funding? (Programs are 100% revenue offset and grant funded)	X		
B If not, is this a long term County program?			X
C Is it a net County cost (NCC) program? List % NCC		X	
D If yes to 2 B or C; capital lease or operating lease with an option ?			X
E If no, are there any suitable County owned facilities available?		X	
F If yes, why is lease being recommended over occupancy in County owned space?			X
G Is Building Description Report attached as "Attachment B"? ²	X		
H Was build to suit or capital project considered? ¹ Maximize revenue and grant funding. Proposed building available at competitive market rate.		X	
3. <u>Portfolio Management</u>			
A Did department utilize CAO Space Request Evaluation(SRE)? ²	X		
B Was the space need justified?	X		
C Renewal lease, was co-location with other County departments considered?		X	
D Why was this program not co-located?			
1. _____ The program clientele requires a "stand alone" facility.			
2. X No suitable County occupied properties occupied in project area.			
3. X No County owned facilities available for the project			
4. _____ Could not get City clearance or approval			
5. _____ The Program is being co-located with other departments			
E Is lease a full service lease? ¹	X		
F Has growth projection been considered in space request?	X		

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

*Please **BOLD** any written responses*

² If not, why not?

ATTACHMENT B
Building Description Report
East San Gabriel Valley

LACD	FACILITY NAME	ADDRESS	SQ. FT. GROSS	SQ. FT. NET	OWNER	SQ. FT. AVAIL.
3849	ARBORETUM-ADMINISTRATION BUILDING	301 N BALDWIN AVE, ARCADIA 91007	6,929	3,084	PERMIT	
Y545	MONROVIA COURTHOUSE-MODULAR ANNEX COURT	300 W MAPLE AVE, MONROVIA 91016	1,619	1,066	OWNED	
6166	MONROVIA COURTHOUSE-DIVISION IV	300 W MAPLE AVE, MONROVIA 91016	1,485	1,170	OWNED	
3240	MONROVIA COURTHOUSE	300 W MAPLE AVE, MONROVIA 91016	14,638	9,389	OWNED	
4095	ISD-DIST 5/FACIL OPERATIONS ADMIN (UNUSED)	1703 S MOUNTAIN AVE, MONROVIA 91010	2,183	1,666	OWNED	2,183
A253	SHERIFF-SAN GABRIEL VALLEY VEHICLE THEFT PRGM	4200 SHIRLEY AVE, EL MONTE 91731	3,081	2,619	PERMIT	
A629	DPSS-SANTA ANITA MISCELLANEOUS PROGRAMS BLDG	3629 N SANTA ANITA AVE, EL MONTE 91731	30,893	22,885	LEASED	
X248	FIRE-SAN GABRIEL VALLEY HAZ-MAT FIELD OFFICE	5110 N PECK RD, EL MONTE 91732	1,298	1,103	PERMIT	
X694	PW SEWER-EAST YARD OFFICE	2849 S MYRTLE AVE, IRVINDALE 91707	1,278	714	OWNED	
F352	PW FLOOD-LONGDEN YARD OFFICE	160 E LONGDEN AVE, IRVINDALE 91706	1,296	1,166	OWNED	
F351	PW FLOOD-LONGDEN YARD OFFICE	160 E LONGDEN AVE, IRVINDALE 91706	1,250	1,125	OWNED	
0229	AG COMMWTS & MEAS HQ/PROBATION SPECIAL SVCS	12300 LOWE RAZUSA RD, ARCADIA 91706	35,878	32,290	OWNED	
6144	MACLAREN CHILDREN'S CTR-ADMIN BLDG/WINGS A-E	4024 N DUFFEE AVE, EL MONTE 91732	71,733	39,555	OWNED	
Y423	PW OPSV-TRAFFIC SIGNAL/SIGN PAINTING OFFICE	14514 E CENTRAL AVE, BALDWIN PARK 91706	915	835	OWNED	
4148	ANIMAL CONTROL #4-ADMINISTRATION BUILDING	4275 N ELTON AVE, BALDWIN PARK 91706	1,621	806	OWNED	
0081	PW ROAD-MAINT DIST 1 OFFICE	14747 E RAMONA BLVD, BALDWIN PARK 91706	5,400	4,860	OWNED	
E340	DHS-SAN GABRIEL DISTRICT HEALTH FACIL OFFICE	1500 WEST COVINA PKWY, WEST COVINA 91790	3,625	2,816	LEASED	
4177	DHS-EAST AREA ENVIRONMENTAL HEALTH PROGRAM	1435 WEST COVINA PKWY, WEST COVINA 91790	8,500	4,096	OWNED	
X257	WEST COVINA COURTHOUSE	1427 WEST COVINA PKWY, WEST COVINA 91790	115,964	68,306	OWNED	
4615	VALLEYDALE-DIRECTOR'S BUILDING	5525 N LARK ELLEN AVE, AZUSA 91702	243	193	OWNED	
2924	DPSS-WELFARE INFORMATION /REFERRAL CENTER	3035 N TYLER AVE, EL MONTE 91731	6,863	5,084	OWNED	
3303	DCSS-SAN GABRIEL VALLEY SERVICE CENTER (A)	3017 N TYLER AVE, EL MONTE 91731	3,114	2,564	OWNED	
3302	DCSS-SAN GABRIEL VALLEY SERVICE CENTER (B)	3017 N TYLER AVE, EL MONTE 91731	2,278	1,906	OWNED	
6064	EL MONTE COURTHOUSE	11234 VALLEY BLVD, EL MONTE 91731	136,512	64,786	FINANCED	
4533	EAST SERVICES AGENCY-OFFICE BUILDING	265 CLOVERLEAF DR, BALDWIN PARK 91706	1,440	1,055	OWNED	
A315	SHERIFF-BASSETT STOREFRONT SUB STATION	13308 1/2 E VALLEY BLVD, LA FUENTE 91746	522	522	PERMIT	
0080	PW ROAD-DIV #416 MAINTENANCE YARD OFFICE	14959 E PROCTOR AVE, CITY OF INDUSTRY 91746	660	594	OWNED	

INITIAL STUDY
Baldwin Park
HEALTH SERVICES - ENVIRONMENTAL HEALTH

I. Location and Description of Project

The proposed leased premises at 5050 Commerce Drive, Baldwin Park, is located in the First Supervisorial District approximately 20 miles east of the Los Angeles Civic Center and 1 block southeast of the San Gabriel (605) freeway. (See attached map)

The building to be used is approximately 20 years old, is privately owned and has been used for office/warehouse purposes for 20 years. Located at the site are 310 off-street parking spaces for use in conjunction with the leased premises.

This project consists of leasing this facility for ten years in which will be located the Department of Health Services-Environmental Health administrative and institutional inspection programs. It is anticipated that an average of 300 employees will be occupying the premises with the maximum employee occupancy anticipated to be 8:00 a.m. to 5:00 p.m., Monday through Friday. In addition to the employees, it is anticipated that 40-100 members of the public will be visiting the facility on a daily basis. No expansion of existing premises will occur for this project and no alterations, except for interior redecorating, will be performed for this project.

II. Compatibility with General Plan

This project site is identified as industrial in the Baldwin Park Community Plans.

III. Environmental Setting

The project site is located in an area of light industrial, manufacturing and commercial type facilities. The site includes approximately 2.41 acres, improved with approximately 77,700 square feet of office space. The site is bordered by Rivergrade Road on the south and the 605 freeway / Live Oak Avenue on the north.

IV. Identification of Environmental Effects

A. The impact of the proposed project on existing land forms will be negligible as no reshaping of the soil nor excavation nor foundations, utility lines, sewer lines or

water lines will be necessary.

- B. The project will not conflict with adopted environmental plans and goals of the City of Baldwin Park.
- C. The project will not have a substantial demonstrable negative aesthetic effect on the proposed site. The existing facility will be continued to be maintained as part of the lease arrangement.
- D. No rare or endangered species of animal or plant of the habitat of the species will be affected by the project. Nor will it interfere substantially with the movement of any resident fish or wildlife species or migratory fish or wildlife species.
- E. The project will not breach published national, state or local standards relating to solid waste or litter control.
- F. Development will not substantially degrade water quality, contaminate water supply, substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge.
- G. There are no known archeological sites existing at the project site.
- H. The proposed project will not induce substantial growth or concentration of population.
- I. The project will not cause a substantial increase to existing traffic. Nor will it affect the carrying capacity of the present street system. This is a continued use of an office/commercial facility for office purposes. The County's use is a substitution of previous uses made by private tenants.
- J. The project will not displace any persons from the site.
- K. The project will not substantially increase the ambient noise levels to adjoining areas. Noise generated by the proposed County use does not exceed that previously experienced in the area when occupied by private tenants.
- L. The proposed developed project will not cause flooding, erosion or siltation.
- M. The project will not expose people or structures to major geologic hazards.

- N. The project will not expand a sewer trunk line. All necessary utilities are available currently to the facility.
- O. No increased energy consumption is anticipated by the County's use of the premises.
- P. The project will not disrupt or divide the physical arrangement of established community; nor will it conflict with established recreational, educational, religious or scientific uses of the area.
- Q. No public health or safety hazard or potential public health or safety hazard will be created by this project.
- R. The project will not violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.

V. Discussions of Ways to Mitigate Significant Effects

The proposed project is not expected to create any significant effects on the environment. To mitigate any effects upon the surrounding community the following measures will be implemented:

- A. None required.

VI. Initial Study Preparation

This study was prepared by the Lease Acquisition Section of the Los Angeles County Chief Administrative Office, Real Estate Division, Departmental Contact: Carlos Marquez, at (213) 974-4163. This study was completed on April 13, 2001.

NEGATIVE DECLARATION

Department Name: Health Services
Project: Environmental Health

Pursuant to Section 15072, California Environmental Quality Act and California Administrative Code Title 14, Division 6

1. Description of Project
Administrative Office / Laboratory Space
2. a. Location of Project (plot plan attached)
5050 Commerce Drive, Baldwin Park
- b. Name of Project Proponent

County of Los Angeles
Chief Administrative Office
Real Estate Division 4th Floor
222 South Street
Los Angeles, CA 90012

3. Finding for Negative Declaration

It has been determined that this project will not have a significant effect on the environment based on information shown in the attached Environmental Information Form dated April 13, 2001 which constitutes the Initial Study of this project.

4. Initial Study

An Initial Study leading to this Negative Declaration has been prepared by the Chief Administrative Office, Lease Acquisition Section and is attached hereto.

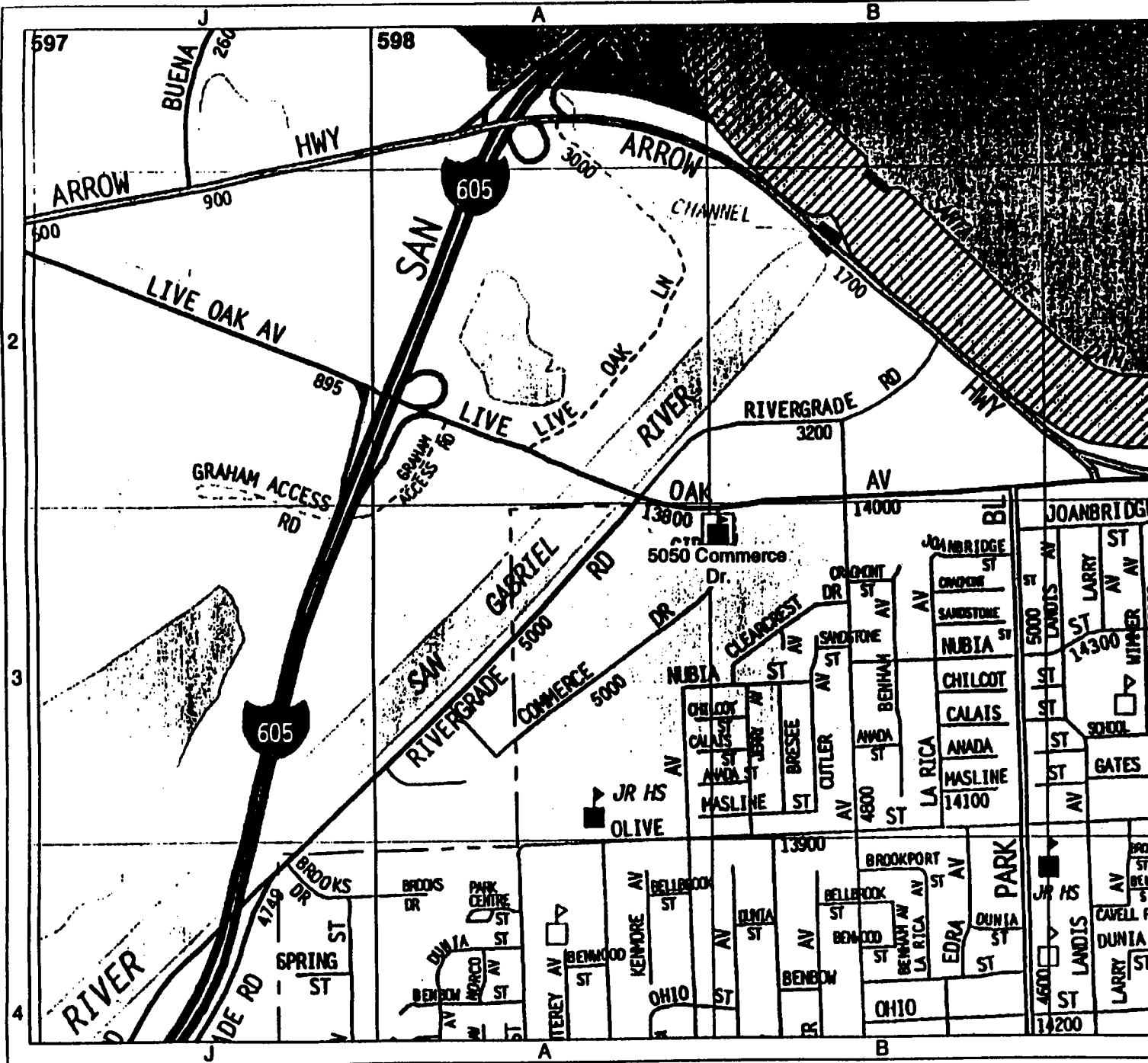
5. Mitigation Measures Included in Project

None required.

Date
04/13/01

Real Property Agent
Carlos Marquez

Telephone
(213) 974-4163



A Negative Declaration has been prepared for this site based on an Initial Study which consists of completion and signing of an Environmental Information Form showing background information as follows:

1. Name of Proponent - County of Los Angeles
Chief Administrative Office
2. Address/Phone No. - 222 South Hill Street, 4th Floor
Los Angeles, California 90012
Agent
Carlos Marquez Telephone
(213) 974-4163
3. Date Information Form Submitted - April 13, 2001
4. Agency Requiring Information Form - Los Angeles County,
Chief Administrative Office
5. Name of Proposal, if Applicable - Department of Health
Services - Environmental Health
6. Address of Facility Involved - 5050 Commerce Drive,
Baldwin Park CA, 91706

Interested parties may obtain a copy of the Negative Declaration and the completed Environmental Information Form/Initial Study by contacting the Real Property Agent indicated under 2., above, and referring to the proposal by name or to the facility by address.

Si necesita informacion en espanol, por favor de comunicarse con el agente designado, para asistencia en obtener una traduccion.

5050negdeclaration

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1 COUNTY OF LOS ANGELES
2 CHIEF ADMINISTRATIVE OFFICE
3 LEASE AND AGREEMENT
4
5

6 THIS LEASE AND AGREEMENT, made and entered into in duplicate original this
7 day of _____, 2001, by and between WASHINGTON MUTUAL BANK,
8 FA, hereinafter referred to as the Lessor, and the COUNTY OF LOS ANGELES, a
9 body politic and corporate, hereinafter referred to as the Lessee,
10

11 W I T N E S S E T H:
12

13 1. DESCRIPTION
14 OF PREMISES:

15 The Lessor, for and in consideration of the performance
16 of the covenants and agreements hereinafter contained to
17 be kept and performed by the Lessee, upon the following
18 terms and conditions, hereby leases to the Lessee, and
19 the Lessee hereby hires and takes of and from the
20 Lessor, those certain premises located at 5050 Commerce
21 Drive, Baldwin Park, CA, in the County of Los Angeles,
22 State of California, more particularly described as
23 follows:

24 Approximately 77,700 rentable square feet of office
25 space and 310 surface parking spaces located in the
26 parking area within the San Gabriel Corporate Center
27 Campus adjacent to the Premises and legally described as
28 follows: in the attached Exhibit "A".

29 The Premises shall consist of approximately 77,700
30 rentable square feet and 310 surface parking spaces.
31 Lessor represents that 77,700 rentable square feet is
32 the maximum amount of square footage available, and that
33 at no time, except by specific amendment to this Lease,
34 will the amount of square footage as contained herein
35 exceed the amount stated above. Lessee shall have the
36 exclusive right within ninety (90) days of approval by
37 the Board of Supervisors to field-measure and verify the
38 exact square footage of the lease premises. All
39 measurements to be taken in accordance with the methods
40 of measuring rentable/usable area as described in the
41 Standard Method for Measuring Floor Area in Office
42 Buildings, ANSI Z65.1-1996, as promulgated by the
43 Building Owners and Management Association (BOMA)
44 International. Should this measurement be less than the
45 square footage stated above, Lessee shall have the
46 exclusive right to adjust said square footage and reduce
47 the rent in Paragraph 3 accomplished by the mutual
48 execution of a Memorandum of Understanding between the
49 Lessor and the Lessee. Lessor acknowledges that it has
50 marketed the space at the above indicated amount and in
51 the event of subsequent physical measurements, Lessor
52 agrees there will be no adjustment made to either the
53 square footage or the rent in the event the measured
54 square footage exceeds the amount represented by the
55 Lessor.

56 2. TERM:

57 A. Original Term:

58 The term of this Lease shall be for a period of ten (10)
59 years beginning upon completion of improvements by
60 Lessor evidenced by the issuance of a Certificate of
61 Occupancy (or a Temporary Certificate of Occupancy), or
62 a final sign-off or the equivalent, if applicable by the
63 City of Baldwin Park, pursuant to Paragraph 26 and
64 acceptance thereof by the Lessee, but in no event later
65 than May 1, 2001, and ending ten (10) years
66 thereafter. Notwithstanding the prior commencement of
67 the lease term, the rent shall not be due and owing

1 until said Lessee accepts the improvements to be
2 performed by Lessor. Should there be any delays beyond
3 the control of the Lessor, then the Lease commencement
4 date may be adjusted accordingly upon the mutual consent
5 of Lessee and Lessor, not to be unreasonably withheld,
6 conditioned or delayed. Said acceptance and
7 commencement of rent shall not occur any earlier than
8 thirty (30) days after completion of construction of the
9 telephone intrabuilding network cable (INC) if
10 applicable, and the telephone equipment room, including
11 permanent power and HVAC, in compliance with the
12 attached plans and specifications referenced as Exhibit
13 "B". Additionally, said acceptance and commencement of
14 rent shall not occur any earlier than 15 days after
15 receiving Lessee's receipt of a notice from Lessor
16 indicating that all tenant improvements required have
17 been completed in compliance with the attached plans and
18 specifications (Exhibit "B") and the space is ready for
19 beneficial occupancy. In the event Lessee conducts a
20 walkthrough and it is determined by Lessee, in Lessee's
21 reasonable discretion, that the tenant improvements
22 (other than punchlist items referenced below) have not
23 been completed, or the space is not ready for Lessee's
24 occupancy, pursuant to Paragraph 26, then Lessee shall
25 not be obligated to commence the rent per Paragraph 3
26 herein until such tenant improvements have been
27 completed. Additionally, Lessor shall be required to
28 provide Lessee with another notice, and Lessee shall not
29 accept the space any sooner than fifteen (15) days from
30 the date of the second notice. The process may be
31 repeated until the tenant improvements are completed and
32 the space is ready for Lessee's occupancy. Lessee shall
33 not unreasonably withhold, condition or delay its
34 approval. Lessee hereby agrees to make timely
35 inspections and to make timely notices of its approval
36 or disapproval of said work. Lessor and Lessee shall
37 promptly execute the "Memorandum of Commencement Date"
38 attached hereto as Exhibit "D" following commencement of
39 the Lease term subject to any punchlist items. The
40 Chief Administrative Officer, is hereby authorized to
41 sign on behalf of Lessee.

42
43 **B. Option to Extend:**

44
45 Lessee shall have the option, exercisable only as to
46 the entire Premises, to renew this Lease for a period
47 of Five (5) years after the original term under the
48 same terms, and conditions except the rental rate shall
49 be ninety percent (90%) of the prevailing Fair Rental
50 Rate for similar space in the San Gabriel Valley
51 submarket and Paragraphs 2 and 26 of this Lease shall
52 no longer be executory. Lessee shall notify Lessor in
53 writing not less than nine (9) months prior to
54 expiration of the Lease term of Lessee's intention to
55 exercise its option by Chief Administrative Officer
56 letter.

57
58 The term "Fair Rental Rate" shall mean the value which
59 Lessor could derive from the Premises if they were made
60 available on the open market. The Fair Rental Rate of
61 the Premises shall be determined by using the rental
62 rate prevailing for similarly-improved office space
63 within a five-mile radius of the Premises and
64 subtracting therefrom that portion of the rent covering
65 the tenant improvement allowance, if any, for
66 transactions consummated within the last nine (9)
67 months immediately preceding the commencement date of
68 the option term. If similarly improved office space
69 cannot be found within a five mile radius of the
Premises, then the search area shall be enlarged to a

1 ten-mile radius. In determining the Fair Rental Rate,
2 equitable adjustments to the surveyed rental values
3 shall be made for the size and credit worthiness of
4 Lessee, the quality of the project, the nature of
5 Lessee's improvements and any other lease terms having
6 an impact on rental value (such as a tenant's option to
7 expand or purchase). The fair rental survey shall be
8 conducted by Lessor's appraiser and Lessee's appraiser,
9 each of which shall be designated as a Member of the
10 Appraisal Institute of Real Estate Appraisers (MAI),
11 Society of Real Estate Appraisers (SREA) or a Certified
12 Property Manager (CPM). Lessor shall pay the costs for
13 Lessor's appraiser and Lessee shall bear the cost of
14 Lessee's appraiser.

15 If Lessor and Lessee cannot agree on the Fair Rental
16 Rate sixty (60) days prior to the expiration of the
17 Lease term, each shall mutually select a third
18 appraiser who shall also conduct a fair rental
19 appraisal. The third appraiser shall be designated as
20 a Member of the Appraisal Institute of Real Estate
21 Appraisers (MAI), Society of Real Estate Appraisers
22 (SREA) or a Certified Property Manager (CPM). The
23 average of the two (2) appraisals nearest in value
24 shall be the Fair Rental Rate. The cost of the third
25 appraiser shall be borne equally by Lessor and Lessee.
26 In the event the negotiations are not completed prior
27 to the effective date of the rent increase, Lessee
28 shall continue to pay rent at the current rate and
29 Lessee shall pay Lessor in a lump sum the difference
30 between the payments made and the adjusted rent due to
31 Lessor, if any adjustment is needed. Payment shall be
32 made to Lessor within sixty (60) days of completion of
33 negotiations.

34 Lessee, by letter from the Chief Administrative Officer
35 or his designee, shall notify Lessor in writing not less
36 than two hundred and seventy (270) days prior to
37 expiration of the Lease term of Lessee's exercise of its
38 option or the option shall terminate. The option to
39 extend shall be deemed not to have been properly
40 exercised if as of the date of Lessee's exercise of the
41 option or at the end of the original term of this lease
42 Lessee is in default hereunder. The actual exercise of
43 the option shall only be by the Board of Supervisors of
44 the County of Los Angeles and shall be no later than
45 four (4) months prior to expiration of the lease term.

46 3. **RENT:**

47 The Lessee hereby agrees to pay, subject to adjustment
48 as provided in Paragraphs 26 and 27, as base rent for
49 said demised Premises during the term the sum of One
50 Hundred Eight Thousand Seven Hundred Eighty Dollars and
51 No/100 Dollars (\$108,780) per month, i.e., \$1.40 per
52 rentable square foot per month, payable in advance by
53 Auditor's General Warrant. Rental payments shall be
54 payable within fifteen days after the first day of each
55 and every month of the term hereof provided Lessor has
56 caused a claim therefor for each such month to be filed
57 with the Auditor of the County of Los Angeles prior to
58 the first day of each month.

59 4. **USE:**

60 Lessor agrees that the demised Premises together with
61 all appurtenances thereto belonging or in any wise
62 appertaining, shall be used by the Lessee as office
63 space for the Department of Health Services and for
64 other similar and lawful back office governmental
65 purposes during normal working hours, after normal
66 working hours, and on weekends and holidays as Lessee
may desire, so long as such use complies with the

1 Conditional Use permit affecting the San Gabriel
2 Corporate Center Campus and does not require special
3 security precautions.
4

5 **5. CANCELLATION:** Lessee shall have the right to cancel this Lease at the
6 end of the Seventh (7th), Eighth (8th), and Ninth (9th)
7 year of the original lease term and anytime after the
8 36 month during the extended term by giving Lessor not
9 less than nine (9) months prior written notice by Chief
10 Administrative Officer letter. Lessee shall, within 30
11 days of said cancellation, reimburse the Lessor all
12 unamortized brokerage commissions and tenant
13 improvement cost. Lessors actual cost shall be detailed
14 in Exhibit "E" Memorandum of Tenant Improvement Cost,
15 attached hereto. For the purposes of this Paragraph,
16 brokerage commissions and tenant improvement costs
17 shall be amortized on a straight line basis equally in
18 each month of each year over the original term of this
19 Lease.
20

21 **6. HOLDOVER:** In case Lessee holds over beyond the end of the term,
22 such tenancy shall be for a period of sixty days only,
23 subject to the terms and conditions of this Lease other
24 than Paragraph 2 and 26, which shall no longer be
25 executory, but shall not be a renewal hereof, and the
26 rent shall be at the rate prevailing under the terms of
27 this Lease immediately prior to the end of the term.
28 Either party may during the holdover cancel this Lease
29 by giving the other party not less than sixty (60) days
30 prior written notice.
31

32 **7. DAMAGE OR** Lessor agrees that should the demised Premises be
33 **DESTRUCTION:** damaged by fire, incidents of war, earthquake, or other
34 elements as to render them reasonably unfit for
35 Lessee's occupancy, as determined by Lessee's
36 reasonable discretion then this Lease shall be
37 terminated immediately upon the happening of any such
38 event whereupon Lessee shall surrender the Premises and
39 shall not be obligated for any further rental and
40 Lessor shall refund any unearned rent paid in advance
41 by Lessee calculated at a daily rate based on the
42 regular monthly rental.
43

44 In the event of any lesser damage by any such cause
45 that results in damage to ten percent (10%) or less of
46 net rentable area of the Premises, then Lessor shall
47 commence the repair and restoration of the Premises
48 within fifteen (15) days of the event which
49 necessitated the repair and restoration. In the event
50 of any such cause which results in damage to more than
51 ten percent (10%) of the net rentable area of the
52 Premises, then Lessee shall, have the right at its sole
53 discretion to (a) either terminate this Lease and
54 Lessee shall not be obligated for any further rental
55 under this Lease, or (b) cause Lessor to commence the
56 repair and restoration of the Premises within fifteen
57 (15) days of the event that necessitated the repair and
58 restoration.

59 Commencement of the repair and restoration under either
60 of the aforementioned conditions shall require (1)
61 securing the area to prevent injury to persons and/or
62 vandalism to the improvements, and (2) the placement of
63 a work order or contract for obtaining the Labor and
64 Materials to accomplish the repair and restoration. If
65 Lessor should fail to thereafter pursue said repair and
66 restoration work with reasonable diligence to
67 completion, Lessee may give Lessor fifteen (15) working
68 days prior written notice and thereafter perform or

1 cause to be performed the restoration work and deduct
2 the cost thereof from the installments of rent next due
3 as a charge against the Lessor.

4 Lessee shall be entitled to a proportionate reduction
5 of rent while such repairs are being made effective on
6 the date of such destruction. The proportionate
7 reduction is to be based upon the proportion that the
8 amount of rentable square feet within the leased
9 Premises rendered unusable to Lessee bears to the whole
10 rentable square footage thereof.

11 8. TENANT'S
12 FIXTURES:

Lessor agrees that the Lessee may remove, at its own
expense, during or at the expiration or other
termination of the term of this Lease, or any extension
or holdover period thereof, as the case may be, all
fixtures, equipment and all other personal property
placed or installed in or upon the demised Premises by
the Lessee, or under its authority.

13 9. REPAIR, A.
14 MAINTENANCE
15 AND
16 REPLACEMENT:

This Lease is a full service lease. Therefore
Lessor agrees to repair, maintain and replace as
necessary at Lessor's own expense the entire
interior and exterior of the Premises. Lessor's
responsibility shall include, but not be limited to
lamps and tubes, exposed plumbing, fire sprinklers, if
applicable, windows, window coverings, fire
extinguishers, floor coverings, the sewer system, the
grounds, parking spaces whether surface or structured
parking (including resurfacing, restriping,
landscaping, sweeping and provision of adequate
lighting, as applicable), and the basic structure.
Basic structure is agreed to include: all permanent
exterior and interior walls, floors and ceilings, roof,
concealed plumbing, elevators (including elevator
hydraulic system, and casing for elevator ram),
stairways, concealed electrical systems, telephone
intrabuilding network cable (INC), and heating,
ventilating and air conditioning system and fire
sprinklers, if applicable. As part of Lessor's
responsibilities for maintaining the Premises, Lessor
shall provide for (1) furnishing and maintaining sewer
services and trash removal, and (2) janitorial supplies
(including restroom supplies) and janitorial services
in accordance with the schedule attached to this Lease
as Exhibit "C".

17 B. The following provision shall apply in all cases other
18 than in the event of an emergency: If Lessor fails,
19 within five (5) business days after written notice from
20 Lessee ("the First Notice") to commence necessary
21 repairs and to diligently prosecute such repairs to
22 completion, then Lessee shall have the right to deliver
23 to Lessor a second written notice of such repairs,
24 which second notice shall contain the estimated cost of
25 such repairs (the "Second Notice"). The estimate costs
26 shall not be subject to Lessor's approval. If Lessor
27 fails, within five (5) business days after the Second
28 Notice, to commence necessary repairs and to
29 diligently prosecute such repairs to completion, then
30 Lessee shall have the right to perform such repairs and
31 to deduct the reasonable cost thereof from the
32 installment of rent next due. If the estimated cost of
33 such work is greater than one month's rent, prior to
34 any adjustment pursuant to Paragraphs 26 and 27, and
35 Lessor fails to perform such work, then Lessor's
36 failure to promptly commence and diligently pursue such
37 work following receipt of such estimate shall be a

1 material default pursuant to Paragraph 12B. If Lessee
2 terminates this Lease pursuant to this Paragraph, then
3 Lessee shall, within 30 days of such termination,
4 reimburse Lessor in full for the additional tenant
5 improvement allowance and the Discretionary Tenant
6 Improvement Allowance not theretofore paid by Lessee to
7 Lessor pursuant to Paragraph 26.

8
9 C. The following provision shall apply only in the event
10 of an emergency: In the event of an emergency, which
11 shall include, but not be limited to electrical or
12 mechanical system failures or threats to life or
13 safety, Lessee shall have the right to perform said
14 repairs if Lessor fails to commence to perform said
15 repairs within twenty-four (24) hours' following
16 receipt of oral (which shall be confirmed in writing)
17 or written notice from Lessee, unless the repairs
18 involve any structural aspect of the Premises, in which
19 case Lessee shall give Lessor forty-eight (48) hours
20 prior oral (which shall be confirmed in writing)
21 notice. Additionally, Lessee shall not be obligated to
22 provide to Lessor an estimate of the cost of said
23 emergency repairs prior to being completed by Lessee.

24
25 D. Lessee agrees to return said Premises to Lessor in as
26 good condition as when rented, ordinary wear and tear,
27 damage by earthquake, fire or the elements and other
28 disaster or casualty excepted. (other than damage which
29 is the result of the negligence or intentional acts of
30 Lessee or Lessee's agents, officers, invitees or
31 employees).

32
33 E. In the event that items specified in Paragraph 9A wear
34 out or fail or are damaged by earthquake, fire or the
35 elements, and/or other public disaster or casualty, the
36 Lessor shall replace said items at its own expense,
37 subject to the provisions of Paragraph 7.

38
39 10. UTILITIES: Lessor agrees to pay when due all charges for the use
40 of the sewer, effluent treatment, when and if imposed
41 by any Governmental authority, all water, sprinkler
42 standby charges, electricity, gas, and other lighting,
43 heating, and power and other utility rents and charges
44 accruing or payable in connection with the demised
45 Premises during the term of this Lease or any renewal,
46 extension, or holdover thereof, whether the same are
47 pro-rated or measured by separate meters. Lessor
48 shall furnish heating, ventilation, and air
49 conditioning (HVAC) for normal office use in the
50 Premises, Monday through Friday 6:00 AM to 6:00 PM,
51 and Saturday from 8:00 AM to 12:00 PM. Lessee may
52 request after hours HVAC use which shall be at Lessors
53 actual cost estimated to be \$45.00 per hour. Lessor
54 may adjust the cost of the after hours HVAC cost
55 charged to the Lessee upon prior notification and
56 reasonable verification by Lessee, which Lessee shall
57 promptly perform, that any adjusted after hours HVAC
58 cost reflect the actual cost of increased charges for
59 HVAC services provided.

60
61 Lessee shall pay, commencing on the first day of the
62 first month of each year after the Base Year, which
63 shall be 2002, any electricity costs for the Premises
64 during such calendar year in excess of the electricity
65 costs for the Building over the Base Year of 2002.

66
67 Lessor shall furnish at Lessee's cost, a stand alone
68 after hours HVAC unit with a timer for operation after
normal office hours in the Main Communication Room

1 (MCR) as an above standard improvement for the Lessee.
2 The stand alone HVAC unit shall be separately metered
3 and the cost of the after hours operation paid directly
4 by the Lessee. The Lessor at its sole cost and expense
5 will furnish HVAC to the MCR during normal working
6 hours Monday through Friday 6:00 AM to 6:00 PM and
7 Saturday from 8:00 AM to 12:00 PM.

8 If Lessor fails or refuses to pay any or all of the
9 charges when due, Lessee may give Lessor ten (10)
10 calendar days prior written notice specifying the
11 unpaid charge and the amount thereof. If lessor
12 thereafter fails or refuses to pay such charge within
13 10 calendar days of receipt of such written notice,
14 Lessee shall have the following options: (1) to pay
15 directly such charges and to deduct the payments from
16 the installments of rent next due as a charge against
17 the Lessor or (2) to terminate the lease in which event
18 Lessee shall not be liable for any further rental under
19 this Lease. Lessor shall not withhold payment to the
20 utility company in any situation which would lead to a
21 loss of any utility services to be provided to Lessee
22 pursuant to this Paragraph 10. If Lessee terminates
23 this Lease pursuant to this Paragraph, then Lessee
24 shall, within 30 days of such termination, reimburse
25 Lessor in full for the additional tenant improvement
26 allowance and the Discretionary Tenant Improvement
27 Allowance not theretofore paid by Lessee to Lessor
28 pursuant to Paragraph 26.

29 11. LESSOR'S
30 ACCESS:

31 Lessee agrees to permit the Lessor or Lessor's
32 prospective lenders, purchasers, tenants and their
33 authorized agents free access to the demised Premises
34 at all reasonable times for the purpose of inspection
35 or for making necessary or appropriate improvements or
36 repairs.

37 12. DEFAULT:

38 A. Default by Lessee:

39 Lessee agrees that if default shall be made in the
40 payment of rent in the manner herein provided or in any
41 of the covenants or agreements herein contained on the
42 part of the Lessee to be kept and performed which
43 constitute a material breach of the Lease, it shall be
44 lawful for the Lessor to declare said term ended and to
45 terminate this Lease upon the giving of thirty (30)
46 days written notice. In addition thereto, Lessor shall
47 have such other rights or remedies as may be provided
48 by law. Lessor may not terminate the Lease if (1)
49 Lessee cures the default within the thirty (30) day
50 period after the notice is given, or (2) the default
51 cannot reasonably be cured within the thirty (30) days
52 after notice is given, but Lessee reasonably commences
53 to cure the default within the thirty (30) days period
54 and diligently and in good faith continues to cure the
55 default.

56 B. Default by Lessor:

57 Lessor shall not be in default in the performance of
58 any obligation required to be performed under this
59 Lease unless Lessor has failed to perform such
60 obligation within thirty (30) days after the receipt of
61 written notice of default from Lessee specifying in
62 detail Lessor's failure to perform or within such
63 shorter period of time as may be specified herein.
64 Lessee may terminate this Lease upon Lessor's default
65 of any material obligation upon giving of thirty (30)
66 days prior written notice of termination. In addition
67

1 thereto, Lessee shall have such other rights or
2 remedies as may be provided by law. Lessee may not
3 terminate the Lease if (1) Lessor performs and meets
4 the obligation within the thirty (30) day period (or
5 shorter specified period) after notice of default is
6 given, or (2) the obligation cannot reasonably be
7 performed within thirty (30) days after notice of
8 default is given, but Lessor reasonably commences to
9 cure the default within the thirty (30) day period (or
10 shorter specified period pursuant to Paragraphs 7, 9,
11 10, 16 and 21) and diligently and in good faith
12 continues to cure the default.
13

14 Lessee shall not exercise any of its rights under this
15 Paragraph, other than its rights to give notice, until
16 Lessee gives notice to any person who has requested in
17 writing notice of Lessor's default, and has specified
18 that person's interest in the Lease. The notice to
19 such person shall be for the same period of time as
20 that to which Lessor is entitled. Such person shall
21 have the right to cure the default within the same
22 period of time, after notice, to which Lessor would be
23 entitled.
24

25 If Lessor or such person does not cure the default,
26 Lessee may exercise any of its rights or remedies
27 provided for or permitted in this Lease or pursuant to
28 law, including the right to recover any damages
29 proximately caused by the default.
30

31 If Lessee is permitted to cure the default under the
32 terms of this Lease, and elects to do so, then Lessee
33 shall be entitled to reimbursement for all of its
34 reasonable costs incurred, as well as to recovery for
35 all damages proximately caused to it because of the
36 default.
37

38 **C. Request for Notice of Default**

39 Lessor shall obtain prior to the Lessee's occupancy of
40 the Premises, a Request for Notice of Default, in a
41 recordable form, executed and acknowledged by Lessor,
42 requesting that the County be notified of any Notice
43 of Default filed by any of Lessor's lenders, to the
44 address of County as specified in Section 15 of this
45 lease.
46

47 **D. Receipt of Notice**

48 Notwithstanding anything in Paragraph 15 herein to the
49 contrary, receipt of notice under this Paragraph shall
50 be conclusively presumed to have occurred on the
51 earliest of:
52

- 53 (1) The date of personal delivery at the address of a
54 party specified in Paragraph 15.
- 55 (2) The date of delivery shown upon the United States
56 Postal Service's return receipt for certified or
57 registered mail.
- 58 (3) Ten (10) days after deposit of notice to the
59 address stipulated in Paragraph 15, sent by first
60 class mail with the United States Postal Service,
61 provided prior or concurrent notice has been
62 attempted pursuant to Paragraph 15, but delivery
63 has been refused or the notice otherwise returned
64 without delivery.
65
66
67
68
69

1 13. ASSIGNMENT:
2 SUBLETTING:

Lessee shall have the right to assign this lease or sub-
lease the Premises so long as the intended use is
consistent and compatible with the other tenancies
within the building and/or surrounding buildings and
with Paragraph 4 hereof and upon the condition that the
assignee or sublessee expressly assumes and agrees in
writing to pay the rent and to perform each and every
covenant and agreement in this lease required by Lessee
to be paid or to be performed. Lessee agrees to notify
Lessor in writing prior to any change in tenancy.

11
12 14. ALTERATIONS:

Except as expressly provided in Paragraph 26, Lessor and
Lessee agree not to make any structural or exterior
alterations in or on the demised Premises without first
securing the prior written consent of the other party
and further agree to make such alterations only at such
time that it is agreeable to said other party. Consent
shall be given or denied within thirty (30) days of
receipt of written request. Consent shall not be
unreasonably withheld. Should there be no response
within thirty (30) days the request is deemed approved.
"Structural" alterations shall be any modification to
the improvements which results in a change in the
structural integrity of the improvements or alters the
gross cubic area of the improvements. Notwithstanding
any other provision, Lessee may make non-structural
alterations within the interior of the Premises which
cost Lessee less than \$50,000 per occurrence without
Lessor's prior written consent.

Any alterations installed by Lessee which are "trade
fixtures" as such are defined by the law of eminent
domain shall be treated as tenant's fixtures in
accordance with the provisions of this Lease and
Agreement.

36 15. NOTICES:

Notices desired or required to be given by this Lease or
by any law now or hereinafter in effect shall be given
by enclosing the same in a sealed envelope with postage
prepaid, certified or registered mail, return receipt
requested, with the United States Postal Service.

Any such notice and the envelope containing the same
shall be addressed to the Lessor as follows:

Washington Mutual Bank
c/o CB Richard Ellis
4910 Rivergrade Road, Suite A-110
Irwindale, California 91706

with a copy to:

Washington Mutual Bank
Corporate Property Services
1201 3rd Avenue, WMT-0833
Seattle, WA 98101

or such other place as may hereinafter be designated in
writing by the Lessor except that Lessor shall at all
times maintain a mailing address in California.

The notices and envelopes containing the same shall be
addressed to the Lessee as follows:

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

1 with a copy to:

2 Chief Administrative Office,
3 Real Estate Division
4 222 South Hill Street, 3rd floor
5 Los Angeles, CA 90012
6 Attention: Director of Real Estate
7

8 16. **CONDEMNATION:** If the Premises or any portion thereof are taken under
9 the power of eminent domain, or sold under the threat of
10 the exercise of said power (all of which are herein
11 called "condemnation") any award for the taking of all
12 or any part of the Premises shall be the property of the
13 Lessor, to the extent it is compensation for the taking
14 of the fee or as severance damages. Lessee shall be
15 entitled to that portion of the award, if any,
16 attributable to Lessee's trade fixtures and improvements
17 and for the bonus value of Lessee's leasehold. "Trade
18 fixtures" are agreed to include any tenant improvements
19 installed at Lessee's request pursuant to Paragraph 26
20 to the extent Lessee has reimbursed Lessor for such
21 tenant improvements in a lump sum or through
22 amortization included in the rent payments. This Lease
23 shall remain in full force and effect as to the portion
24 of the Premises remaining except that the rent shall be
25 reduced in the proportion that the area taken bears to
26 the total leased Premises.

27
28 In the event of a partial taking of the structure,
29 Lessor shall use the proceeds of the condemnation
30 received by Lessor to restore the Premises to a complete
31 architectural unit of a quality, appearance and
32 functional utility at least consistent with the
33 structure as it existed prior to the taking. Rent shall
34 abate for such time and for such area as reconstruction
35 is required and areas are not secure, weather-tight, and
36 usable as office space. Failure of Lessor to commence
37 such restoration within thirty (30) days of the actual
38 physical taking of a portion of the structure shall be
39 grounds for Lessee to cancel this lease by giving Lessor
40 fifteen (15) days advance written notice of such
41 cancellation, or Lessee, in its discretion, may elect
42 to undertake directly the restoration and deduct the
43 costs thereof from the installments of rent next payable
44 to the Lessor. Commencement under the aforementioned
45 condition shall require (1) securing the area to prevent
46 injury to persons and/or vandalism to the improvements;
47 and (2) the placement of a work order or contract for
48 obtaining the Labor and Materials to accomplish the
49 restoration.
50

51 Within fifteen (15) days of receipt of the offer to
52 acquire the property pursuant to Section 7267.2 of the
53 Government Code or, within fifteen (15) days of the date
54 landlord receives written notice of the RESOLUTION of
55 NECESSITY to condemn property, whichever is earlier,
56 Lessor shall notify Lessee in writing (1) of
57 condemnation proceeding and (2) physical extent of the
58 Premises that will be affected by the proposed taking.

59 If more than ten (10) percent of the floor area of the
60 improvements on the Premises, or more than twenty five
61 (25%) percent of the land area of the Premises, which is
62 not occupied by any improvements, taken by condemnation,
63 Lessee may cancel this lease. The parties agree that
64 the Lessor and lessee shall each receive independently
65 their relocation assistance.

1 In the event of a partial taking of the parking area,
2 Lessor shall use its best efforts to provide Lessee with
3 Three Hundred and Ten (310) exclusive off-street in and
4 out parking spaces within five hundred (500) feet of the
5 demised Premises, or within the San Gabriel Valley
6 Corporate Center. Lessee may at its sole discretion
7 negotiate with Lessor for an equitable reduction in the
8 monthly rent based upon the fair market value of such
9 parking or the loss of such parking if not replaced.

10 Notwithstanding the above, failure of the Lessor to
11 provide a minimum of Three Hundred and Ten (310) spaces
12 at all times shall entitle Lessee to terminate this
13 Lease by giving Lessor fifteen (15) days' advance
14 written notice of such termination.

15 **17. INDEMNIFICATION**
16 **AND INSURANCE**
17 **REQUIREMENTS:**

During the term of this Lease, the following
indemnification and insurance requirements shall be
in effect.

18 **A. Indemnification:**

19
20 Lessor shall indemnify, defend and hold harmless Lessee,
21 from and against any and all liability, including but
22 not limited to demands, claims, actions, fees, costs,
23 and expenses (including attorney and expert witness
24 fees), to the extent arising from or connected with
25 Lessor's ownership, repair, maintenance and other acts
26 and/or omissions arising from and/or relating to the
27 Premises; provided, however, that the provisions of this
28 paragraph shall not apply with respect to the events,
29 matters, or circumstances that would trigger, give rise
30 to, or be covered under lessee's indemnification,
31 defense, and hold harmless obligations under the
32 paragraph set forth immediately below.

33
34 Lessee shall indemnify, defend and hold harmless Lessor,
35 from and against any and all liability, including but
36 not limited to demands, claims, actions, fees, costs,
37 and expenses (including attorney and expert witness
38 fees), arising from or connected with Lessee's use of
39 the Premises by Lessee, Lessee's agents, employees,
40 guest, invitees, or licensees.

41
42 **B. Waiver of Subrogation:** Both the Lessee and Lessor each
43 agree to release the other and waive their rights of
44 recovery against the other for any direct or
45 consequential loss or damage arising out of or incident
46 to the perils covered by the property insurance policy
47 or policies carried by the waiving party, including,
48 without limitation, damage to their respective property
49 arising from perils insured in the Causes-of-Loss
50 Special Form (ISO form CP 10 30).

51
52 **C. General Insurance - Lessor Requirements:** Without
53 limiting Lessor's indemnification of Lessee and during
54 the term of this Lease, Lessor shall provide and
55 maintain the programs of insurance set forth in
56 Paragraph 17. D., Insurance Coverage Types and Limits -
57 Lessor Requirements. Such insurance shall be primary to
58 and not contributing with any other insurance or self-
59 insurance programs maintained by Lessee, and such
60 coverage shall be provided and maintained at Lessor's
61 own expense.

62
63 (1) **Evidence of Insurance.** Certificate(s) or other
64 evidence of coverage satisfactory to Lessee shall
65 be delivered to the Chief Administrative Office,
66

1 Real Estate Division, 222 S. Hill Street, 4th floor,
2 Los Angeles, CA 90012 Attn: Director of Real Estate
3 upon execution of this Lease. Such certificates or
4 other evidence shall:
5

- 6 (a) Specifically identify this Lease.
7 (b) Clearly evidence all coverages required in this
8 Lease.
9 (c) Contain the express condition that Lessee is to
10 be given written notice by mail at least thirty
11 (30) days in advance of cancellation for all
12 policies evidenced on the certificate of
13 insurance.
14 (d) Include copies of the additional insured
15 endorsement (ISO form CG 20 26) to the
16 commercial general liability policy, adding the
17 Lessee as an additional insured.
18 (e) identify any deductibles exceeding \$25,000.
19

20 (2) **Review of Insurance Requirements.** The types of
21 insurance and limits required under this Lease
22 shall be reviewed annually by the Lessor or its
23 representative. Coverage types and limits shall
24 reflect the prevailing practice in the Los Angeles
25 metropolitan area for insuring similar property and
26 casualty risks, and be subject to Lessee's
27 approval. Insurance is to be provided by an
28 insurance company acceptable to Lessee with an A.M.
29 Best rating of not less than A:VII, unless
30 otherwise approved by Lessee.
31

32 (3) **Failure to Maintain Coverage.** Failure by Lessor to
33 maintain the required insurance, or to provide
34 evidence of insurance coverage acceptable to Lessee
35 shall constitute a material breach of the Lease
36 pursuant to Paragraph 12. B., Default by Lessor.
37 Alternatively, at its sole option, Lessee may
38 purchase such required insurance coverage, and
39 without further notice to Lessor, deduct any
40 premium costs advanced by Lessee for such insurance
41 from any rental payments next due to Lessor.
42

43 **D. Insurance Coverage Types and Limits - Lessor**
44 **Requirements:**

45 (1) **General Liability** insurance (written on ISO policy
46 form CG 00 01 or its equivalent) with limits of not
47 less than the following:
48

49 General Aggregate:\$10 million
50 Products/Completed Operations Aggregate:\$10 million
51 Personal and Advertising Injury:\$ 5 million
52 Each Occurrence:\$ 5 million
53

54 2. **Commercial Property** insurance. Such insurance
55 shall:
56

- 57 (a) cover damage to Lessor's property, including
58 improvements and betterments, from perils
59 covered by the Causes-of-Loss Special Form (ISO
60 form CP 10 30), and include Ordinance or Law
61 coverage.
62 (b) be written for the full replacement cost of the
63 property, with a deductible of no greater than
64 5% of the property value. Insurance proceeds
65 shall be payable to the Lessor and the Lessee
66 as their interests may appear and be utilized
67 for repair and restoration of the Premises.
68

1 Failure by Lessor to use such insurance
2 proceeds to timely repair and restore the
3 Premises shall constitute a material breach of
4 this Lease pursuant to Paragraph 12B, Default
5 by Lessor.

6 (c) include a Waiver of Subrogation in favor of
7 Lessee.

8
9 E. **General Insurance - Lessee Requirements:** During the term
10 of this Lease, Lessee shall maintain a program of
11 insurance coverage as described below. Lessee, at its
12 sole option, shall use commercial insurance and/or self-
13 insurance coverage or any combination thereof to satisfy
14 these requirements. Certificate(s) evidencing coverage
15 will be provided to Lessor after execution of this Lease
16 at Lessor's request.

17
18 **Insurance Coverage Types and Limits - Lessee**
19 **Requirements:**

20
21 (1) General Liability coverage (equivalent to ISO
22 policy form CG 00 01) with limits of not less than
23 the following:

24
25 General Aggregate:\$ 2 million
26 Products/Completed Operations Aggregate:\$ 1 million
27 Personal and Advertising Injury:\$ 1 million
28 Each Occurrence:\$ 1 million

29
30 Lessor shall be an Additional Insured (or its
31 equivalent) with respect only to liability arising
32 from Lessee's sole negligence in its use of the
33 leased Premises.

34
35 Automobile Liability insurance (written on ISO policy
36 form CA 00 01 or its equivalent) with a limit of
37 liability of not less than \$1 million for each accident.
38 Such insurance shall include coverage for all "owned",
39 "hired" and "non-owned" vehicles (or for "any auto").

40
41 Workers Compensation and Employers' Liability insurance
42 providing workers compensation benefits as required by
43 the Labor Code of the State of California, and including
44 Employers' Liability coverage with limits of not less
45 than the following:

46
47 Each Accident: \$1 million
48 Disease - policy limit: \$1 million
49 Disease - each employee: \$1 million

50
51 General Aggregate: \$2million
52 Products/
53 Completed Operations Aggregate: \$2 million
54 Personal & Advertising: \$2 million
55 Each Occurrence: \$1 million

56
57 18. **TAXES:**

58 Lessor shall pay prior to delinquency all real property
59 taxes, assessments and special assessments which may be
60 levied or assessed against the demised Premises during
61 the term of this Lease or any renewal or holdover period
62 thereof.

63
64 In the event Lessor fails or refuses to pay any or all
65 taxes or assessments prior to delinquency, Lessee may
66 give Lessor thirty (30) calendar days prior written
67 notice and thereafter pay such taxes and assessments and
68 deduct the payments from the installments of rent next
due as a charge against the Lessor.

19. FIRST RIGHT TO PURCHASE:

Lessor hereby grants to Lessee the first right to negotiate a purchase of the fee simple title to the real property and improvements legally described in Paragraph 1 of this Lease and Agreement. In the event the Lessor considers formally offering the property located at 5050 Commerce Drive, Baldwin Park for sale to the marketplace or considers accepting an unsolicited offer to purchase the property, the Lessor shall first present the considered terms to the Lessee by written notice. Such terms shall provide, among other things, that the property shall be sold with the same parking rights as are granted to Lessee under this Lease. If the Lessee elects to purchase the property, Lessee shall then have thirty (30) days in which to accept the terms of the sale presented in the Lessor's offer. If the Lessee does not elect to purchase the property, then the Lessor shall have the right to proceed with the marketing and sale of the property on the terms set forth in the Lessor's offer. If Lessor does not consummate a sale of the property for a sales price of not less than the sales price specified in Lessor's offer, then Lessor shall have no right to sell the property unless it first complies with the provisions of this Paragraph 19. The provisions of this Paragraph 19 shall not apply to any sale of the property by Lessor to any Affiliate.

The term "Affiliate" as used herein shall be any person or entity (1) that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, Lessor, (2) owns twenty-five percent (25%) or more of the equity interest of which is held beneficially or of record by Lessor, or is a successor of Lessor by reason of merger, consolidation, public offering, reorganization, dissolution, or sale of stock, membership or partnership interests or assets.

If Lessor and Lessee each execute a definitive agreement of purchase and sale within 30 days after delivery of such written notice, then Lessor shall sell the property to Lessee upon the terms and conditions set forth therein. If Lessor and Lessee do not each execute a definitive purchase and sale agreement within such time, then Lessor shall have the right to market and/or sell the property upon such terms and conditions as Lessor deems appropriate in its sole and absolute discretion.

20. BINDING ON SUCCESSORS:

Each and all of the terms and agreements herein contained shall be binding upon and shall inure to the benefit of the successors in interest of the Lessor, and wherever the context permits or requires, the permitted successors in interest to the Lessee as defined in Paragraph 13.

If Lessor sells or transfers the property including the Premises, then Lessor shall, upon consummation of such sale or transfer, be released from any liability relating to obligations or covenants arising thereafter to be performed or observed under this Lease, and in such event Lessee agrees to look solely to Lessor's successor in interest with respect to any such liability. Lessor shall not be released from any liability relating to obligations or covenants of Lessor arising prior to such sale or transfer, including any liability arising from Lessor's default of this Lease prior to such sale or transfer.

121. PARKING
2 SPACES:

Lessor at its sole cost and expense shall provide for the non-exclusive use by Lessee on during the term of this Lease and Agreement or any renewal or holdover period Three Hundred Ten (310) off-street in-and-out parking spaces located on the premises and shown in Parking Plan attached as Exhibit "G". No tandem spaces will be included and all spaces will be "in and out" as long as that design is consistent with County policy.

Lessor shall use its best effort to provide Lessee with Three Hundred Ten (310) non-exclusive spaces at all times. If Lessor provides less than Three Hundred and Ten spaces Lessee may at its sole discretion negotiate with Lessor for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking or the loss of such parking if not replaced.

Lessee shall have the right to designate up to 20 of the foregoing spaces as "reserved parking spaces" to be located adjacent to the building commonly known as the 5050 Building. The location of reserved and unreserved parking spaces shall be as set forth on the parking plan attached hereto as Exhibit "G."

Notwithstanding the above, failure of the Lessor to provide a minimum of Three Hundred Ten (310) spaces in

accordance with the first paragraph of this Section shall entitle Lessee to terminate this Lease by giving Lessor fifteen days advance written notice of such termination.

22. HAZARDOUS
31 MATERIALS:

Definition:

For purposes of this Agreement, the term "hazardous substances" shall be deemed to include hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316 as amended from time to time, or the same or a related defined term in any successor or companion statutes, and crude oil or byproducts of crude oil other than crude oil which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

Warranties and Representations:

1. Lessor hereby warrants and represents, to Lessor's actual knowledge, that during its ownership of the Premises; hazardous substances have not been released on the Premises; that it has no knowledge of any release of hazardous substances on the Premises occurring before its ownership; that it has no knowledge or reason to believe that there are hazardous substances on the Premises; that Lessor shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances; and that Lessor shall require all other tenants, if any, of the subject property to comply with the aforementioned rules and regulations.
2. Lessee hereby warrants and represents that it shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances on the Premises.

1 Notice:

2
3 Lessor and Lessee agree to immediately notify each other
4 when either party learns that hazardous substances have
5 been released on the Premises or, if a multi-tenant
6 property, on the subject property.

7 Indemnity:

- 8 1. Lessor agrees to indemnify, defend and save Lessee,
9 its agents, offices and employees from or against
10 all liability, expenses (including defense costs,
11 legal fees, and response costs imposed by law) and
12 claims for damages of any nature whatsoever which
13 arise out of the presence of hazardous substances
14 on the Premises which has not been caused by Lessee
15 or Lessee's agents, employees, officers or
16 invitees.
- 17 2. Lessee agrees to indemnify, defend and save
18 harmless Lessor, its agents, officers and employees
19 from and against all liability, expenses (including
20 defense costs, legal fees and response costs
21 imposed by law) and claims for damages of any
22 nature whatsoever which arise out of the presence
23 of hazardous substances on the Premises caused by
24 Lessee or Lessee's agents, employees, officers or
25 invitees.
- 26 3. The indemnity provided each party by this
27 provision shall survive the termination of this
28 Lease.

29 Default:

30
31 The presence or release of hazardous substances on
32 the Premises and/or subject property, which is not
33 caused by Lessee and which threatens the health and
34 safety of Lessee's agents, officers, employees or
35 invitees and which renders the Premises untenable, as
36 mutually determined by Lessee and Lessor, and based
37 upon use of reasonable discretion, shall entitle
38 Lessee to terminate this Lease but, only in the event
39 Lessor cannot remediate the presence of hazardous
40 material or otherwise make the Premises tenantable
41 within three (3) months of the date of Lessee's
42 notice to Lessor of the presence of hazardous
43 material. In the event of such termination, Lessee
44 shall not be obligated for any further rental
45 effective upon the date Lessee ceases to conduct
46 business from within the Premises, and Lessor shall
47 refund any unearned rent paid in advance by Lessee
48 calculated at a daily rate based on the regular
49 monthly rental.

50 Operating Costs:

51 Costs incurred by Lessor as a result of the presence
52 or release of hazardous substances on the Premises
53 and/or subject property which is not caused by Lessee
54 are extraordinary costs not considered normal
55 operating expenses and shall not be passed through to
56 Lessee as part of its obligation, if any, to pay
57 operating expenses.

58 Asbestos Notification:

59 Lessor represents, based upon a professional
60 inspection of the subject Premises conducted by BCM

1 Engineers, a licensed California Asbestos Contractor,
2 and their report dated November 1989, copy of which
3 is hereby acknowledged received by Lessee, that the
4 subject Premises contain no asbestos containing
5 materials, other than those reflected in the report.
6 Lessor agrees, prior to Lessee's occupancy, to abate,
7 at Lessor's sole cost and expense, all asbestos
8 containing materials, and provide Lessee with an
9 updated report from a licensed California Asbestos
10 Contractor to that effect.

11 Lessor agrees to notify (County/Lessee) at least
12 annually of Lessor's knowledge of the presence of
13 asbestos containing materials within the building of
14 which the demised Premises is part. Such
15 notification shall comply with Health and Safety Code
16 Sections 25915 et seq as amended from time to time or
17 as required by any successor or companion statutes
18 enacted subsequent to this Lease and Agreement.

19 Indoor Air Pollution Notification:

20 Lessor represents and warrants that, to the actual
21 knowledge of the persons employed by Lessor
22 responsible for managing and leasing the Premises, a)
23 there have been no complaints regarding the indoor
24 air quality anywhere in the building or in the
25 ventilating system; b) the Lessor will deliver to
26 Lessee/County copies of any such complaints received;
27 c) to the best of his Lessor's knowledge there are no
28 indoor air pollution and/or air quality problems in
29 the building; and d) the Lessor will notify
30 Lessee/County if any indoor air quality or
31 environmental problem is discovered or reported in
32 the building, and undertake to correct such problem
33 at his Lessor's sole cost and expense.

34 23. GENERAL
35 PROVISIONS:

36 A. Waiver

37 The waiver by Lessor or Lessee of any term, covenant or
38 condition herein contained shall not be deemed to be a
39 waiver of such term, covenant or condition on any
40 subsequent breach of the same or any other term, covenant
41 or condition herein contained.

42 B. Marginal Headings

43 The paragraph titles in this Lease are not a part of this
44 lease thereof and shall have no effect upon the
45 construction or interpretation of any part hereof.

46 C. Time

47 Time is of the essence of this Lease and each and all of
48 its provisions in which performance is a factor.

49 D. Recordation

50 This Lease shall not be recorded, but the parties shall
51 execute and acknowledge before a notary public, the
52 Memorandum of Lease attached hereto as Exhibit H. The
53 Memorandum shall be recorded with the Los Angeles County
54 Recorder by Lessee. Lessee shall, within thirty (30)
55 calendar days of the expiration or termination of this
56 Lease, execute and deliver to Lessor a quitclaim deed to
57 the Premises, in recordable form, designating Lessor as
58 transferee. The quitclaim deed may be executed by the
59 Chief Administrative Officer or his designee.
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E. Quiet Possession

Upon Lessee paying the rent hereunder Lessee shall have quiet possession of the demised Premises for the entire term hereof subject to all the provisions in this Lease. If any underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, this Lease shall nevertheless remain in full force and effect and Lessee at all times shall be entitled to quiet possession and use of the Premises and shall, notwithstanding any subordination, and upon the request of such successor in interest to Lessor, attorn to and become the Lessee of the successor in interest to Lessor.

F. Prior Agreements

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease and no prior agreements or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

G. Force Majeure

In the event that either party is delayed or hindered from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations, riots, insurrection, war or other reasons of a like nature beyond the control of such party, then performance of such acts shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

H. Separability

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 such other provisions shall remain in full force and effect.

I. Cumulative Remedies

No remedy or election hereunder shall be deemed exclusive but shall wherever possible be cumulative with all other remedies at law or in equity.

J. Choice of Law

This Lease shall be governed by the laws of the State of California, exclusive of conflict of law provisions.

K. Warranties or Guarantees

In the event that any of the items required to be maintained and repaired by the Lessor under the provisions of Paragraph 9A herein are protected by warranties or guarantees, Lessor shall enforce such warranties and guarantees for the benefit of Lessee or, if Lessor fails to do so, the Lessee shall be entitled to the full benefit of such protection as if it were the original purchaser thereof.

1
2 L. Impairment of Title
3

4 Lessor hereby covenants to notify Lessee in writing within
5 thirty (30) days of each and every occurrence which may
6 impair Lessor's title to the demised Premises. Such
7 occurrences include, but are not limited to, default on a
8 trust deed, transfer of any interest in any trust deed,
9 notification of any lien recordation, notification of any
10 foreclosure, and notification of default in the master
11 lease. Lessor further agrees to notify Lessee, in
12 writing, within ten (10) days of receipt of any written
13 notice regarding redevelopment, zoning, or conditional use
14 permits which affect the property, the subject of this
15 Lease or real property adjacent thereto.
16

17 M. Construction
18

19 Any and all construction pertaining to this Lease and
20 Agreement by Lessor or his designated contractors or
21 subcontractors shall comply with all applicable City,
22 County, State and Federal regulations, codes and
23 ordinances, including but not limited to all provisions of
24 the Labor Code of the State of California. Under the
25 provisions of said Labor Code, the State Department of
26 Industrial Relations will ascertain the prevailing hourly
27 rate in dollars and details pertinent thereto for each
28 craft, classification or type of workman or mechanic
29 needed for the construction of the improvements.
30

31 Particulars of the current Prevailing Wage Scale, as
32 approved by the Board of Supervisors, which are applicable
33 to the work contemplated are filed with the Clerk of the
34 Board of Supervisors and must be posted at the subject
35 site.
36

37 N. Interpretation
38

39 The language of this Lease shall be construed according to
40 its fair meaning and not strictly for or against Lessor or
41 Lessee.
42

43 O. Community Business Enterprise
44

45 Lessor is encouraged to use Community Business Enterprises
46 (CBE) in all contracts when possible as sources for
47 supplies, equipment, construction and services. This
48 shall apply during any applicable tenant improvement
49 construction, modular furniture installation and services
50 to be provided during the lease term.
51

52 Lessor shall submit evidence of CBE participation by
53 providing completed copies of the Community Business
54 Enterprise Firm Information, form attached hereto as
55 Exhibit "F", at the time of signing this Lease and
56 Agreement and thereafter on an annual basis on or before
57 December 30th of each year of the term of this Agreement.
58

59 P. Lobbyists
60

61 Lessor and each County lobbyist or County lobbying firm as
62 defined in Los Angeles County Code Section 2.160.010,
63 retained by Lessor, shall fully comply with the County
64 Lobbyist Ordinance, Los Angeles County Code Chapter 2.160.
65 Failure on the part of Lessor or any County lobbyist or
66 County lobbying firm retained by Lessor to fully comply
67 with the County Lobbyist Ordinance shall constitute a
68 material breach of this Agreement upon which County may
69 immediately terminate or suspend this Lease and Agreement.
70

1 24. WARRANTY OF Each of the undersigned signatories for the lessor
2 AUTHORITY: hereby personally covenant, warrant and guarantee that based
3 solely upon the certificates of Lessor's corporate secretary
4 attached hereto as Exhibit A-1 he or she has the power and
5 authority to execute this Lease upon the terms and conditions
6 stated herein and each agrees to indemnify and hold harmless
7 the Lessee from all damages, costs, and expenses, which
8 result from a breach of this material representation.
9

10 25. ESTOPPEL Either party shall at any time upon not less than thirty
11 CERTIFICATE: (30) days' prior written notice from the other party execute,
12 acknowledge and deliver to the requesting party a statement
13 in writing (1) certifying that this Agreement is unmodified
14 and in full force and effect (or, if modified, stating the
15 nature of such modification and certifying that this
16 Agreement, as so modified, is in full force and effect) and
17 the date to which the rent and other charges are paid in
18 advance, if any, and (2) acknowledging that there are not to
19 the declarant's knowledge, any uncured defaults on the part
20 of either party hereunder, or specifying such defaults if any
21 are claimed. Any such statement may be conclusively relied
22 upon by a party hereto or any prospective purchaser or
23 encumbrancer of the building complex or any other interested
24 party. Failure to deliver such statement within such time
25 shall be conclusive evidence (a) that this Agreement is in
26 full force and effect without modification except as may be
27 represented by the requesting party in the written request
28 for the certificate, (b) that there are no uncured defaults
29 in either party's performance, and (c) that not more than one
30 month's rent has been paid in advance.
31

32 26. TENANT A. Lessor within ten (10) days after receipt of a duly
33 IMPROVEMENTS: executed copy of this Lease document and County-approved
34 preliminary plans, will, at its own expense, cause a licensed
35 California architect to prepare final working drawings and
36 specifications for the proposed interior tenant improvements
37 which are to be provided by Lessor up to a maximum cost of
38 \$1,165,500 (\$15.00 per square foot) as estimated by Lessor.
39 Should said tenant improvements cost less, then Lessor shall
40 pass on such savings to Lessee in the form of a rent
41 reduction over the term of the Lease at the rate of and
42 Twelve and 67/100 Dollars (\$12.67) per month for each One
43 Thousand Dollars (\$1,000.00) of savings. Lessor agrees to
44 execute a work letter, (Tenant Improvement Work Letter"),
45 substantially in the form attached in Exhibit "J".
46

47 Additional Tenant Improvement Allowance:
48

49 In the event that the tenant improvement cost exceeds
50 \$1,165,500, or \$15.00 per square foot Lessee may authorize
51 Lessor after review of estimates and written approval of the
52 Chief Administrative Officer to pay the overage (the
53 "Additional Tenant Improvement Allowance"; provided, however,
54 that the Additional Tenant Improvement Allowance shall not
55 exceed 3,496,500, or \$45 per square foot. The base tenant
56 improvement allowance of \$15 per square foot, together with
57 the Additional Tenant Improvement Allowance of \$45 per square
58 foot, shall equal \$60 per square foot. Lessee shall
59 reimburse Lessor for the Additional Tenant Improvement
60 Allowance in equal monthly installments over the original
61 term of this Lease plus monthly interest on such sum at the
62 rate of 9% per annum calculated on the basis of 360 days per
63 year and the actual days elapsed. The Lessee may at anytime
64 during the Lease term pay Lessor in a lump sum for all or any
65 portion of the tenant improvement cost and reduce the
66 adjusted base rental rate per Paragraph 3 accordingly.
67 Lessor will notify Lessee of the tenant improvement final
68 cost, and the amount payable monthly by Lessee in addition

1 to the rent payable pursuant to Paragraph 3. Such payments
2 shall constitute additional rent hereunder and shall be
3 payable at the time and in the manner provided for payment
4 of rent pursuant to Paragraph 3.

5 Discretionary Tenant Improvement Allowance:

6 Additionally, Lessee may authorize Lessor after review of
7 estimates and written approval of the Chief Administrative
8 Officer to pay an additional Discretionary Tenant Improvement
9 Allowance of \$1,709,400 (\$22.00) per square foot multiplied
10 by 77,700 square feet) above the base tenant improvement
11 allowance of \$15.00 per square foot and the Additional Tenant
12 Improvement Allowance of \$45.00 per square foot for
13 construction and above-standard tenant improvements. Lessee
14 agrees to reimburse Lessor for tenant improvement costs for
15 the Discretionary Tenant Improvement Allowance, in equal
16 monthly installments over the original term of this Lease
17 plus monthly interest on such sum at the rate of 9% per annum
18 calculated on the basis of 360 days per year and the actual
19 days elapsed. The Lessee may at anytime during the Lease
20 term pay Lessor in a lump sum for all or any portion of the
21 Discretionary Tenant Improvement and reduce the adjusted base
22 rent pursuant to Paragraph 3.

23 Lessor will notify Lessee of the tenant improvement final
24 cost, and the amount payable monthly by Lessee in addition
25 to the rent payable pursuant to Paragraph 3. Such payments
26 shall constitute additional rent hereunder and shall be
27 payable at the time and in the manner provided for payment
28 of rent pursuant to Paragraph 3.

29 For purposes of ascertaining the actual cost of said tenant
30 improvements, Lessor shall provide to Lessee, upon the
31 issuance of a Certificate of Occupancy, or a final sign-off
32 by the City of Baldwin Park, a detailed breakdown of the
33 total costs of constructing the tenant improvements and
34 execute a summarized breakdown of the total costs of the
35 tenant improvements in the form of the attached Exhibit "E"
36 with the right to audit these costs for a period of 24 months
37 from the date of commencement of the term of this Lease.

38 In the event Lessee requests a rent reduction due to its
39 audit of these costs, Lessee shall provide Lessor with a copy
40 of the audit summary as part of its request.

41 The working drawings are to be prepared in accordance with
42 preliminary plans and specifications No. _____ dated
43 _____, 2001 and No. _____ dated
44 _____. Said Plans and Specifications are also on
45 file with the Chief Administrative Office and identified as
46 Exhibit "B" and incorporated herein by reference thereto and
47 Lessor has a duplicate copy. Lessor shall provide any final
48 working drawings required from said preliminary plans with
49 Lessee having the right to review and approve said final
50 working drawings. All work, construction and materials shall
51 be in final working drawings and specifications. All circuit
52 breakers, fire sprinklers, and plumbing shut off valves shall
53 be labeled as to areas controlled both on the drawings and
54 on the breaker panels and valves. Upon completion Lessor
55 shall furnish the Chief Administrative Office with one (1)
56 complete set of reproducible as-built drawings of the tenant
57 improvements and one copy of the CAD or DXF file, together
58 with the existing plans, if any, showing the locations of any
59 underground utility lines and their depths.

60 The Premises shall meet all applicable City, County State and
61 Federal building codes, regulations and ordinances required
62 for beneficial occupancy. Any work, including construction,

1 that Lessor must undertake to obtain the necessary
2 jurisdictional approvals necessary for occupancy and
3 construction of the tenant improvements shall be at Lessor's
4 sole cost and expense and shall not be considered as part of
5 the tenant improvement allowance. Any work to meet applicable
6 code requirements necessitated by Lessee's special
7 requirements shall be included as part of the tenant
8 improvement allowance.

9 The Lessor shall submit three bids for the construction of
10 the tenant improvements to the County for its review prior
11 to award of the general contract. The bids shall include an
12 itemized list in reasonable detail of materials and labor and
13 shall include all additional costs including A/E fees,
14 permits, reasonable contractor's profit and overhead, and a
15 project management fee of 3% of the hard construction cost.
16 Three bids for the purchase and installation of the office
17 furniture system by the furniture dealer shall be included
18 in the construction estimates. Lessor shall select the office
19 furniture system and dealer and shall negotiate with such
20 dealer the costs associated therewith, in accordance with
21 plans and specifications submitted by Lessee.

22 Based on the "Modular Specifications" provided by the Lessee,
23 Lessor and/or Lessor's architect shall prepare a modular
24 specifications bid package for submission to no less than
25 three (3) furniture vendors. Prior to submission for bids,
26 Lessor shall review the bid package with Lessee and Lessee
27 shall have the right to approve or disapprove the bid
28 package. Lessor shall not be responsible for the cost of
29 such modular furniture in excess of the Additional Tenant
30 Improvement Allowance. Lessor shall provide to Lessee a
31 detailed breakdown of the total cost of the modular furniture
32 prior to the commencement date of the Lease with the right
33 of Lessee to audit the cost for a period of eighteen (18)
34 months from the Lease commencement date. Provided Lessee has
35 approved the modular furniture and cost thereof, Lessor shall
36 be responsible for ordering and installing the modular
37 furniture in consultation with Lessee. At the end of the
38 Lease Term, all furniture purchased or leased pursuant to
39 this paragraph shall become the property of Lessee.

40 The tenant improvement cost shall not include any costs
41 incurred for asbestos abatement, fire sprinkler system, or
42 conversion of air conditioning systems to eliminate use of
43 CFC refrigerants that are harmful to the atmosphere. All
44 work for required asbestos abatement, fire sprinkler system,
45 or air conditioning system conversion shall be performed at
46 the sole cost and expense of Lessor.

47 B. Completion

48 The parties agree that the estimated time for completion of
49 said tenant improvements is 90 days from the date of issuance
50 of all required permits based on the Construction Schedule
51 attached herewith as Exhibit "I". Lessor shall file for a
52 building permit to construct the improvements within ten (10)
53 days of completion of final working drawings and acceptance
54 by Lessee and diligently pursue to obtain the permit as soon
55 as possible.

56 Additionally, Lessor shall complete the telephone equipment
57 room(s) including permanent power and HVAC in compliance with
58 the plans and specifications referenced above as Exhibit "B"
59 at least thirty (30) days prior to the estimated completion
60 date. During this thirty (30) day period, the Lessor shall
61 be responsible for any telephone/data equipment delivered to
62 the site for programming prior to the completion date.

63 Completion may be delayed by:

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1. Acts or omissions of Lessee or of any employees or agents of Lessee (including change orders in the work), or
 2. Any act of God which Lessor could not have reasonably foreseen and provided for, or
 3. Any strikes, boycotts or like obstructive acts by employees or labor organizations which Lessor cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or
 4. Any war or declaration of a state of national emergency, or
 5. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the Premises.
- C. Change Orders

Lessee may not request change orders that exceed a total cost of Three Hundred Eighteen Thousand Five Hundred Seventy and No/100 Dollars (\$318,570) and Lessor shall not be required to accept any particular change order if the total cost of prior change orders exceeds Three Hundred Eighteen Thousand Five Hundred Seventy and No/100 Dollars (\$318,570). The Chief Administrative Officer/Director of Real Estate, is hereby authorized to approve change orders on behalf of Lessee. No County Project Manager or employee, including the CAO, is authorized to approve an expenditure not expressly pre-approved by the Board of Supervisors. The Board of Supervisors will not approve retroactive expenditures. A Lessor who violates this section of the Lease, even if it benefits the Lessee/County, shall not recover these unapproved expenditures, and shall solely bear the risk of loss for incurring such liabilities. Lessee may pay for change order costs in lump sum, or may, at its option, amortize the change order costs over the original term of the Lease in equal monthly installments plus interest at the rate of nine percent (9%) per annum, i.e., Twelve and 67/100 Dollars (\$12.67) per month for each ONE THOUSAND DOLLARS (\$1,000.00) of change order costs plus interest. Such payments shall constitute additional rent hereunder and shall be payable at the time and in the manner provided for payment of base rent. Lessor, or Lessor's contractor, shall submit to the Chief Administrative Officer, with each requested change order (a) specific cost of the requested change; (b) the cumulative net total cost of all change orders previously approved; and (c) an estimate of the construction time which will be increased or shortened if the change order is approved. Each change order shall be signed and dated by the Chief Administrative Officer to be considered approved. Lessee shall have the right to audit the cost of the changes for a period of 18 months from the date of commencement of the term. In the event Lessee requests a rent reduction due to its audit of these costs, Lessee shall provide Lessor with a copy of the audit summary as part of its request. Tenant Improvements shall be constructed in accordance with the Tenant Improvement Work Letter attached hereto as Exhibit "J" and made a part hereof.

1 D. If Lessor fails to obtain the building permit within
2 a reasonable time, taking all factors into
3 consideration, or if tenant improvements have not
4 been completed on or before December 2001, which
5 period shall be extended for a reasonable time for
6 delays enumerated in paragraph 15 of Exhibit J
7 attached hereto and incorporated herein by reference,
8 Lessee may, at its option:

9 (1) Cancel the Lease upon thirty (30) days written
10 notice to Lessor; or

11 (2) Upon thirty (30) days written notice to Lessor,
12 assume the responsibility for providing the tenant
13 improvements itself.

14 If Lessee elects to provide tenant improvements itself,
15 then:

16 (a) Lessee, its officers, employees, agents, contractors
17 and assignees, shall have free access to the Premises
18 at all reasonable times for the purpose of making the
19 tenant improvements and for any other purposes
20 reasonably related thereto;

21 (b) rent shall be reduced by Lessee's total expense in
22 making the tenant improvements up to the base
23 allowance of \$15.00 per square foot, or \$1,165,500,
24 including any financing charges for capital and a
25 reasonable amount for its administrative costs, and
26 including interest at the rate of 9 %. The rent
27 reduction schedule shall be as mutually agreed to
28 between the parties or, if no such agreement is made,
29 Lessee's total expense shall be fully amortized in
30 equal monthly amounts over 10 years.

31 D. Lessee intends to submit to Lessor, for Lessor's
32 execution, a revised work letter in substantially the
33 form attached hereto as Exhibit "J". Lessor agrees
34 to execute such revised work letter on the condition
35 that the revised work letter does not result in a
36 material increase in the cost to the Lessor of
37 constructing the tenant improvements, and the rights
38 and obligations of Lessor under the revised work
39 letter are substantially the same as rights and
40 obligations of Lessor as set forth in this paragraph
41 and in the work letter attached hereto as Exhibit J.
42 Upon execution of the proposed work letter, such work
43 letter shall replace the work letter attached hereto
44 as Exhibit "J", and the parties rights and
45 obligations shall be governed by the revised work
46 letter.

47 27. RENTAL A. For each successive twelve (12) months of the
48 ADJUSTMENT: original term of this lease and in the event Lessee
49 exercises its option pursuant to Paragraph 2(b) for
50 each successive twelve (12) month period thereafter,
51 the monthly rental as set forth in Paragraph 3 shall
52 be subject to adjustment. At the first anniversary
53 date of the first day of the first full calendar
54 month following the commencement of this lease and
55 every twelve months thereafter, the rent shall be
56 adjusted in accordance with the CPI formula set forth
57 in Paragraph 27. The "Base Index" shall be the Index
58 published for the month the lease commences.

59 B. CPI Formula: The method for computing the annual
60 rental adjustment shall be by reference to the
61 Consumer Price Index for all Urban Consumers for the

1 Los Angeles-Anaheim-Riverside area, all items
2 published by the United States Department of Labor,
3 Bureau of Labor Statistics (1982-84 = 100), herein
4 referred to as "Index".

5 The rental adjustment for the Base Rent shall be
6 calculated by multiplying the Lessor's base rent of
7 \$108,780 by a fraction, the numerator being the New
8 Index which is the Index published for the month
9 immediately preceding the month the adjustment is to
10 be effective, and the denominator being the Base
11 Index which is the Index published for the month the
12 lease commenced, then add or subtract to that total
13 result the Amount needed to amortize Lessee's
14 additional tenant improvements plus change order
15 costs, if any.

16 The formula shall be as follows:

17 $(\text{New Index}/\text{Base Index}) \times \$108,780$

18 \pm Amount needed to amortized Lessee's
19 additional tenant improvements, if any

20 \pm Amount needed to amortize change order
21 costs, if any

22 $=$ Monthly Base Rent

23 If the Index is changed so that the base year of the
24 Index differs from that used as of the commencement
25 date of the lease, the Index shall be converted in
26 accordance with the conversion factor published by
27 the United State Department of Labor, Bureau of Labor
28 Statistics. If the Index is discontinued or revised
29 during the term of this lease, such other
30 governmental Index or computation with which it is
31 replaced shall be used in order to obtain
32 substantially the same result as would be obtained
33 if the Index had not been discontinued or revised. In
34 the event the parties are unable to agree upon a
35 substitute index (if the original index is
36 discontinued without a replacement) then upon demand
37 by either party, the matter shall be submitted to
38 arbitration in accordance with the provisions of the
39 Code of Civil Procedure Section 1280 et seq as they
40 now exist or may later be amended for the purpose of
41 determining an alternate method of computing the rent
42 adjustment base upon the increase in the cost of
43 living.

44 C. General Provisions:

- 45 1. In no event shall the monthly rent adjustment
46 based upon the CPI formula set forth in
47 Paragraph 27 result in an annual increase less
48 than Two percent (2%) per year of the monthly
49 base year rent of \$108,780 (i.e., (\$2,175.60),
50 or greater than Five percent (5%) per year of the
51 monthly base year rent of \$108,780 (i.e., \$5,439
52 maximum per month, for each year of the lease),
- 53 2. In no event shall the monthly rent be adjusted
54 by the CPI formula to result in a lower monthly
55 rent than was payable during the previous year
56 of the lease.

1 28. CONSIDERATION OF
2 GAIN PROGRAM
3 PARTICIPANTS:
4

Should Lessor require additional or replacement personnel after the effective date of this Agreement, Lessor shall give consideration for any such employment, openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet Lessor's minimum qualifications for the open position. The County will refer GAIN participants by job category to the Lessor.

11 29. ASSIGNMENT A.
12 BY LESSOR:
13

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

21 Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Agreement or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section 28 shall be void.

29 B. Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950 - 5955 of the California Government Code which prohibits the offer or sale of any security constituting a fractional interest in this Agreement or any portion thereof, without the prior written consent of the County. Lessor and its respective successors in interest and assigns shall comply with California Government Code Section 5950-5955.

41 C. Violation by Lessor of the provisions of Section 42 5951 of the California Government Code will 43 constitute a material breach of this Agreement, 44 upon which the County may impose damages in an 45 amount equal to the greater of (a) \$500,000 or (b) 46 10% of the aggregate principal portion of all 47 rental payments payable by the County during the 48 entire term of this agreement, it being expressly 49 agreed that the aforesaid amount shall be imposed 50 as liquidated damages, and not as a forfeiture or 51 penalty. It is further specifically agreed that 52 the aforesaid amount is presumed to be the amount 53 of damages sustained by reason of any such 54 violation, because from the circumstances and 55 nature of the violation it would be impracticable 56 and extremely difficult to fix actual damages. In 57 addition, the County may exercise or pursue any 58 other right or remedy it may have under this 59 Agreement or applicable law.

60 D. Lessor shall give Lessee prompt notice and a copy 61 of each Security Agreement and any other 62 instrument relating thereto (including, but not 63 limited to, instruments providing for the payment

1 of rent directly to an assignee or transferee) at
2 least two weeks prior to the effective date
3 thereof.

4 E. Lessor shall not furnish any information
5 concerning County or the subject matter of this
6 Agreement (including, but not limited to, offering
7 memoranda, financial statements, economic and
8 demographic information, and legal opinions
9 rendered by the office of the County Counsel) to
10 any person or entity, except with County's prior
11 written consent, which consent shall not be
12 unreasonably withheld. Lessor shall indemnify,
13 defend and hold County and its officers, agents
14 and employees harmless from and against all claims
15 and liability alleged to arise from the inaccuracy
16 or incompleteness of any information furnished by
17 Lessor in violation of this subparagraph E.
18

19 F. The provisions of this Paragraph 28 shall be
20 binding upon and applicable to the parties hereto
21 and their respective successors and assigns.
22 Whenever in this Paragraph 28 Lessor is referred
23 to, such reference shall be deemed to include
24 Lessor's successors or assigns, and all covenants
25 and agreements by or on behalf of Lessor herein
26 shall bind and apply to Lessor's successors and
27 assigns whether so expressed or not.
28

29 **30. SOLICITATION OF**
30 **CONSIDERATION:**

31 It is improper for any County Officer, employee
32 or agent to solicit consideration, in any form,
33 from a Lessor with the implication, suggestion or
34 statement that the Lessor's provision of the
35 consideration may secure more favorable treatment
36 for the Lessor in the award of the lease or that
37 the Lessor's failure to provide such consideration
38 may negatively affect the County's consideration
39 of the Lessor's submission. A Lessor shall not
40 offer or give, either; directly or through an
41 intermediary, consideration, in any form, to a
42 County officer, employee or agent for the purpose
43 of securing favorable treatment with respect to
44 the award of the lease.

45 Lessor shall immediately report any attempt by a
46 County office, employee or agent to solicit such
47 improper consideration. The report shall be made
48 either to the County manager charged with the
49 supervision of the employee or to the County
50 Auditor-Controller's Employee Fraud Hotline at
51 (213) 974-0914 or (800) 544-6861. Failure to
52 report such solicitation may result in the
53 Lessor's submission being eliminated from
54 consideration.
55

56 **31. SUBORDINATION:**

57 Without the necessity of any additional document
58 being executed by Lessee for the purpose of
59 effecting the subordination, and at the election
60 of Lessor or any bona fide mortgagee or deed of
61 trust beneficiary with a lien on all or any
62 portion of the Premises, or any ground lessor with
63 respect to the land of which the Premises is part,
64 this Lease shall be subject and subordinate at all
65 times to (i) all ground leases or underlying
66 leases which may now exist or hereafter be
67 executed affecting the Premises building or the
68 land upon which the Premises building is situated,
69 or both; and (ii) the lien of any mortgagee or
70 deed of trust which may now exist or hereafter be

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executed in any amount for which the Premises building, the land, ground leases, or underlying leases, or Lessor's interest or estate in any said items, is specified for security.

Notwithstanding the foregoing, Lessor or any such ground lessor, mortgagee or beneficiary shall have the right to subordinate or cause to be subordinated any such ground leases or underlying leases or any such liens to this Lease. If any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, this Lease shall nevertheless remain in full force and effect and Lessee at all times shall be entitled to quiet possession and use of the Premises and shall, notwithstanding any subordination and upon the request of such successor in interest to Lessor, attorn to and become the lessee of the successor in interest to the Lessor. Provided that Lessor delivers to Lessee a non-disturbance agreement (except that Lessor shall not be required to deliver a non-disturbance agreement in the event that Lessee is then in default under the Lease), Lessee covenants and agrees to execute and deliver within twenty (20) days following a reasonable demand by Lessor and in the form requested by Lessor, ground lessor, mortgagee or beneficiary, any additional documents, evidencing the priority or subordination of this Lease with respect to any such ground leases or underlying leases or the lien of any mortgage or deed of trust.

32. SIGNAGE:

Lessee, at Lessee's sole cost and expense, shall be granted building signage subject to Lessor's review and approval of the proposed signage and subject to applicable governmental sign ordinances.

33. LIMITATION OF 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. Lessor 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 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 lessor 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 Lessor which are subject to reimbursement by County. County shall not reimburse Lessor for any expenses which exceed this ceiling.

34. IRREVOCABLE OFFER:

In consideration for the time and expense that County will invest including but not limited to preliminary space planning, legal review, and preparation and noticing for presentation to the County Real Estate Management Commission in reliance on Lessor's covenant to lease to County

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under the terms of this lease offer, the Lessor
irrevocably promises to keep this offer open until
July 31, 2001.

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IN WITNESS WHEREOF, the Lessor has executed this Lease or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Lease to be executed on its behalf by the Mayor of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR
WASHINGTON MUTUAL BANK, FA

By Craig Kennedy
Name: Craig Kennedy
Title: Vice President

ATTEST:
VIOLET VARONA-LUKENS
Executive Officer-Clerk
of the Board of Supervisors

COUNTY OF LOS ANGELES

By _____
Deputy

By _____
Mayor, Board of Supervisors

APPROVED AS TO FORM:
LLOYD W. PELLMAN
County Counsel

By Francis E. Scott
Deputy: Francis E. Scott

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EXHIBIT "A"

LEGAL DESCRIPTION

Parcel A: Parking Lot

Parcel 1, in the City of Baldwin Park, County of Los Angeles, State of California, as shown on Parcel Map No. 1052, filed in Book 187 Pages 32 and 33 of Parcel Maps, in the office of the County Recorder of said County.

Parcel B: Building

Parcel 4, in the City of Baldwin Park, County of Los Angeles, State of California, as shown on Parcel Map No. 1024, filed in Book 154 Pages 19, 20 and 21 inclusive of Parcel Maps, in the office of the County Recorder of said County.

EXHIBIT "A-1"

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STATE OF _____)
_____) SS
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____
_____ is/are the person(s) who appeared
before me, and said person(s) acknowledged that he/she/they signed this
instrument and acknowledged it to be his/her/their free and voluntary act
for the uses and purposes mentioned in this instrument.

Dated: _____

Notary Public in and for the
State of _____
Residing at _____
My Appointment expires: _____

Print Name _____

STATE OF _____)
_____) SS
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____
_____ is/are the person(s) who appeared
before me, and said person(s) acknowledged that he/she/they signed this
instrument and acknowledged it to be his/her/their free and voluntary act
for the uses and purposes mentioned in this instrument.

Dated: _____

Notary Public in and for the
State of _____
Residing at _____
My Appointment expires: _____

Print Name _____

PROJECT NO. _____
 DATE _____
 DRAWN BY _____
 CHECKED BY _____
 APPROVED BY _____
 TITLE _____

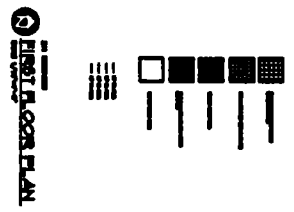
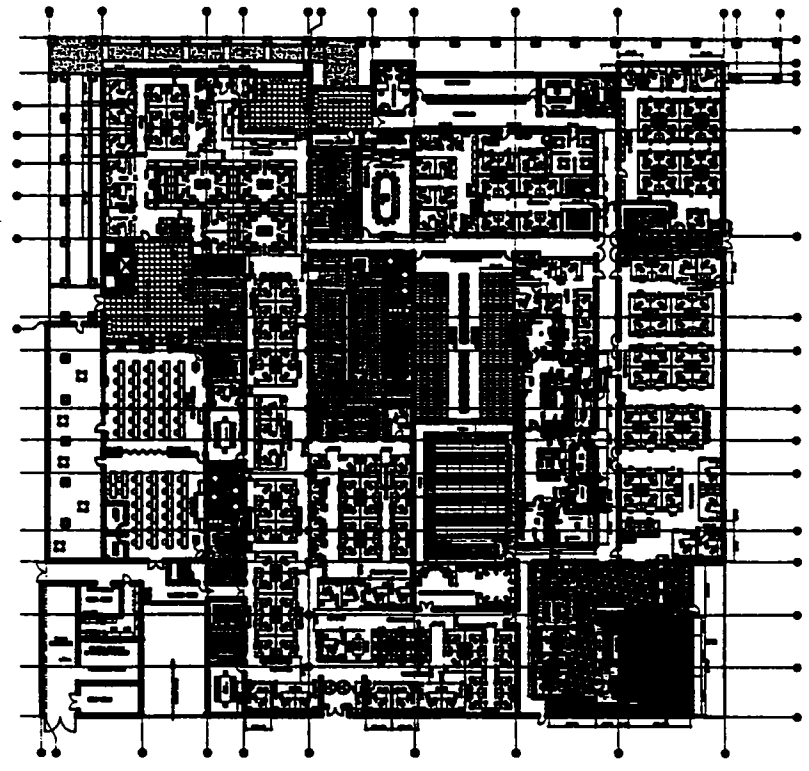
COUNTY OF LOS ANGELES
 DEPARTMENT OF HEALTH SERVICES
 ENVIRONMENTAL HEALTH
 1500 COMMERCIAL STREET, SUITE 1700, LOS ANGELES, CA 90017



COUNTY OF LOS ANGELES
 CHIEF ADMINISTRATIVE OFFICE
 1500 COMMERCIAL STREET, SUITE 1700, LOS ANGELES, CA 90017

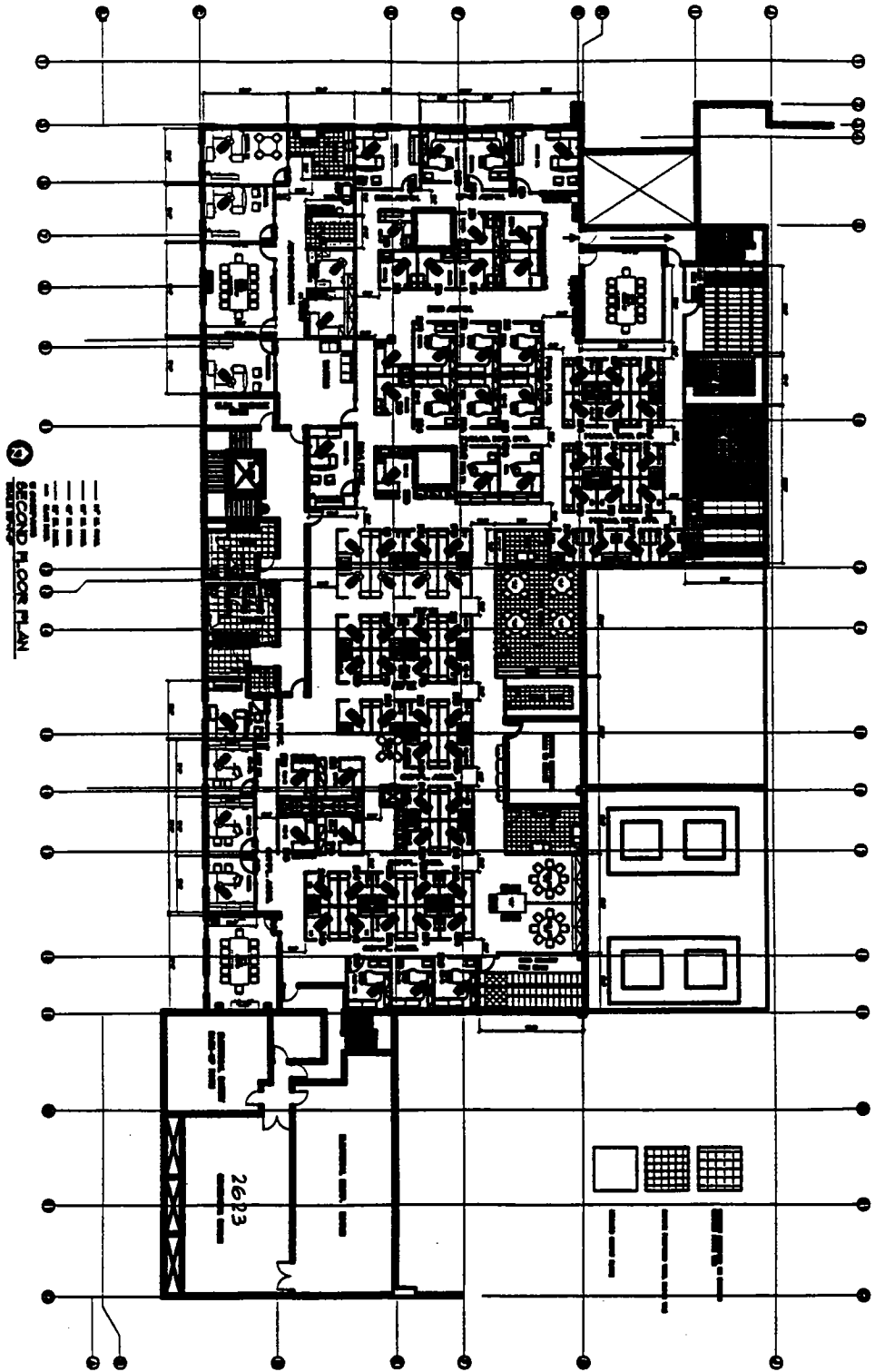
SHEET NO. 04-01
 OF 01

EXHIBIT "B" PRELIMINARY FIRST FLOOR PLAN



COMMERCE DRIVE

EXHIBIT "B" PRELIMINARY SECOND FLOOR PLAN



SECOND FLOOR PLAN

PROJECT NO. 64-01	DATE 11-1-64
DESIGNED BY [Name]	CHECKED BY [Name]
DRAWN BY [Name]	DATE 11-1-64
SCALE 1/8" = 1'-0"	
COUNTY OF LOS ANGELES DEPARTMENT OF HEALTH SERVICES ENVIRONMENTAL HEALTH 1500 COMMERCIAL DRIVE, SHERMAN PARK, CA.	
COUNTY OF LOS ANGELES CHIEF ADMINISTRATIVE OFFICE 1500 COMMERCIAL DRIVE, SHERMAN PARK, CA.	
DATE 6-4-61	BY A2

EXHIBIT "B"

(PRELIMINARY PLANS AND SPECIFICATIONS)

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EXHIBIT "C"

CLEANING AND MAINTENANCE SCHEDULE

This list reflects the various cleaning and maintenance requirements for the leased office space. Responsibility for this cleaning and maintenance service belongs to the Lessor.

Daily (Monday through Friday)

1. Carpets vacuumed.
2. Composition floors dust-mopped.
3. Desks, desk accessories and office furniture dusted. Papers and folders left on desks not to be moved.
4. Waste baskets, other trash receptacles emptied.
5. Chairs and waste baskets returned to proper position.
6. Fingerprints removed from glass doors and partitions.
7. Drinking fountains cleaned, sanitized and polished.
8. Sand jars fine-screened and wiped clean.
9. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
10. Bulb and tube replacements, as required.
11. Graffiti expunged as needed within two (2) working days after notice by Lessee.
12. Floors washed as needed.

Weekly

1. Low-reach areas, chair rungs, baseboards and insides of door-jambes dusted.
2. Window sills, ledges and wood paneling and molding dusted.

Monthly

1. Floors washed and waxed in uncarpeted office area.
2. High-reach areas, door frames and tops of partitions dusted.
3. Upholstered furniture vacuumed, plastic and leather furniture wiped.
4. Picture moldings and frames dusted.
5. Wall vents and ceiling vents vacuumed.

Quarterly

1. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
2. Wood furniture polished.
3. Draperies or mini blinds cleaned as required, but not less frequently than Quarterly.

Semi-Annually

1. Windows washed as required inside and outside but not less frequently than twice annually.

Annually

1. Carpets cleaned

As Needed

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

All lawns, shrubbery and foliage on the grounds of the demised 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.

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EXHIBIT "D"

MEMORANDUM OF COMMENCEMENT DATE

This Agreement is dated this _____ day of _____, 2001____, for reference purposes only, by and between Lessor _____ and Lessee County of Los Angeles.

1. The parties hereto have entered into a Lease dated as of _____ (the "Lease") for the leasing by Lessor to Lessee of the buildings located at _____ ("the Premises").

2. Lessor and Lessee hereby confirm the following:

(a) That all construction by Lessor, if any, required to be done pursuant to the terms of the Lease has been completed in all respects subject to any remaining punchlist items;

(b) That Lessee has accepted possession of the Premises and now occupies the same; and

(c) That the term of the Lease commenced _____.

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Lessor:

By _____

By _____

Lessee:

COUNTY OF LOS ANGELES

By _____
Chuck W. West
Director of Real Estate

EXHIBIT "E"

MEMORANDUM OF TENANT IMPROVEMENT COST

This Agreement is dated this _____ day of _____, 2001____, for reference purposes only, by and between Lessor, _____, and Lessee, County of Los Angeles.

1. The parties hereto have entered into a Lease dated as of _____ (the "Lease") for the leasing by Lessor to Lessee of the buildings located at _____ ("the Premises").

2. Lessor and Lessee hereby confirm the following:

(a) The final total cost of the tenant improvements is _____ (\$_____)

This is comprised of:

<u>Lease Budget</u>		<u>Actual Cost</u>
\$1,165,500	Tenant Improvement Allowance	\$ _____
\$3,496,500	Additional Tenant Improvement Allowance	\$ _____
\$1,709,400	Discretionary Tenant Improvement Allowance	\$ _____
\$ 318,570	Change Order Allowance	\$ _____
\$6,689,970	Total	

(b) The final total cost of the modular furniture, if applicable, (which is included in Paragraph 26) is _____ (\$_____)

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Lessor:

By _____

By _____

Lessee:

COUNTY OF LOS ANGELES

By _____
Chuck W. West
Director of Real Estate

COMMUNITY BUSINESS ENTERPRISE FIRM

INSTRUCTIONS: All Lessors 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 CBE participation. The information requested below is for statistical purposes only. On final analysis and consideration, leases will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

I. MINORITY/WOMEN PARTICIPATION IN FIRM (Partners, Associates Partners, Managers, Staff, etc.)

FIRM: NAME

ADDRESS

CONTACT

TELEPHONE NO.

TOTAL NUMBER OF EMPLOYEES IN FIRM: 6,819 (total number is for L.A. County only. Data is as of 12/31/00)

	OWNERS/PARTNERS	MANAGERS	STAFF
	ASSOCIATE PARTNERS		
Black/African American	<u>N/A</u>	<u>104</u>	<u>771</u>
Hispanic/Latin American	<u>N/A</u>	<u>263</u>	<u>2,091</u>
Asian American	<u>N/A</u>	<u>101</u>	<u>878</u>
Portuguese American	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
American Indian/ Alaskan Native	<u>N/A</u>	<u>5</u>	<u>29</u>
All Others	<u>N/A</u>	<u>0</u>	<u>3</u>
Women (Should be included in counts above <u>and</u> also reported here separately)	<u>N/A</u>	<u>663</u>	<u>3,889</u>

II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

TYPE OF BUSINESS STRUCTURE:

(Corporation, Partnership, Sole Proprietorship, etc.)

TOTAL NUMBER OF OWNERSHIP/PARTNERS, ETC.:

PERCENTAGE OF OWNERSHIP

Black/African American _____

Hispanic/Latin American _____

Asian American _____

Portuguese American _____

American Indian/
Alaskan Native _____

All Others _____

Women (Should be
included in counts
above and also reported
here separately) _____

1 III. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

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IS YOUR FIRM CURRENTLY CERTIFIED AS A MINORITY OWNED BUSINESS FIRM BY THE:

State of California? Yes No

City of Los Angeles? Yes No

Federal Government? Yes No

IV. FIRM'S DESIRE NOT TO RESPOND TO INFORMATION

WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS FORM.

Firm Name:

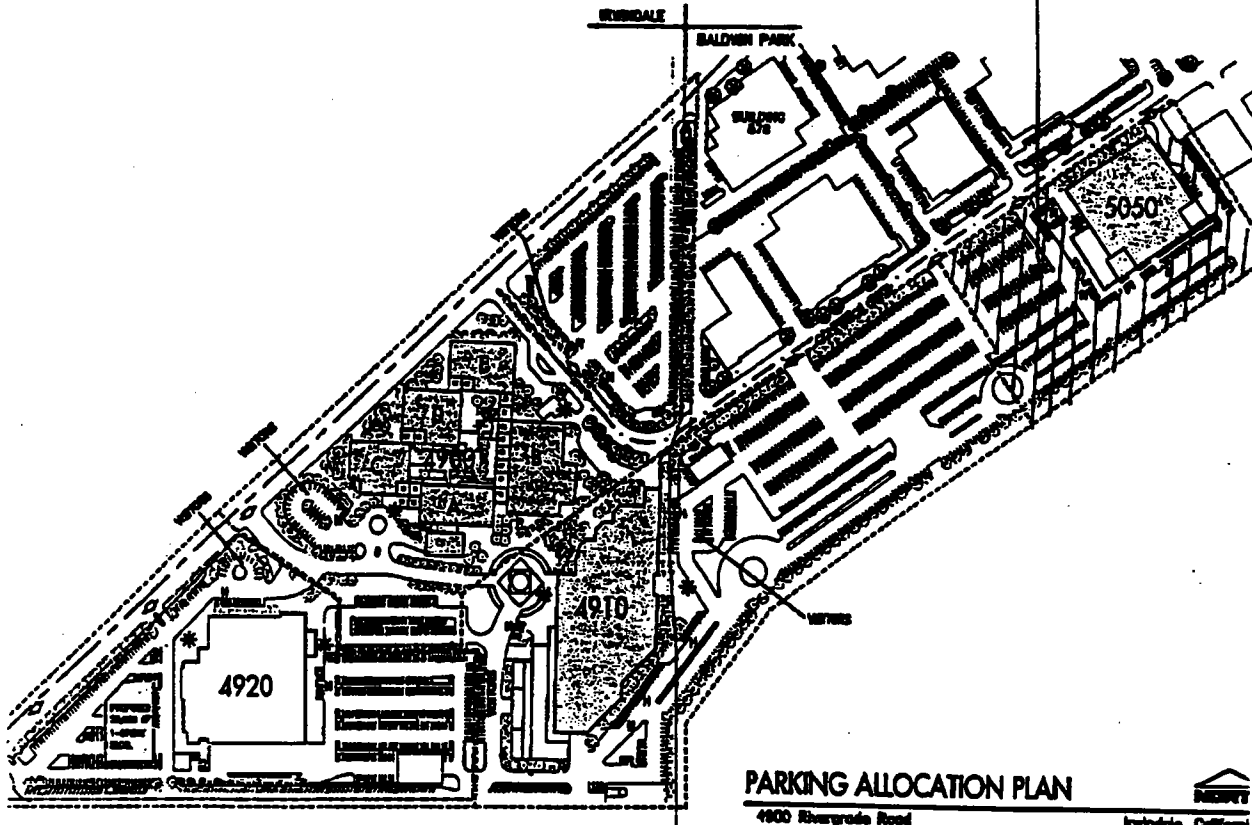
Signed:

Date:

Title:

**EXHIBIT "G"
PARKING PLAN**

**LOCATION OF
310 PARKING SPACES**



PARKING ALLOCATION PLAN

4900 Rivergrade Road

Irvingdale, California

NO SCALE. DIMENSIONS APPROXIMATE
DATE 9-2-82



PROPOSED PARKING			
BLDG. ADDRESS	PARKING REQ'D	PARKING PROVIDED	TOTAL STALLS
4800 RIVERSDALE RD.	• 627	600	600
4910 RIVERSDALE RD.	• 782	800	800
4920 RIVERSDALE RD.	• 632	805	805
5050 RIVERSDALE RD.	•• 310	325	325
			2330

- 1/350 st
- 1/250 st

- * BUILDING ENTRANCE
- ◇ SITE/PARKING ENTRANCE
- BUILDING PARKING BOUNDARY
- HANICAP STALLS
- COMPACTS STALLS
- STANDARD STALLS
- SECURITY FENCE

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RECORDING REQUESTED:
THE COUNTY OF LOS ANGELES

WHEN RECORDED MAIL TO:

Chief Administrative Office
Leasing and Space Management
222 South Hill Street, 4th floor
Los Angeles, CA 90012

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.

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between WASHINGTON MUTUAL BANK, FA (the "Lessor"), 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 "Lessee") who agrees as follows:

Lessor and Lessee have entered into that certain Lease and Agreement dated as of _____, 20____, (the "Lease"). Pursuant to the Lease, the Lessor has leased to the Lessee real property _____, Irwindale in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, commencing on _____, 20____, and ending on a date _____ () years after the rent commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in the Lease. Lessor shall be responsible for providing full services during the term of the Lease, subject to the terms and conditions of the Lease.

Lessee has the option to extend the term of the Lease for a period of five (5) years, subject to the terms and conditions of 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____.

LESSOR:

LESSEE:

WASHINGTON MUTUAL BANK, FA

Chuck W. West
Director of Real Estate
COUNTY OF LOS ANGELES

By: _____

Its: _____

EXHIBIT "I"
CONSTRUCTION SCHEDULE
5050 COMMERCE DRIVE
BALDWIN PARK

REFERENCE	DUE DATE
County approved preliminary plan delivered to Lessor	Upon Board of Supervisor's approval of Lease (Board approval)
Furniture system description provided to Lessor (Naming specific product lines to be used if multiple bidders required)	Fifteen (15) days following Board approval
Complete set of ISD plans (approved by Tenant Departments) delivered to Lessor	Forty days (40) following Board approval
Working drawing completion	Forty-five (45) days following Board approval
Lessee initial working drawing review	Ten (10) business days after Lessor submits working drawings to Lessee
Working drawing revisions by Lessor	Five (5) business days after Lessee returns working drawings to lessor with Lessee's comments
Lessee approval of final working drawings	Five (5) business days after Lessor submits revised working drawing to Lessee
Issuance of building permit commencement of construction	Thirty (30) days following completion of working drawings
ISD to commence cabling	Seven (7) days following commencement of construction
ISD to finish all connections	Thirty (30) days following Lessor's delivery of MCR rooms
Completion of construction evidenced by final inspection sign-off by City of Baldwin Park.	One hundred and twenty (120) days following issuance of building permit

(5050 construction schedule)

EXHIBIT "J"
WORK LETTER AGREEMENT

This WORK LETTER ("Work Letter") pertains to the construction of tenant improvements as provided in Lease No. _____, between Washington Mutual Bank, FA ("Lessor") and the COUNTY OF LOS ANGELES, a body politic and corporate ("Lessee"), in connection with the Premises located at 5050 Commerce Drive, Baldwin Park:

1. The purpose of this Work Letter is to set forth how the Tenant Improvements (as defined in Section 8 below) in the Premises are to be constructed, who will undertake the construction of the Tenant Improvements, who will pay for the construction of the Tenant Improvements, and the time schedule for completion of the construction of the Tenant Improvements. The provisions of the Lease, except where clearly inconsistent or inapplicable to this Work Letter as it relates to Tenant Improvements, are incorporated into this Work Letter.

2. Preparation of Plans; Construction Schedule and Procedures. Delivery of all plans and drawings referred to in this Section 2 shall be by messenger service or personal hand delivery, unless otherwise agreed by Lessor and Lessee. Lessor shall arrange for the construction of the Tenant Improvements in accordance with the following schedule:

(a) Selection of Architect and Engineer. Lessor shall on or before _____ solicit at least three (3) proposals from qualified licensed architects ("Architect") and engineers ("Engineer,") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings. The Architect and the Engineer shall be selected by Lessor subject to Lessee's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within three (3) business days after Lessor has submitted the name of the Architect and the Engineer to Lessee along with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Lessee and written consent has been delivered to and received by Lessor. Lessor will, at the Lessee's request, utilize the Architect who has previously designed and provided construction plans for the three (3) laboratories to be housed in the Premises.

(b) Base Building Plans. Lessor shall, within sixty (60) days prior to Lessee's execution of the Lease, submit instructions and building plans and specifications representing the "as built" premises in an Autocad 2000 format, or DXF file ("Base Building Plans") to Lessee sufficient to allow Lessee to complete a Space Plan and specification (as defined in Subsection (c) below). In the event that Lessee incurs increased costs because of incomplete plans, such increased costs will be reimbursed to Lessee by Lessor, and any delay caused thereby shall be deemed to constitute a Lessor Delay.

(c) Preparation and Approval of Space Plan. Lessee shall submit to the Architect and Lessor an executed Space Plan and specification for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, laboratories, storage rooms, mini-service kitchens, and the reception area, library, and file room ("Space Plan").

Lessee shall submit to Lessor the Space Plan for Lessor's review and approval. Within two (2) days after Lessor receives the Space Plan, Lessor shall either approve or disapprove the Space Plan for reasonable and material reasons (which shall be limited to the following: (i) adverse effect on the Building Structure; (ii) possible damage to the Building Systems; (iii) non-compliance with applicable codes; (iv) effect on the exterior appearance of the Building or (v) unreasonable interference with the normal and customary business operations of other tenants in the Building (each, a "Design Problem") and return the Space Plan to Lessee. In such event, Lessor shall require, and Lessee shall make the minimum changes necessary in order to correct the Design Problems and shall return the Space Plan to Lessor, which Lessor shall approve or disapprove within one (1) day after Lessor receives the revised Space Plan. This procedure shall be repeated until the Space Plan is finally approved by Lessor and written approval has been delivered to and received by Lessee. The Space Plan may be submitted by Lessee in one or more stages and at one or more times, and the time periods for Lessor's approval shall apply with respect to each such portion submitted.

(d) Preparation and Approval of Working Drawings. Within ten (10) days of the date the Space Plan is finally approved by Lessor, the "Plan Approval Date", or the date the Lease is approved by the Board of Supervisors, whichever date later occurs, Lessor shall commence with the preparation of Working Drawings by the Architect, the "Working Drawings", which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of

1 the Tenant Improvements and the preparation of the Engineering Drawings (as defined in Subsection
2 (e) below), and contain all partition locations, plumbing locations, air conditioning system and duct work,
3 special air conditioning requirements, reflected ceiling plans, office equipment locations, and special
4 security systems. Such Working Drawings must incorporate such items as have been specified by
5 Lessor as required for use in the Building, as set forth in Schedule 2 attached to this Work Letter. The
6 Working Drawings may be submitted in one or more stages and at one or more times.

7
8 Lessor shall provide Lessee the Working Drawings, or such portion as has from time to time been
9 submitted, for review. However, Lessor shall be solely responsible to approve the Working Drawings
10 ensuring that such drawings fully comply with all applicable building codes and are free from errors or
11 omissions on the part of the Architect.

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14
15 (e) Preparation and Approval of Engineering Drawings. Lessor shall cause the Architect, to
16 coordinate all engineering drawings prepared by the designated Engineer, showing complete
17 mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the
18 Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or
19 more times, for Lessee's review.

20
21 (f) Integration of Working Drawings and Engineering Drawings into Final Plans. After Lessee
22 has reviewed and Lessor has approved the Engineering Drawings, Lessor shall cause the Architect to
23 integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final
24 Plans") and deliver five (5) sets of the Final Plans to Lessee.

25
26 (g) Schedule. Within ten (10) days of the Plan Approval Date, Lessor shall submit a detailed
27 construction schedule, subject to approval by Lessee which approval shall not be withheld provided the
28 schedule conforms to the Construction Schedule attached to the Lease as Exhibit "I", outlining date
29 specific completion of certain project benchmarks including, but not limited to, completion of Working
30 Drawings including respective engineered drawings; submission of plans to local jurisdiction for review;
31 issuance of building permit; submission of plans to contractors for bidding; award of construction
32 contract; construction commencement; construction completion; projected move in date; etc... As the
33 project continues, Lessor shall amend the schedule to reflect any changes to the projected dates.

34
35 (h) Budget. As provided in Section 9, Lessor shall prepare the Preliminary Construction Budget
36 for Lessee's review within thirty (30) days of the Plan Approval Date in substantially the form attached
37 as Schedule 3 (or in other form in compliance with Construction Specifications Institute (CSI), to be
38 updated weekly until the completion of the tenant improvements and acceptance thereof by Lessee.

39
40 (3) Commencement Date. The "Commencement Date" shall have the definition set forth in Paragraph
41 2 of the Lease.

42
43 (a) Rental Payment Effective Date. Notwithstanding the actual Commencement Date, the
44 payment of rent may be delayed or accelerated, as the case may be, by one (1) day for each day of
45 delay in the design of or Lessee's move-in into the Premises that is caused by any Force Majeure Delay
46 or Lessor Delay or Lessee Delay. No Lessor Delay, Force Majeure Delay or Lessee Delay shall be
47 deemed to have occurred unless and until the party claiming such delay has provided written notice to
48 the other party specifying the action or inaction that such notifying party contends constitutes a Lessor
49 Delay, Force Majeure Delay or Lessee Delay, as applicable. If such actions or inaction is not cured, or
50 disputed in writing by the other party, within five (5) business days after receipt of such notice, then a
51 Lessor Delay, Force Majeure Delay or Lessee Delay, as set forth in such notice, shall be deemed to
52 have occurred commencing as of the date such notice is received and continuing for the number of days
53 the design of the Tenant Improvements and/or Lessee's move-in into the Premises was in fact delayed
54 as a direct result of such action or inaction.

55
56 (4.) Delay

57
58 (i) Lessee Delay. The term "Lessee Delay" as used in the Lease or this Work Letter
59 shall mean any delay that Lessor may encounter in the performance of Lessor's obligations under this
60 Work Letter because of any act or omission of any nature by Lessee or its agents or contractors,
61 including any. (1) delay attributable to changes in or additions to the Final Plans (as defined in Section
62 2(f) above or to the Tenant Improvements requested by Lessee; (2) delay attributable to the
63 postponement of any Tenant Improvements at the request of Lessee; (3) delay by Lessee in the
64 submission of information or the giving of authorizations or approvals within the time limits set forth in
65 this Work Letter; and (4) delay attributable to the failure of Lessee to pay, when due, any amounts
66 required to be paid by Lessee pursuant to the Lease or this exhibit.

1 In addition, since many projects may have change orders, the first twenty (20)
2 business days of any delay in aggregate, which results from a change order initiated by Lessee shall
3 constitute a grace period, the "Grace Period", and shall not constitute a Lessee Delay.

4
5 (ii) Force Majeure Delay. The term "Force Majeure Delay" as used in the Lease or
6 this Work Letter shall mean any delay incurred by Lessee in the design of its Tenant Improvements or
7 its move-in into the Premises attributable to any: (1) actual delay or failure to perform attributable to any
8 strike, lockout or other labor or industrial disturbance (whether or not on the part of the employee of
9 either party hereto), civil disturbance, further order claiming jurisdiction, act of public enemy, war, riot,
10 sabotage, blockade, embargo; (2) delay due to changes in any applicable laws (including, without
11 limitation, the ADA), or the interpretation thereof; or (3) delay attributable to lightning, earthquake, fire,
12 storm, hurricane, tornado, flood, washout, explosion, or any other similar industry wide or Building-wide
13 cause beyond the reasonable control of the party from whom performance is required, or any of its
14 contractors or other representatives. Any prevention, delay or stoppage due to any Force Majeure
15 Delay shall excuse the performance of the party affected for a period of time equal to any such
16 prevention, delay or stoppage (except the obligations of Lessor to timely pay contractor).

17
18 (iii) Lessor Delay. The term "Lessor Delay" as used in the Lease or this Work Letter
19 shall mean any delay in the design of the Tenant Improvements or the Substantial completion of the
20 Premises which is due to any act or omission of Lessor (wrongful, negligent or otherwise), its agents
21 or contractors (including acts or omissions while acting as agent or contractor for Lessee). The term
22 Lessor Delay shall include, but shall not be limited to any: (1) delay in the giving of authorizations or
23 approvals by Lessor; (2) delay attributable to the acts or failures to act, whether willful, negligent or
24 otherwise, of Lessor, its agents or contractors; (3) delay attributable to the interference of Lessor, its
25 agents or contractors with the design of the Tenant Improvements or the failure or refusal of any such
26 party to permit Lessee, its agents or contractors, access to and priority use of the Building or any
27 Building facilities or services, including hoists, freight elevators, passenger elevators, and loading docks,
28 which access and use are required for the orderly and continuous performance of the work necessary
29 for Lessee to complete its move-in into the Premises; (4) Lessor's failure to complete all
30 telecommunication rooms (including painting, floor covering, lighting, conduit access, permanent power
31 and HVAC systems) and installation of Lessee's telecom cabling (if such work is required pursuant to
32 the Lease), serving the Premises at least thirty (30) days prior to the Commencement Date; (5) delay
33 attributable to Lessor giving Lessee incorrect or incomplete Building Requirements or Base Building
34 Plans, or revisions made to such Building Requirements or Base Building Plans subsequent to the
35 delivery of such items to Lessee (collectively, "Incomplete Plans") in either case, in addition to such
36 delay being deemed a Lessor Delay, Lessor shall increase the Tenant Improvement Allowance by an
37 amount sufficient to reimburse Lessee for the increased costs incurred by Lessee as a result thereof;
38 (6) failure of Lessor to deliver the Base Building Plans and/or the Building Requirements to Lessee at
39 least sixty (60) days prior to the execution of the Lease; (7) delay attributable to Lessor's failure to allow
40 Lessee sufficient access to the Building and/or the Premises during the Construction Period to move
41 into the Premises over one (1) weekend prior to the commencement of rent; (8) delay by Lessor in
42 administering and paying when due the Tenant Improvement Allowance (in which case, in addition to
43 such delay being deemed a Lessor Delay, Lessee shall have the right to stop the construction of the
44 Tenant Improvements) and; (9) delay caused by the failure of the Base Building to comply with the ADA
45 or any other improvements required to be performed by Lessor in order for the Premises to comply with
46 the provisions detailed in Schedule 1 attached hereto (in which case, in addition to such delay being
47 deemed a Lessor Delay, the required work shall not be considered as part of the Tenant Improvement
48 Allowance and all required work shall be completed at Lessor's sole cost an expense).

49
50 Furthermore, if during the course of construction, building defects are discovered that would
51 otherwise not have been discovered by a reasonably diligent inspection of the Premises at the time
52 construction commenced, and a change to the construction contract is generated as a result thereof,
53 any delay in the completion of the project as a result thereof shall not be considered a Lessor delay,
54 however, the ensuing delay shall not be credited towards the Grace Period provided to Lessee.

55
56 (5) Substantially Complete. The term "Substantially Complete" or "Substantial Completion"
57 as used in this Work Letter shall mean compliance with all of the following: (1) the shell and core of the
58 Building are complete and in compliance with all applicable laws and codes, and all of the Building
59 Systems are operational to the extent necessary to service the Premises; (2) Lessor has sufficiently
60 completed all the work required to be performed by Lessor in accordance with this Work Letter including
61 the installation of modular furniture systems, if so required by the Lease, (except minor punch list items
62 which Lessor shall thereafter promptly complete) such that Lessee can conduct normal business
63 operations from the Premises; (3) Lessor has obtained a certificate of occupancy for the Building, or a
64 temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or
65 its equivalent (except to the extent delayed by any Lessee Delay); (4) Lessee has been provided with
66 the number of parking privileges and spaces to which it is entitled under the Lease; (5) Lessee has been
67 delivered, at least 30 days prior to the Commencement Date, complete and uninterrupted access to the

1 Premises (and other required portions of the Building and the Site including the completion of all
2 telecommunications rooms power and HVAC that serve the telecommunications room) sufficient to allow
3 Lessee to install its freestanding work stations, (unless such installation is part of the modular
4 workstations to be installed by Lessor pursuant to the Lease) fixtures, furniture, equipment, and
5 telecommunication and computer cabling systems (unless installation of telecommunication cabling is
6 Lessor's responsibility pursuant to the Lease) and to move into the Premises over one (1) weekend and,
7 (6) In the event lessor is responsible for the installation of telecommunication systems, then such
8 systems shall be completely operational.
9

10 In the event that the use of the freight elevators and/or hoists is not sufficient to meet
11 Lessee's requirements, Lessor shall cause to be made operational (a) temporary construction elevator
12 and hoist, or (b) Lessee shall have priority usage of two (2) passenger elevators in the elevator bank
13 that services the Premises in order to assist Lessee in the installation of Lessee's fixtures, furniture and
14 equipment. In no event shall Lessee's remedies or entitlements for the occurrence of a Lessor Delay
15 be abated, deferred, diminished or rendered inoperative because of a prior, concurrent, or subsequent
16 delay resulting from any action or inaction of Lessee.

17
18 **6. Representatives.** Lessee has designated Carlos Marquez as its sole representative with
19 respect to the matters set forth in the Work Letter, who until further notice to Lessor, shall have the full
20 authority and responsibility to act on behalf of Lessee as required in this Work Letter. Lessor has
21 designated Craig Kennedy, whose mailing address for purposes of any notices to be given regarding
22 matters pertaining to this Work Letter only is 1201 Third Avenue, WMT0833, Seattle Washington, 98101
23 as its sole representative with respect to the matters set forth in the Work Letter, who until further notice
24 to Lessee, shall have the full authority and responsibility to act on behalf of Lessor as required in this
25 Work Letter during the period of construction of the Tenant Improvements.

26 **7. Contractor and Review of Plans.**

27
28
29 (a) **Selection of Contractor.** Lessor's contractor shall be the contractor selected pursuant
30 to a procedure whereby the Final Plans and a construction contract approved by Lessee are submitted
31 to contractors, selected by Lessor and approved by Lessee, sufficient in number so that a minimum of
32 three (3) bids are received and who are requested to each submit a sealed fixed price contract bid price
33 (on such contract form as Lessor shall designate) to construct the Tenant Improvements designated on
34 the Final Plans, to Lessor and Lessee, who shall jointly open and review the bids. Lessor and Lessee,
35 after adjustments for the inconsistent assumptions to reflect an "apples to apples" comparison, shall
36 select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter
37 into a construction contract with Lessor consistent with the terms of the bid to construct the Tenant
38 Improvements ("Construction Contract"). The Construction Contract shall not, unless Lessee otherwise
39 directs, require the Contractor to post a completion bond or contain any provision penalizing the
40 Contractor for not completing the Tenant Improvements within a specific period of time.

41
42 (b) **Actual Review Costs.** Lessor shall review the Space Plan, Working Drawings,
43 Engineering Drawings and Final Plans at its sole cost and expense. Furthermore, Lessee shall not pay
44 to Lessor any fee for profit, overhead or general conditions in connection with the construction of the
45 Tenant Improvements unless Lessor, as part of its original offer to Lease, has revealed the fees
46 attributable to project management.

47
48 (c) **Meetings:** Upon selection of Contractor, Lessor shall immediately identify a time and
49 date for the purposes of holding weekly construction meetings that is mutually acceptable to all parties.
50 During the course of construction, meeting shall be held at least once per week, unless Lessee directs
51 otherwise. A kickoff construction meeting shall be held within five (5) days of the date the contractor
52 is selected.

53
54 **8. Tenant Improvements.** The term "Tenant Improvements" shall mean all improvements
55 shown in the Final Plans as integrated by the Architect, and, to the extent specified in the Final Plans,
56 all signage, modular workstations, built-ins, related cabinets and reception desks, to the extent specified
57 in the millwork or comparable contracts, all telecommunication equipment and related wiring, and all
58 carpets and floor coverings, but, except as provided above, Tenant Improvements shall not include any
59 personal property of Lessee.

60 61 62 **9. Tenant Improvement Allowance.**

63 **Amounts.**

64 **Base Building Compliance: Lessors sole cost and expense**

65
66
67 Any work, including construction, that Lessor must undertake to (1) obtain the necessary

1 jurisdictional approvals for a Certificate of Occupancy including amounts required to be expended to
2 cause the Premises to comply with the access requirements of the ADA, and; (2) make existing building
3 systems pursuant to Schedule 1, attached hereto, including but not limited to electrical service and
4 HVAC equipment fully operational for the proposed office occupancy, shall be at Lessor's sole cost and
5 expense. Furthermore, the Tenant Improvement Allowance shall not include any costs associated with
6 (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease including all
7 expenses associated with curing any such "Sick Building Syndromes", (ii) fire sprinkler system
8 installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants
9 that are harmful to the atmosphere.

10

11	Base Tenant Improvement Allowance:	\$1,165,500
12	Additional Tenant Improvement Allowance:	\$3,496,500
13	CAO Discretionary Allowance:	\$1,709,400
14	Change Orders:	<u>\$ 318,570</u>
15	Total Allowances:	\$6,689,970

16

17 Not more than thirty (30) days from the date of Lessor's receipt of Lessee's Space Plan, Lessor
18 shall submit to Lessee a detailed budget, the "Preliminary Construction Budget", in a format similar to
19 Schedule 3 attached hereto. Said budget shall be revised within ten (10) days of the date the contractor
20 is selected, the "Final Construction Budget". Lessee shall have five (5) days from the date of Lessee's
21 receipt of said budget to approve or disapprove the Final Construction Budget. Construction shall not
22 begin until such time as Lessee indicates its approval or disapproval of the Final Construction Budget
23 or the five (5) day period expires without any response from the Lessee. In the event Lessee
24 disapproves the Final Construction Budget due to matters related to cost, provided the Final
25 Construction Budget is ten (10) percent or more higher in cost than the Preliminary Construction Budget,
26 then any delay caused by the necessity to rebid the tenant improvements or redesign the Premises shall
27 not be considered a Lessee Delay.

28

29 **10. Life-Fire Safety Codes/Disabled Access Codes/Earthquake Safety Codes.** In the event
30 that, because the Premises and/or the Building as initially constructed do not comply with current life-fire
31 safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety
32 codes, Lessee incurs increased design or construction costs that it would not have incurred had the
33 Premises and/or the Building already been in compliance with the applicable life-fire safety codes,
34 disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes,
35 applicable to new construction, then such costs shall be reimbursed by Lessor to Lessee within ten (10)
36 days after receipt by Lessor from Lessee of an invoice document evidencing such increased costs or
37 such costs shall not included in the calculation of tenant improvements attributable to Lessee's
38 allowances and Lessee' shall have no financial responsibility for such costs. Any delay in the design
39 or construction of the Tenant Improvements or Tenant's move-in into the Premises because of the non-
40 compliance of the Building and/or Premises with the applicable life-fire safety codes and disabled
41 access codes (including, without limitation, the ADA), and/or earthquake safety codes shall constitute
42 a Landlord Delay.

43

44 **11. Lessor to Provide Base Building.** Lessor hereby agrees that the Base Building shall
45 include the items set forth in the "Base Building Description" attached hereto as Schedule 1 and shall
46 otherwise be in accordance with the Base Building Plans, and the cost to bring the Building into
47 compliance thereof shall not be included in the Tenant Improvement Allowance. Lessor may make
48 further revisions to such Base Building Plans as long as the Building, when constructed, will be
49 comparable in appearance, design, efficiency, and quality as the building initially described in the Base
50 Building Plans.

SCHEDULE 1
BASE BUILDING DESCRIPTION

At no cost to Lessee, Lessor either has, or shall, supply, furnish, install and finish the following items in full compliance with all applicable laws (including, without limitation, the ADA), regulations and building codes, all at Lessor's sole cost and expense, which shall not be included in the Tenant Improvement Allowance except where Lessee is converting existing space to laboratory use, and which shall comprise, and are hereby defined as, the "Base Building":

A. SHELL AND CORE:

(a) Lessor shall provide the Building and the Base Building Shell and Core pursuant to this Schedule 1, which obligation shall be deemed satisfied when the Building and the Base Building have been substantially completed, substantially in accordance with the requirements of this Schedule 1 as supplemented and increased (but not decreased) by the Base Building Plans and Building Requirements (as defined in Sections 2(b) and 9 (Base Building Compliance), respectively, of the attached Work Letter), the most current copies of which have been provided by Lessor. It shall be understood that Lessor may make modifications to the Base Building Plans and Building Requirements, some of which may affect the Premises, as long as such modifications do not affect the quality of the construction or the materials or equipment used, or substantially and adversely affect the operation of the Building's basic services in such a manner as would interfere with Lessee's quiet and peaceful use, possession and enjoyment of the Building or increase Lessee's future financial responsibility to reimburse, if any.

SHELL AND CORE

With respect to each building(s), the shell and core includes:

1. The sum of the building's substructure; and,
2. Landscaping (including irrigation system and exterior lighting); and,
3. The vertical structure (light steel, structural steel, fireproofing and or other structural elements); and,
4. Horizontal structure (including reinforced concrete slab on grade, suspended floors of structural steel framing with metal or reinforced concrete decking and concrete topping); **Floors.** (a) Smooth and level concrete floors with troweled finish which shall be level at least to the tolerance of (i) one-quarter inch (1/4") per ten (10) feet on a non-cumulative basis and (ii) three-eighths inch (3/8") on an overall basis. (b) Design to support a minimum live load per the Uniform Building Code structural requirements for concrete slabs when constructed for building type and applicable use. (c) Smooth, level and ready to receive carpeting, tile, marble or wood flooring without additional floor preparation. and,
5. Roofs to be watertight and seismically retrofitted to current applicable code; and,
6. Exterior cladding of a weather tight material (including exterior wall finish, metal framing, insulation, exterior glazing, including reflective glass windows in compliance with ASHERA standards, doors and painted gypsum board to interior face of exterior walls); and,
7. Roofing and waterproofing (including roof insulation, roofing, sheet metal flashing, roof access and ventilation, caulking and sealants); and,
8. Existing dropped ceilings on 2' X 4' grid system with standard 2' X 2' scored acoustical tiles, lighting, consisting of 2' X 4' lay-in light fixtures and a general lighting level of 50 foot candles at desktop height; and,
9. Lighting, Installed and operating in main lobby, all stairwells, elevators, lobbies, mechanical rooms, utility rooms, other lighting as required by code. Exterior lighting installed as required by design.
10. Interior partitions at elevator and lobby areas (including metal stud framing, durable finished walls, interior and fire doors); Core walls (except all levels

below-grade), service core walls, perimeter walls, elevator lobby walls, and columns (exterior columns extended slab-to-slab) all installed, clad with properly rated Sheetrock, taped, sanded, patched, filled, dusted and ready to receive paint or other Tenant finish and,

11. All Signage required by local codes including but not limited to building identification, restroom designation and exit identification.
12. Durable interior finishes for elevator and main lobbies (including floor, wall and ceiling finishes with long life durable products); and,
13. Functional equipment at core areas vertical transportation (including stairs, elevators with cabs and durable interior finishes, and access ladders) including at least one (1) Passenger elevator servicing Tenant's floor installed and operational as designed to operate at 800 FPM ; and,
14. Loading dock facilities installed as designed; and,
15. Plumbing Water and drainage on each floor (including concealed pipe work, rain water drainage, fire sprinkler systems, landscaping irrigation, Restrooms including, Men's and women's washrooms on each floor in compliance with the Base Building Plans, all applicable laws (including, without limitation, the ADA) and codes and finished with existing : (i) Ceramic tile or better on floors (but not in the vestibule) and wet walls at least up to the height of the wainscot; (ii) other walls and ceilings finished; (ii) Vanities with counters, cubicles, accessories, fixtures, trim lighting and all mechanical and plumbing services completed; and (iii) Other lighting sufficient for first class washrooms. (iv) One refrigerated drinking fountain per floor, installed in compliance with all applicable laws (including, without limitation, the ADA) and codes.
16. Heating, ventilating, and air conditioning from a central plant or package units as the case may be, (including mechanical equipment and duct work distribution to all areas) sufficient to accommodate the proposed occupancy; (a) Access at core to an installed general exhaust system for toilets only. (b) Access on applicable floor to general exhaust system available to serve kitchens and pantries, and computer, reproduction, and conference rooms, and other office equipment normally and customarily requiring special exhaust, excluding Lessee's special requirements. and,
17. Core Doors. Building Standard core doors for stairwells, electrical, mechanical, janitorial and telephone rooms and washrooms all installed, primed, sanded, dusted, and ready to receive paint or other Lessee finish. Doors finished and complete with frame, trim, hardware, locking devices, electric door releases and/or magnetic hold-open devices where applicable and closers.
18. Electrical backbone system sufficient to distribute power to the mechanical systems, building systems and at least 4.5 watts of electrical power per rentable square foot as determined by Lessee's use; and
19. Electrical and telecommunications service of sufficient capacity to the building including:
 - 19A. Excluding Lessee's special electrical requirements, all vertical power distribution for the entire building to include:
 - All 480/277 volts panels for lighting.
 - All 208/120 volts panels to support Los Angeles County's (LAC) computer loads.
 - Separation of 208/120 volts panels for LEADER equipment, if any, from all other loads.
 - Transformers supplying power to the LEADER panels, if any, shall be PowerSmith type to cancel the harmonics of the computers.
 - 208/120 volts panels for LEADER equipment, if any, shall have 200 percent rated neutral bar, equipment ground bar and an isolated ground strip and Transient Voltage

Suppression System.

• Power to all HVAC and elevator loads.

- 19B Code required Stand-by Emergency Power System.
- 19C Code required Fire Pump System or existing system in place shall meet code.
- 19D HVAC System energy management and controls.
- 19E All general lighting and controls.
- 19F Basic Telephone service to a Main Communications Room (MCR) with sufficient service conduits per LAC requirements with interconnecting conduit sleeves to each other or existing if acceptable.
- 19G Provide Stacked Telecommunications room (IDF) in each floor for Data Equipment Racks
- 19I All wall openings in the IDF and MCR rooms for Cable tray entrances required.
- 19J Isolated grounding bus bar in each telecommunication room.
- 19K Interconnected to the building main grounding bus; and,

20. Life safety systems (including wet fire sprinkler system to all building areas and parking garages, and fire alarm system). Lessor shall install, or has installed, life safety improvements including life safety panel(s) and controls (the cost of which will be paid by Lessor and not included in the Tenant Improvement Allowance) to the extent required by shell and core construction for a temporary certificate of occupancy for the Building, or, if greater, to the extent already constructed in the Premises and Building as of 1982. A sprinkler system installed in compliance with code for floors, including main loop connected to core and drops in place with heads installed per code for an unimproved (non-occupied) floor. Fire hose and extinguisher cabinets finished and installed at each stairwell or as required by code for shell and core construction. Exit signs at all stairwells. Smoke detectors on both sides of all doors in all elevator lobbies and all other areas as required by code. Fire extinguishers as required by code for shell and core construction. Fire horns and exit signs as required by code for shell and core construction. Electric door releases and magnetic hold-open devices, as applicable installed for all fire doors. Speakers, cameras and such other life safety equipment as required by code to obtain a final building inspection and/or permanent certificate of occupancy for the Premises as it applies to the base building and shall comply with all applicable building, electrical, mechanical and Uniform Fire Codes and requirements excluding lessee's special requirements. and,

21. Cable tray distribution throughout the building sufficient to carry all data, telephone, panic alarm, CCTV, security system and public address cabling; (specification and size to be supplied by County); and,

22. Exterior fencing and gating.

B. GENERAL:

- 1. To "all areas" above means to accommodate total coverage throughout the building for the use specified. It does not include special HVAC provisions necessitated by Tenant Improvement floor to ceiling partitions.
- 2. The fire alarm, intrusion alarm, checkpoint entry and CCTV systems must be capable of interfacing with an integrated software control package supplied and programmed by the County.
- 3. To the extent there are improvements to the Base Building in excess of the foregoing, such improvements will remain as part of the Base Building work at no cost to Tenant, and shall be in accordance with the Base Building Plans.
- 4. Rated demising walls (including the corridor wall separating the Premises from the corridor), fire dampers and transfer boots shall be borne by Lessor.

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C. TENANT IMPROVEMENTS

Tenant improvements are expected to include:

1. Electrical conduit and wire infrastructure from the 480/277 volts and the 208/120 volts panels for all convenience and special outlets in the modular furniture and hard offices.
2. All conduit and outlet boxes required for the LAC's Low voltage and Telecommunication/Data systems wiring.
3. All line voltage wiring to LAC furnished equipment in the MCR and the IDF rooms in each floor as required by LAC.
4. HVAC modifications only as required to accommodate floor to ceiling partitions and a dedicated HVAC unit providing 24 hour air to the MCR.
5. Built-in partitions and rooms.
6. Floor coverings.
7. Millwork.
8. Paint & wall coverings.
9. Signage not required by Code.
10. Interior doors and associated hardware including any card readers.
11. Intrusion detection and alarm system at all entry levels; and,
12. Check point entry system including power supply at parking entrance, all stairwells on each floor, all elevators, and at least two external entrances; and
13. Public address system throughout the building with a minimum of five zones; and,
14. CCTV coverage in all public areas including parking structure; and,

The County, unless otherwise specified to be Lessor's responsibility, will supply or will authorize tenant improvement allowance expenditure for the following if applicable:

- All telecommunication and data design, wiring, equipment and installation.
- Panic Alarm System design, wiring, equipment and installation.
- CCTV cameras only (Installation by Lessor).
- Checkpoint entry programming, card readers and final hookup at system end (Installation by Lessor).
- All computer and computer related equipment and installation.
- All mail room furnishings and equipment.
- Security equipment and installation except as noted above.
- All electronic units providing: (Please specify, if any required)

