

REVISED



SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

"To Enrich Lives Through Effective And Caring Service"

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February 16, 2016

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

12 February 16, 2016


PATRICK OGAWA
ACTING EXECUTIVE OFFICER

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

Dear Supervisors:

**NEW LEASE
DEPARTMENT OF MENTAL HEALTH
1138 EAST ROSECRANS AVENUE, LOS ANGELES
(SECOND DISTRICT)
(3 VOTES)**

SUBJECT

A new eight-year lease for approximately 10,408 square feet of office space, and 24 on-site parking spaces for use by the Department of Mental Health's Specialized Foster Care Program and Service Area 6 Administration Office.

IT IS RECOMMENDED THAT THE BOARD:

1. Consider the Negative Declaration together with the fact that no comments were received during the public review process, find on the basis of the whole record that the project will not have a significant effect on the environment and no adverse effect on wildlife resources, find that the Negative Declaration reflects the independent judgment of the Board of Supervisors to approve the Negative Declaration, adopt the Negative Declaration, and authorize the Chief Executive Office to complete and file a Certificate of Fee Exemption for the project.
2. Approve and instruct the Chair to sign the lease with HC Rosecrans, LLC, for the occupancy of approximately 10,408 square feet of office space, and 24 on-site parking spaces at 1138 East Rosecrans Avenue, Los Angeles, for the Department of Mental Health for a maximum first year rental cost of \$312,240. The rental and related costs are 100 percent funded from State and federal revenue.

3. Authorize the Internal Services Department, the Landlord, or Landlord's County-approved vendor, at the direction of the Chief Executive Office, to acquire telephone, data, and low voltage systems at a cost not to exceed \$300,000, which will be paid by the Department of Mental Health via lump sum payment or financed over a five-year term.

4. Authorize and direct the Chief Executive Officer to execute any other ancillary documentation necessary to effectuate the lease, and to authorize and direct the Chief Executive Officer and the Directors of Mental Health and Internal Services to take actions necessary and appropriate to implement the project. The lease will be effective upon approval by the Board of Supervisors, but the term and rent will commence upon completion of the improvements by the Landlord or Landlord's County-approved vendor, and acceptance by the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed lease for approximately 10,408 square feet of office space, and 24 on-site parking spaces at 1138 East Rosecrans Avenue, Los Angeles, will allow the Department of Mental Health (DMH) to relocate and consolidate its Compton Specialized Foster Care (SFC) program currently located at 546 West Compton Boulevard, Compton, and Service Area (SA) 6 Administrative office currently located at 550 South Vermont Avenue, Los Angeles, into the same facility. The relocation of the SFC program is necessitated by the inability of the current landlord to perform necessary repairs, improvements, and accessibility to its current facility.

The SFC program provides direct and field-based services to children ages 0-18 years old. Services provided by staff include individual and family psychotherapy, psychological testing and assessment, medication support, case management, and crisis intervention. ~~The office averages five clients per day with sessions lasting approximately one-hour, and field-based staff travel outside of the office approximately 30 percent of the time providing services to clients.~~

The SA 6 Administration office is comprised of para-professional, field-based staff that spend approximately 30 percent of their time providing services to clients and their families, and presentations at directly operated clinics, contract providers, and other County agencies. The lead District Chief for the service area will be housed at this facility providing oversight of the Service Area Advisory Committee (SAAC) meetings for SA 6.

The facility is strategically situated in the unincorporated area of West Rancho Dominguez, and in close proximity to DMH's Compton Mental Health Center at 921 East Compton Boulevard, Compton. The facility will house 30 staff from the combined SFC and SA 6 programs. The current SFC office lease will be terminated upon occupancy of the new office.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services, and the Goal of Integrated Services Delivery (Goal 3) directs that we improve client and community outcomes through the continuous integration of services while safeguarding long-term fiscal sustainability of County services. The proposed new lease supports these goals by consolidating operations and improving efficiencies to provide quality information and services to residents. The proposed new lease is in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed new lease will provide DMH the use of approximately 10,408 square feet of office space, and 24 on-site parking spaces at a maximum first year rental cost of \$312,240. The first year rental cost represents a 19 percent increase over the rent currently paid at the leased facility housing the SFC program, and the SA 6 function is currently housed in a County-owned facility. HC Rosecrans, LLC (Landlord), is responsible for the building operational and maintenance costs, and the County is responsible for janitorial, trash service, and utilities.

Sufficient funding for the proposed lease is included in the Fiscal Year (FY) 2015-16 Rent Expense budget, and will be charged back to DMH. DMH has sufficient funding in its FY 2015-16 operating budget to cover the projected lease costs. The lease costs are funded from State and federal revenue. Attachment B is an overview of the proposed lease costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed new lease includes the following provisions:

- An eight-year lease term, which commences upon completion of the improvements by the Landlord and acceptance by the County.
- A modified full-service gross lease whereby the Landlord is responsible for the building, operational, and maintenance costs, and the County is responsible for janitorial, trash service, and utilities.
- A non-reimbursable Tenant Improvement (TI) allowance of \$156,120, or \$15 per square foot.
- A reimbursable TI allowance of \$884,680, or \$85 per square foot, payable via lump sum payment, or construction progress payments.
- Furniture to be purchased through the TI allowance, or by DMH through Internal Services Department Purchasing.

- Two five-year options to extend the lease at the same terms and conditions with 270 days prior written notice.
- A rental rate subject to fixed 3 percent annual rental increases over the term.

The Chief Executive Office (CEO), Real Estate Division staff conducted a survey within the project area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the survey area that could suitably accommodate this requirement. Based upon said survey, staff has established that the base rental range for similar space and terms is between \$21 and \$54 per square foot per year on a modified-gross basis, including parking. Thus, the base annual rental rate of \$30 per square foot per year modified-gross, including parking, for the proposed lease represents a rate within the market range for the area. In addition, the proposed facility is the only viable space for DMH to house the program within the service area. Attachment C shows County-owned or leased facilities in the proximity of the service area, and there are no suitable County-owned or leased facilities available for the program.

The facility is newly constructed, and therefore does not require inspection by the Department of Public Works. Construction of the TIs will be completed in compliance with relevant building and construction laws and regulations. A notification letter advising of the proposed lease has been sent to the Department of Regional Planning, pursuant to Government Code Section 65402.

A childcare facility is not feasible for DMH at this time for the proposed leased premises. The proposed lease will provide a central and appropriate location for services, which is consistent with the County's facility location policy, adopted by the Board of Supervisors on July 24, 2012, as outlined in Attachment D.

ENVIRONMENTAL DOCUMENTATION

The CEO has made an initial study of environmental factors and concluded that the project will have no significant impact on the environment, and no adverse effect on wildlife resources. A Negative Declaration has been prepared and a notice posted at the 1138 East Rosecrans Avenue facility as required by the California Environmental Quality Act (CEQA) and California Administrative Code, Section 15072. Copies of the completed study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration, as posted, are attached. No comments to the Negative Declaration were received.

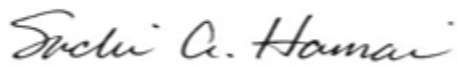
IMPACT ON CURRENT SERVICES (OR PROJECTS)

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

CONCLUSION

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

Respectfully submitted,



SACHI A. HAMAI
Chief Executive Officer

SAH:DPH:CMM
TS:NCH:MAC:gw

Enclosures

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

**DEPARTMENT OF MENTAL HEALTH
1138 EAST ROSECRANS AVENUE, LOS ANGELES
Asset Management Principles Compliance Form¹**

1. <u>Occupancy</u>		Yes	No	N/A
A	Does lease consolidate administrative functions? ²			X
B	Does lease co-locate with other functions to better serve clients? ² Yes, co-location of DMH programs.			X
C	Does this lease centralize business support functions? ²	X		
D	Does this lease meet the guideline of 200 sq. ft of space per person? ² No, 346 sq. ft. per person due to the program's clinical, training and meeting space needs.		X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ² No, it's just over 2/1000 sq. ft.. however, the 24 spaces meets the department's parking needs for this facility per SRE.		X	
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ²	X		
2. <u>Capital</u>				
A	Is it a substantial net County cost (NCC) program? The rental costs are 100% funded under State and federal revenue.		X	
B	Is this a long term County program?	X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned space?			X
F	Is Building Description Report attached as Attachment C?	X		
G	Was build-to-suit or capital project considered?		X	
3. <u>Portfolio Management</u>				
A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?			
D	Why was this program not co-located?			X
	1. ___ The program clientele requires a "stand alone" facility.			
	2. ___ No suitable County occupied properties in project area.			
	3. <u>X</u> No County-owned facilities available for the project.			
	4. ___ Could not get City clearance or approval.			
	5. ___ The Program is being co-located.			
E	Is lease a full service lease? ² No, the County will pay for janitorial, trash, and utilities.		X	
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval? No, building was recently constructed.		X	
	¹ As approved by the Board of Supervisors 11/17/98			
	² If not, why not?			

**FISCAL IMPACT/FINANCING
OVERVIEW OF THE PROPOSED LEASE**

Proposed Lease	1138 East Rosecrans Avenue, Los Angeles
Area (Square Feet)	10,408 rentable square feet
Term (years)	Eight-years, commencing upon Board of Supervisors approval and County's acceptance of the TIs.
Maximum Annual Base Rent	\$312,240 (\$30 per sq. ft. annually)
Base TI Allowance (non-reimbursable)	\$156,120 (\$15 per sq. ft.)
Reimbursable Additional TI Allowance ⁽¹⁾	\$884,680 (\$85 per sq. ft.) via construction progress payments when milestones are completed to Premises.
Cancellation	Any time after the 120 th month upon 120 days prior written notice
Rental adjustment	Fixed 3 percent per annum

⁽¹⁾ \$884,680 represents the maximum amount of reimbursable Additional TI allowance funds available for this project payable via a lump sum payment or when construction milestones are completed

**DEPARTMENT OF MENTAL HEALTH
SPACE SEARCH WITHIN 5 MILES FROM
921 EAST COMPTON BOULEVARD, COMPTON**

LACO	FACILITY NAME	ADDRESS	Gross SqFt	Net SqFt	Owner-ship	Building Use
X998	Los Padriños Juvenile Courthouse - 1	7281 E Quill Dr Downey	90242	47,232	23,148	Owned Court
0140	Rancho - Building 900 Annex 'A'	7601 E Imperial Hwy Downey	90242	5,700	4,931	Owned Office
0141	Rancho - Building 900 Annex 'B'	7601 E Imperial Hwy Downey	90242	5,700	5,307	Owned Office
1190	Rancho - Housekeeping/Building 202	7447 Descanso St. Downey	90242	6,219	4,661	Owned Office
1194	Rancho - Dietary Office/Building 206	7601 E Imperial Hwy Downey	90242	6,245	4,231	Owned Office
1193	Rancho - Recreation Services/Bldg 205	7601 E Imperial Hwy Downey	90242	6,245	4,518	Owned Office
1192	Rancho - Snack Bar #1/Building 204	7601 E Imperial Hwy Downey	90242	6,325	4,299	Owned Office
1191	Rancho - Purchasing Office/Bldg 203	7601 E Imperial Hwy Downey	90242	6,339	4,055	Owned Office
1198	Rancho - Nursing Education/Bldg 210	7323 Descanso St. Downey	90242	6,462	3,955	Owned Office
1264	Rancho - Bonita Hall (Rehab Engineering)	7601 E Imperial Hwy Downey	90242	6,612	3,426	Owned Office
1189	Rancho - General Services/Building 201	7453 Descanso St. Downey	90242	7,271	4,668	Owned Office
A350	Dept of Animal Care and Control Hqtrs	5898 Cherry Ave Long Beach	90808	12,450	9,897	Owned Office
A020	Sheriff - Rancho Dominguez Office	3010 E Victoria St. Rancho Dominguez	90221	14,040	10,668	Leased Office
1185	Rancho - Financial Services/Building 40	7601 E Imperial Hwy Downey	90242	15,119	9,469	Owned Office
1186	Rancho - Financial Services/Building 50	7601 E Imperial Hwy Downey	90242	15,382	8,837	Owned Office
6819	Probation - Firestone Area Office	8526 S Grape St. Los Angeles	90001	15,431	10,475	Owned Office
1100	Public Safety - Headquarters/Health Services Bureau	13001 Dahlia Ave Downey	90242	15,482	9,221	Owned Office
1188	Rancho - Office Building/Building 70	7601 E Imperial Hwy Downey	90242	15,648	11,386	Owned Office
2892	Rancho - Buildings 605/606	7601 E Imperial Hwy Downey	90242	15,658	12,249	Owned Office
Y861	ML King - Plant Management Building	12021 S Wilmington Ave Los Angeles	90059	16,000	14,400	Owned Office
1203	Public Health Facilities Bldg 301/302	12838 Erickson Ave Downey	90242	19,575	12,170	Owned Office
X351	Century Detention - Detention Admin.	11705 S Alameda St. Lynwood	90262	20,706	17,600	Financed Office
6467	Ag Comm/Wts & Meas - South Gate Administration	11012 Garfield Ave South Gate	90280	21,902	15,325	Owned Office
Y460	DPSS - Cudahy A/P District Office	8130 S Atlantic Ave Cudahy	90201	30,873	24,212	Owned Office
X169	DPSS - Compton AP District Office	211 E Alondra Blvd Compton	90220	48,135	38,777	Owned Office
5721	DPSS - South Central AP District Office	10728 S Central Ave Los Angeles	90002	51,991	32,463	Owned Office
A959	DPSS - GAIN Region V/Paramount Dist.	2959 E Victoria St. Rancho Dominguez	90221	54,000	44,280	Leased Office
X349	Century Regional Justice Center Court	11701 S Alameda St. Lynwood	90262	62,078	53,480	Leased Office
X238	Rancho - Support Services Admin Bldg	7601 E Imperial Hwy Downey	90242	66,200	56,002	Financed Office
A755	Public Library - Headquarters	7400 E Imperial Hwy Downey	90242	68,000	55,733	Owned Office
1180	Rancho - Harriman Building 400 - Admin	7601 E Imperial Hwy Downey	90242	85,879	39,682	Owned Office
3385	Rancho - Hospital Office Building 500,501,502 & 503	7601 E Imperial Hwy Downey	90242	88,104	63,850	Financed Office
C600	DPSS - South Family AP/Special Dist Off	17600 S Santa Fe Ave Rancho Dominguez	90221	133,000	103,324	Leased Office
A560	DCSS - East Rancho Dominguez Serv Ctr	4513 E Compton Blvd Rancho Dominguez	90221	4,436	3,188	Leased Service Ctr
6465	DCSS - Willowbrook Senior Center	12915 S Jarvis Ave Los Angeles	90061	12,858	8,670	Owned Service Ctr
A556	DMH/DC&FS - Compton Family Serv Ctr	921 E Compton Blvd Compton	90221	30,090	28,586	Leased Service Ctr

FACILITY LOCATION POLICY ANALYSIS

Proposed Lease: New Eight-Year Lease for the Department of Mental Health – 1138 East Rosecrans Avenue, Los Angeles – 2nd District.

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

Determination of the Service Area –The proposed lease will allow the Department of Mental Health (DMH) to relocate and consolidate its Compton Specialized Foster Care (SFC) program currently located at 546 West Compton Boulevard, Compton, and Service Area (SA) 6 Administrative office into the same facility. The relocation of the SFC program is necessitated by the inability of the Landlord to perform needed repairs, improvements, and accessibility to its current facility. The facility will provide staff with adequate office space for within the service area.

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

- Need for proximity to service area and population: The new office provides convenient accessibility for staff providing direct and field based services to children ages 0-18 years old, and for conducting meetings and training within the Service Area 6 region including Compton.
- Need for proximity to existing County facilities: The new facility is strategically situated in the unincorporated West Rancho Dominguez area of Service Area 6 and in close proximity to the Compton Mental Health Center at 921 East Compton Boulevard, Compton.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The Center is conveniently located near public transportation, i.e., bus service.
- Availability of affordable housing for County employees: N/A
- Use of historic buildings: N/A

- Availability and compatibility of existing buildings: There are no existing County buildings available to meet the Department's service needs.
- Compatibility with local land use plans: The proposed facility is newly constructed therefore does not require inspection by the Department of Public Works. Construction of the TIs will be completed in compliance with relevant building and construction laws and regulations. A notification letter advising of the proposed lease has been sent pursuant to the Department of Regional Planning pursuant to Government Code Section 65402.
- Estimated acquisition/construction and ongoing operational costs: The initial annual base rent of \$312,240, i.e., \$2.50 per square foot per month, plus the reimbursable additional TI allowance of \$884,680 payable via lump sum payment or construction progress payments comprise the total first year lease costs for the leased facility under consideration. Sufficient funding for the proposed leased is included in the Fiscal Year (FY) 2015-16 Rent Expense budget and will be charged back to DMH. DMH has sufficient funding to cover the proposed lease costs, which are funded under State and federal revenue. In addition, telephone, data, and low voltage systems will be installed by Internal Services, Landlord or Landlord's County approved vendor at a cost not to exceed \$300,000.

C. Analyze results and identify location alternatives

Based upon the space and service needs of DMH, staff surveyed the immediate area to determine the availability of comparable and more economical sites. The proposed facility is the only viable space for DMH to house the programs within the service area.

Based on a survey of the area staff has determined that the base rental range for similar space and terms is between \$21 and \$54 per square foot per year on a modified-gross basis. Thus, the base annual rental rate of \$30 modified-gross, including parking, for the proposed lease represents a rate within the market range for the area.

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

The facility provides proper accommodations for staff to provide mental health services in the Service Area 6 region. The lease is in conformance with the Asset Management Principles, as outlined in Attachment A. The consolidation of facilities at the proposed office will provide a central and appropriate location, which is consistent with the County's facility location policy, adopted by the Board of Supervisors on July 24, 2012.

JUN 01 2015

DATE POSTED – June 1, 2015

LOS ANGELES, COUNTY CLERK

NOTICE OF PREPARATION OF NEGATIVE DECLARATION

This notice is provided as required by the California Environmental quality Act and California Administrative Code Title 14 Division 6, Section 15072 (a) (2) B.

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 Executive Office
2. Address/Phone No. - 222 South Hill Street, 3rd Floor
Los Angeles, California 90012

<u>Agent</u>	<u>Telephone</u>
MiguelCovarrubias	(213) 974-4164
3. Date Information Form Submitted – June 1, 2015
4. Agency Requiring Information Form - Los Angeles County
Chief Executive Office
5. Address of Facility Involved – 1138 East Rosecrans Avenue, Los Angeles CA 90221
6. Description of Project - The leasing of office space in an existing commercial building to be used by the County of Los Angeles, Department of Mental Health Compton Specialized Foster Care and Service Area 6 Administration office.
7. Finding for Negative Declaration - It has been determined that this project will not have a significant effect on the environment.

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.

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE**

NEGATIVE DECLARATION

I. Location and Description of the Project

The proposed project is for the County of Los Angeles to lease facilities at 1138 East Rosecrans Avenue, Los Angeles, California, which will be used by the Department of Mental Health Compton Specialized Foster Care and Service Area 6 Administration office. The facility, located in the Second Supervisorial District approximately 14 miles from the Los Angeles Civic Center, includes 10,040 square feet of office space. The Landlord has no expansion plans beyond the scope of this project.

II. Finding of No Significant Effect

Based on the attached initial study, it has been determined that the project will not have a significant effect on the environment.

III. Mitigation Measures

None required.

NEGATIVE DECLARATION

Department Name: Mental Health
Project: Compton Specialized Foster Care and Service Area 6
Administration office

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

1. Description of Project

The leasing of existing office space in an existing commercial building to be used by the County of Los Angeles, Department of Mental Health Compton Specialized Foster Care and Service Area 6 Administration office.

2. a. Location of Project (plot plan attached)

1138 East Rosecrans Avenue, Los Angeles CA 90221

b. Name of Project Proponent

County of Los Angeles
Chief Executive Office
222 South Hill Street, 3rd Floor
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 June 1, 2015 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 Executive Office and is attached hereto.

5. Mitigation Measures Included in Project

None required.

Date
June 1, 2015

Real Property Agent
Miguel Covarrubias

Telephone
(213) 974-4164

1138 E Rosecrans Ave
Street View Search nearby



INITIAL STUDY

I. Location and Description of Project

The proposed leased premises are located at 1138 East Rosecrans Avenue, Los Angeles CA 90221 in the Second Supervisorial District approximately 14 mile southeast of the Los Angeles Civic Center. (See attached map)

The building to be used is owned by Rosh Investments LLC and is intended for use as the Compton Specialized Foster Care and Service Area 6 Administration office. The facility is located near public transportation and parking is located onsite.

This project consists of leasing this facility for 8 years for occupancy by the Department of Mental Health Compton Specialized Foster Care and Service Area 6 Administration office. It is anticipated that an average of 30 employees will be occupying the premises with the maximum employee occupancy anticipated to be 25 per day. In addition to the employees, it is anticipated that an average of 5 visitors arriving daily. No expansion of existing premises will occur for this project and no alterations, except for interior furnishings, will be performed for this project.

II. Compatibility with General Plan

This project site is currently designated as Stores in the County of Los Angeles General Plan and zoned ICC1. The proposed project would be consistent with these designations.

III. Environmental Setting

The project site is located in an area of commercial type facility and corridor. The site is improved with two commercial buildings in unincorporated section of Los Angeles. The building is located at 1138 East Rosecrans Avenue, Los Angeles.

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 County of Los Angeles.
- C. The project will not have a substantial demonstrable negative aesthetic effect on the 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 or 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 government use of private property for public benefit purposes. The County's use is in conformance with uses approved by the County.
- 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 expend 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 Miguel Covarrubias of the Los Angeles County Chief Executive Office, Real Estate Division. This study was completed on June 1, 2015.

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

DEPARTMENT: Mental Health, as Tenant

LANDLORD: HC Rosecrans, LLC, a California limited liability company

**1138 East Rosecrans Avenue
Los Angeles, California 90059**

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COUNTY OF LOS ANGELES

CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is entered into as of the ___ day of _____, 2016 ("Effective Date"), between HC Rosecrans, LLC, a California limited liability company ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant" or "County").

Landlord and Tenant agree:

3. BASIC LEASE INFORMATION The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease.

1.1 Defined Terms Relating to the Lease:

(a) Landlord's Address for Notice:

HC Rosecrans, LLC
c/o Himel Capital, LLC
831 S. Lake St.
Los Angeles, CA 90057
Attn: Elliot Zemel
Facsimile: (718) 228-4666

With a copy to:

Greystone Law Group LLP
1600 Rosecrans Ave., Suite 400
Manhattan Beach, CA 90266
Attention: Adam Mindle (Legal Notices)
Facsimile: (213) 867-2144

(b) Landlord's Rent Payment Address:

HC Rosecrans, LLC
c/o Himel Capital, LLC
831 S. Lake St.
Los Angeles, CA 90057
Attn: Elliot Zemel

(c) Tenant's Address for Notice:

Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street

Los Angeles, California 90012
With a copy to:

Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 217-4971

- (d) Premises: The entire Building (defined below) containing approximately 10,408 rentable square feet as shown on Exhibit A attached hereto ("Site Plan"), plus any additional improvements to the Building to be completed by Tenant pursuant to the Work Letter.
- (e) Building: The building located at 1138 East Rosecrans Avenue, Los Angeles and depicted on the Site Plan is located upon the real property described more particularly in Exhibit B attached hereto (the "Property");
- (f) Term: Eight (8) years commencing upon Tenant's Acceptance of the Premises as defined in Section 4(a) (the "Commencement Date"); and terminating at midnight on the day before the eighth (8th) anniversary of the Commencement Date (the "Termination Date". The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.
- (g) Projected Commencement Date: July 1, 2016
- (h) Commencement Date: See Section 4(a)
- (i) Irrevocable Offer Expiration Date: February 2, 2016
- (j) Basic Rent: \$26,020.00 per month (which is based upon a rental rate of \$2.50 per rentable square foot) adjustable only as provided in Section 2(b) hereof, with annual increases as provided in

Section 5 hereof.

- (k) Rentable Square Feet in the Premises ("RSF"): 10,408, adjustable only as provided in Section 2(b) hereof.
- (l) Permitted Use: General office use or for any other lawful purposes not incompatible with other uses in the Property, and subject to compliance with all applicable Laws.
- (m) Initial Departmental Use: Mental Health
- (n) Parking Spaces: 24
- (o) Normal Working Hours: 7:00 a.m. to 7:00 p.m., Monday through Friday and 9:00 a.m. to 2:00 p.m. Saturday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are recognized by the County of Los Angeles, California.

3.2 Defined Terms Relating to Landlord's Work Letter:

- (a) Base Tenant Improvement Allowance: \$156,120.00 (\$15.00 per RSF)
- (b) Additional Tenant Improvement Allowance: \$884,680.00 (\$85 per RSF)
- (c) Additional Tenant Improvement Amortization Rate: Not Applicable
- (d) Tenant's Work Letter Representative: Miguel A Covarrubias or an assigned staff person of the Chief Executive Office-Real Estate Division.
- (e) Landlord's Work Letter Representative: Elliot Zemel

(f) Landlord's Address for Work Letter Notices:

HC Rosecrans, LLC
c/o Himel Capital, LLC
831 S. Lake St.
Los Angeles, CA 90057
Attn: Elliot Zemel
Facsimile: (718) 228-4666

(g) Tenant's Address for Work Letter Notices:

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

With a copy to:
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 830-0927

3.3 Exhibits to Lease:

Exhibit A - Floor Plan of Premises; Site Plan
Exhibit B- Legal Description of Property
Exhibit C - Commencement Date
Memorandum and Confirmation of Lease
Terms
Exhibit D HVAC Standards
Exhibit E - Cleaning and Maintenance
Schedule
Exhibit F – Property Rules

(Executed concurrently with this Lease and made a part hereof by this reference):

Landlord's Work Letter
Addendum A: Base Building Improvements
Addendum B: Tenant Improvements

(Delivered to Landlord and made a part hereof by this reference):

Document I: Subordination, Non-disturbance and Attornment Agreement
Document II: Tenant Estoppel Certificate
Document III: Community Business Enterprises Form
Document IV: Memorandum of Lease
Document V: Request for Notice

2. PREMISES

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and depicted on the Site Plan.

(b) Tenant shall have the right within ninety (90) days of approval of this Lease by the Board of Supervisors of the County of Los Angeles ("Board of Supervisors") to field-measure and verify the exact footage of the Premises and/or the Building, at Tenant's sole cost and expense. All measurements shall be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association ("BOMA") International except that no penthouse mechanical room space shall be included in the measurement. Should this measurement be less than the square footage stated above, Tenant shall deliver a copy of the measurement to Landlord for Landlord's review and approval. Should Landlord and Tenant not agree with respect to the results of the measurement conducted pursuant to this subsection (b) Landlord shall appoint an independent firm or person who is experienced in making such measurements whose determination with respect to which measurement is correct shall be final and binding upon the parties. Landlord and Tenant shall share equally in the fees of such firm. Once the measurement of the Premises by Tenant has been approved by Landlord and Tenant, then the parties shall proportionately adjust such square footage and the Basic Rent in Section 1 accomplished by the mutual execution of a memorandum of understanding between the Landlord and the Tenant.

3. COMMON AREAS. Tenant may use the following areas ("Common Areas") in common with Landlord and other tenants of the Building and their employees, customers and invitees: the public areas of the Property, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building and their employees, customers and invitees. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established from time-to-time by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES

(a) Term. The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Promptly after the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C. The Commencement Date shall begin upon Tenant's Acceptance of the Premises. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Premises are Substantially Complete, Tenant has inspected the Premises and Tenant has accepted the Premises. The term "Substantially Complete" or "Substantial Completion" as used in this Lease shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises; (2) Landlord

has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease, (3) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent; (4) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease; and

(b) Termination Right. If the Commencement Date has not occurred within 120 days from the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays as provided in Landlord's Work Letter, which has been executed concurrently herewith, Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder.

5. RENT. Tenant shall pay Landlord the Basic Rent stated in Section 1 during the Term hereof in monthly installments to Landlord, in advance, beginning on the Commencement Date and thereafter on the first day of each and every calendar month during the term. . Basic Rent for any partial month shall be prorated in proportion to the number of days in such month.

All amounts owed pursuant to this Lease, including but not limited to Additional Tenant Improvement Allowance and Charge Orders, shall be consider Rent hereunder.

On an annual basis, Basic Rent shall be adjusted as follows:

<u>Year</u>	<u>Rate/Square foot</u>	<u>Monthly</u>
1	\$2.50	\$26,020.00
2	\$2.56	\$26,644.48
3	\$2.63	\$27,373.04
4	\$2.69	\$27,997.52
5	\$2.76	\$28,726.08
8	\$2.83	\$29,454.64
7	\$2.90	\$30,183.20
8	\$2.97	\$30,911.76

6. USES. The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use.

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon 90 days written notice from Landlord or 90 days written notice from the Chief Executive Officer of Tenant at the last monthly Basic Rent payable under this Lease (as such Basic Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

(a) Laws/Property Rules. This Lease is subject and subordinate to all Laws.

Tenant shall comply with the Property Rules attached as Exhibit D, as such may be amended from time to time in compliance with this Lease, and with all recorded covenants, conditions and restrictions now affecting the Building or the Property, if any. Landlord may revise the Property Rules from time to time in Landlord's reasonable discretion upon reasonable notice to Tenant provided such revisions shall not materially increase Tenant's costs or discriminate against Tenant.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within ten days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material default hereunder. Basic Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

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

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or

Tenant may terminate this Lease by giving notice to the other not more than 30 days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is 30 days after such written notice of termination.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may (a) declare a default hereunder, or (b) perform or cause to be performed the restoration work and deduct the cost thereof, from the Basic Rent next due as a charge against the Landlord.

10. REPAIRS AND MAINTENANCE.

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

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. Landlord, at its sole cost and expense, shall also perform all major maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. (c) Tenant Obligations. Without limiting Landlord's Obligations, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Landlord, which consent shall not be unreasonably withheld or delayed; (b) be at least equal in quality, value and utility to the original work or installation; and (c) be in accordance with all laws.

(c) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the receipt of such notice, but in any event provided that Landlord commences such cure within a 7 day period of receiving such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action. If not reimbursed by Landlord within ten days, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 14.

(d) Reimbursable Costs. Notwithstanding any provisions of this Lease to the contrary, Tenant at its sole discretion, acting through the Chief Executive Officer of Tenant, may request from Landlord, without any obligation on the part of Landlord to comply with said request, to perform repair, maintenance, janitorial and/or tenant improvement work. Tenant shall reimburse Landlord upon completion of any such work or service that is performed by Landlord. Any Landlord charges to Tenant for administrative costs associated with such work shall not exceed three and one-half percent (3.5%) of the costs actually incurred by the Landlord in performance or contracting out such work.

11. SERVICES AND UTILITIES.

Landlord shall furnish the following services and utilities to the Premises and Tenant shall pay for electric and janitorial service:

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

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

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

(d) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises. However, if Landlord provides Tenant with a separate water meter from the utility company specific to Tenant's space and not a submeter, Tenant will assume responsibility for paying for Water bill for tenants usage.

(e) Janitorial. Tenant shall provide janitorial service and Landlord is responsible for services set forth in the specifications set forth in Exhibit E attached hereto.

(f) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

(g) Tenant's Obligation: Tenant shall, at its sole cost and expense contract and pay for the following services: (1) trash removal so long as a separate area is set aside for Tenants refuse use and storage separate from any other tenant, if there is no set area then Tenant shall reimburse for its share of the trash removal on a pro rata basis, (2) any and all security services for their unit, (3) any such other services as Tenant reasonably determines are necessary or appropriate for its operations at the Premises including, without limitation, pest control services.

(h.) Other Provisions Relating to Services: No interruption in, or temporary stoppage of any of the services is to be deemed an eviction or disturbance of Tenant's use and possession of the Premises, nor does any interruption or stoppage relieve the Tenant from any obligation under this Lease, render Landlord liable for damages or entitle Tenant to any Rent abatement.

12. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises or for any reasonable purpose. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

13. TENANT DEFAULT.

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

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

(ii) The failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of 30 days after written notice from Landlord specifying in detail the nature of the Tenant Default; provided, however, if more than 30 days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

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

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

14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9(d), 10(c) 19 and 20(b), Landlord shall be in default ("Landlord Default") in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within seven business days after the receipt of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(c)) ; provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably be cured within such five day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof (including but not limited to attorneys' fees) plus interest at the rate of ten (10%) per annum from the installments of Basic Rent next falling due; (ii) to pursue the remedy of specific performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Basic Rent next coming due; and/or (iv) to terminate this Lease.

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

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable

opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

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

16. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria: (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not materially affect the systems or structure of the Building; and (4) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building. If Landlord fails to respond in writing within 30 days of such request, Landlord shall be deemed to approve the Alterations.

(b) End of Term. Any Alterations may not be removed by Tenant and shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term. Landlord and Tenant agree that Tenant may remove and at its own expense, during the term hereof or the expiration or other termination of the term of this Lease, or any extension or holdover period thereof, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by the Tenant or under its authority or leave it in place unless Tenant receives a written request from Landlord to remove them prior to Tenant vacating the Premises.

17. CONDEMNATION.

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

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

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

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

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

18. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Tenant or its employees, or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees. Nothing in this Lease shall be construed to waive, limit, or supersede any of Tenant's rights or immunities under the California Labor Code, including but not limited to a waiver pursuant to section 3864 of the Labor Code.

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

19. INSURANCE.

(a) Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates); and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value. Landlord shall carry insurance on any furniture and furnishings which will become the property of Tenant at the expiration of the Term and on all modular furniture installed in the Premises. Insurance proceeds shall be payable to Landlord and Tenant as their interests may appear and be utilized for repair and restoration of the Premises.

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000; and (3) personal and advertising injury of \$1,000,000.

(iii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease.

(b) Insurance Requirements. All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of "AVII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Landlord shall be written as primary policies, not contributing with, and not in excess of coverage which Tenant may carry.

(c) Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least 15 days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates shall include the address of the leased premises and must document that each party has named the other as an additional insured (or its equivalent) on its general liability and property insurance policy, and that Tenant has been named a loss payee on

Landlord's commercial property insurance policy, as required. Further, all certificates shall expressly provide that no less than 30 days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates.

(d) At the sole option of the Tenant, it may self-insure by self-funding any or all of its insurance obligation required under this Lease. It is understood that if Tenant elects to self-insure as permitted above, Landlord shall have the same benefits and protections as if Tenant carried insurance with a third party insurance company satisfying the requirements of this Lease, including without limitation, the waiver of subrogation provisions of paragraph 19(f) hereof, and such self-insurance shall not limit Tenant's indemnification obligations set forth in paragraph 18(a) hereof

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

20. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of exclusive reserved parking stalls set forth in Section 1 without charge for the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building.

(b) Remedies. Landlord acknowledges that it is a material term of this Lease that Tenant receive all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant, (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation) Landlord is obligated to provide Tenant with the required amount of parking spaces within 1 block as alternates. If Landlord fails to provide then it is agreed Tenant may (a) terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective 30 days thereafter or (b) deduct from the Basic Rent thereafter accruing hereunder an amount each month equal to the Basic Rent times the percentage of Parking Spaces not so provided times 1.5 but such deduction from Basic Rent shall be not less than ten percent (10%) nor more than one hundred percent (100%).

21. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness, mold, mildew, or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

(b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

22. ESTOPPEL CERTIFICATES. Tenant shall, within 10 days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to

this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

23. TENANT IMPROVEMENTS. Prior to the Commencement Date, Landlord shall construct the Tenant Improvements in the manner set forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

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

25. SUBORDINATION AND MORTGAGES

(a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein. Tenant shall execute and acknowledge and deliver to Landlord the Tenant Subordination and Non-Disturbance Agreement to Landlord and Landlord's lender within 10 days of request by Landlord.

(b) Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith within 30 days after the execution of this Lease.

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

(d) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten (10) days within which to cure such default.

26. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition and if Landlord requires, Tenant will remove all furniture at its sole cost.

27. SIGNAGE. Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances subject to approval by Landlord which reasonable consent shall not be withheld.

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

29. GENERAL

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

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

(c) Brokers. There is no broker in this transaction.

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

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

(f) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(g) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

(h) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any

act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

(i) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(j) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) days after written request is made therefore, together with all necessary information.

(k) Community Business Enterprises. Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document III in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

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

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

31. ACKNOWLEDGMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

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

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

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.

(c) Landlord Assignment.

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

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

(iii) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County. Notwithstanding the foregoing, the County hereby acknowledges and agrees that Landlord shall have the right to encumber the Property with CMBS (collateralized mortgage backed securities) financing or other traditional real estate financing. However, Landlord may not encumber the Property through any type of bond financing vehicle, including but not limited to certificate of participation financing.

(iv) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the

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

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

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

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

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

33. OPTION TO EXTEND.

(a) Terms of Option Provided that no material default has occurred and is continuing under the Lease at the time the option is exercised, Tenant shall have two (2) options to renew this Lease for two (2) additional periods of five (5) years each (each, an "Option Term").

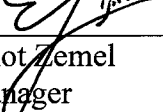
(b) Exercise of Option Tenant must exercise its option to extend this Lease, if it elects to do so, by giving Landlord written notice of its intent to do so by Chief Executive Office letter no later than 9 months s() prior to the end of the initial Term, or first option term, as the case may be.

(c) Terms and Conditions of Extension Term The Option Term shall be on all the terms and conditions of this Lease, except that Basic Rent for each Option Term shall be the rate in effect (adjustable only as provided in Sections 2(b) and 5) hereof during the last year of the original Lease Term (or first Option Term, as the case may be).

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

LANDLORD:

HC Rosecrans, LLC,
a California limited liability company

By: 
Name: Elliot Zemel
Its: Manager

TENANT:

COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____
Hilda L. Solis
Chair, Board of Supervisors

ATTEST:

Patrick Ogawa
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:
Mary C. Wickham
County Counsel

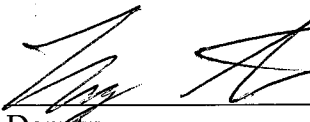
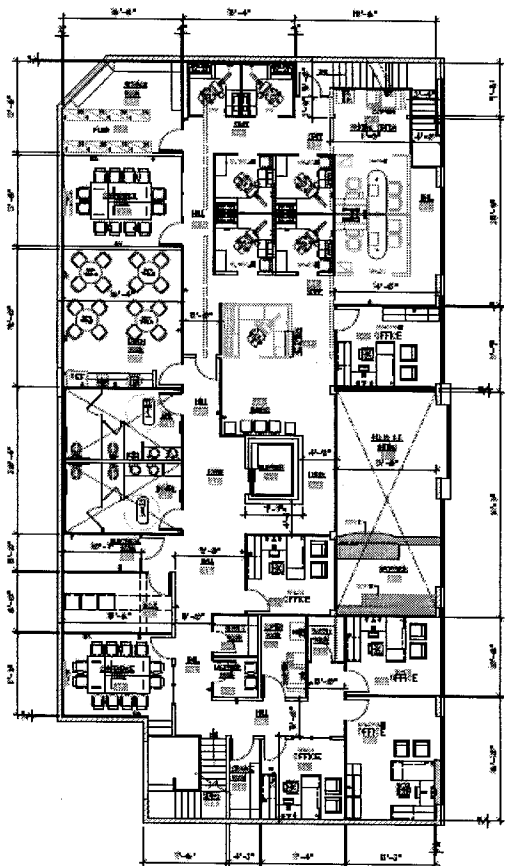
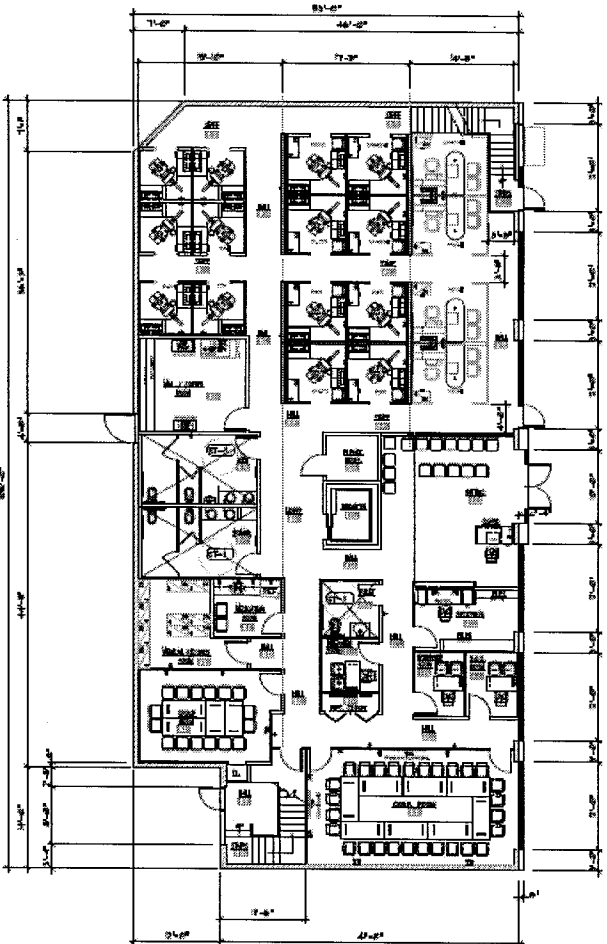
By: 
Deputy

EXHIBIT A
FLOOR PLAN OF PREMISES



SECOND FLOOR PLAN



FIRST FLOOR PLAN

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

**TRACT NO 12933 LOT COM AT MOST S, SW COR OF LOT 1 TH N 8657' E 94.17
FT TH N 303' W 210.99 FT TH S 8657' W 83.17 FT TH SW 24.04 FT TO MOST
W, NW COR OF SD LOT TH S 303' E 166 FT TH SE PART OF LOT 1**

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated _____, 2015, between County of Los Angeles, a body politic and corporate ("Tenant"), and HC Rosecrans, LLC, a California limited liability company ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 1138 East Rosecrans Avenue, Los Angeles ("Premises"), as more particularly describe in the Lease.

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on _____ ("Commencement Date");
- (4) The Premises contain _____ rentable square feet of space; and
- (5) Basic Rent per month is _____.

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

"Tenant"

COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____
Name: _____
Its: _____

"Landlord"

HC Rosecrans, LLC,
a California limited liability company

By: _____
Name: _____
Its: _____

EXHIBIT D
HVAC STANDARDS

HVAC standards to conform to the plans from the engineer of record which are based upon occupancy requirements required by law and Tenants office use.

EXHIBIT E

CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday through Friday)

A. Graffiti at the Premises expunged as needed within two (2) working days after notice by Tenant.

B. HVAC units serviced for preventative maintenance purposes, all filters changed.

2. SEMI-ANNUALLY

A. Windows' exterior washed as required, not less frequently than twice annually as needed.

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

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

EXHIBIT F

PROPERTY RULES

The following Property Rules apply to and govern Tenant's use of the Premises and Property. Capitalized terms have the meanings given in the Lease, of which these Property Rules are a part. Tenant is responsible for all Claims arising from any violation of the Property Rules by Tenant.

1. No awning or other projection may be attached to the outside walls of the Premises or Property without the prior written consent of Landlord (which consent shall not be unreasonably withheld).

2. No sign, lettering, picture, notice or advertisement which is visible from the exterior of the Premises or Property may be installed on or in the Premises without Landlord's prior written consent (which consent shall not be unreasonably withheld), and then only in such manner, character and style as Landlord may have approved in writing.

3. Tenant will not obstruct sidewalks, entrances or passages adjacent to the Building that are used by the public

4. Tenant will not create or allow obnoxious or harmful fumes, odors, smoke or other discharges that may be offensive to the other occupants of the Property or neighboring properties, or otherwise create any nuisance.

5. The Premises may not be used for cooking, as opposed to heating of food (other than in the cafeteria and/or other areas designated for kitchens, if any), lodging, sleeping or for any immoral or illegal purpose.

6. Tenant will not make excessive noises, cause disturbances or vibrations or use or operate any electrical or mechanical devices or other equipment that emit excessive sound or other waves or disturbances or which may be offensive to occupants adjacent to the Property, or that may unreasonably interfere with the operation of any device, equipment, computer, video, radio, television broadcasting or reception from or within the Property or elsewhere, or otherwise use any apparatus or device in or about the Property that causes substantial noise, odor or vibration.

7. Machines and mechanical equipment belonging to Tenant, which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be reasonably objectionable to Landlord, will be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to reduce noise or vibration.

8. No dog or other animal or bird is allowed in the Property, except for animals assisting the disabled.

9. Tenant will not connect any apparatus or device to electrical current or water except as permitted by the Lease and Work Letter.

10. Tenant assumes full responsibility for protecting its space from theft, robbery and pilferage, which includes keeping valuable items locked up and doors locked and other means of entry to the Property closed and secured after business hours and at other times the Premises is not in use.

11. Upon termination of this Lease or of Tenant's possession, Tenant will surrender all keys of the Premises and will explain to Landlord all combination locks on safes, cabinets and vaults.

12. Tenant will not bring into the Property inflammables, such as gasoline, kerosene, naphtha and benzine, or explosives or any other article of intrinsically dangerous nature.

13. Tenant will not bring any non-stationary bicycles or other vehicles of any kind into the Building, except for appropriate vehicles necessary for assisting the disabled and/or the operation of the permitted use.

14. If Tenant requires satellite dish or antennae services, Tenant will first obtain Landlord's written approval, which shall not be unreasonably withheld, conditioned or delayed, and comply with Landlord's instructions in their installation.

15. Tenant will not overload any utilities serving the Premises; provided Tenant's use of the capacities permitted by the Lease shall not constitute an overload.

16. The water and wash closets, drinking fountains and other plumbing fixtures will not be used for any purpose other than those for which they were constructed, and no sweepings, rubbish, rags, coffee grounds or other substances will be thrown therein.

17. All loading, unloading, receiving or delivery of goods, supplies, furniture or other items will be made only through entryways provided for such purposes.

18. Tenant will not overload the floors or structure of the Building.

19. Canvassing, soliciting, and peddling in sidewalks adjacent to the Property is prohibited and Tenant will cooperate to prevent the same.

20. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to limit or prevent access to the Property during the continuance of the same by closing the doors or directing Tenant to take such or other appropriate steps. Landlord will in no case be liable for damages for any error or other action taken with regard to such limitation or prevention of access.

21. Smoking is only permitted in such areas located outside of the Building as may be permitted by Laws. Tenant will not allow any smoking anywhere within the Building. All smoking materials must be disposed of in ashtrays or other appropriate receptacles provided for that purpose.

22. Tenant will not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Property.

23. Tenant will store all its trash and garbage in proper receptacles within the Property or in other facilities provided for such purpose by Tenant. Tenant will not place in any trash box or receptacle any Hazardous Materials or any other items or materials that cannot be safely and properly disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal will be made in accordance with directions reasonably issued from time to time by Landlord. Tenant will cooperate with any recycling program at the Property.

24. Tenant will comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

25. Only passenger vehicles may be parked in the parking areas.

26. Parking stickers or any other device or form of identification supplied as a condition of use of the parking facilities will remain the property of Landlord or its designee. Such parking identification device must be displayed as requested and may not be mutilated or obstructed in any manner. Such devices are not transferable and any device in the possession of an unauthorized holder will be void.

27. No overnight or extended term parking or storage of vehicles is permitted in the parking areas.

28. Parking is prohibited (a) in areas not striped for parking; (b) in aisles; (c) where "no parking" signs are posted; and (d) in loading areas.

29. All responsibility for damage, loss or theft to vehicles and the contents thereof is assumed by the person parking their vehicle.

30. Tenant and/or each user of the parking area may be required to sign a parking agreement, as a condition to parking, which agreement may provide for any matters not inconsistent with this Lease and these Property Rules; provided, however, except as provided in this Lease, in no event shall any such agreement require any additional payment by Tenant, its employees and invitees.

31. Landlord reserves the right to refuse parking identification devices and parking rights to Tenant or any other person who fails to comply with the Property Rules applicable to the parking areas. Any violation of such rule will subject the vehicle to removal, at such person's expense.

32. A third party may own, operate or control the parking areas, and such party may enforce these Property Rules relating to parking. Tenant will obey any additional rules and regulations governing parking that may be imposed by the parking operator or any other person controlling the parking areas serving the Property; provided these additional rules and regulation are reasonable, are imposed on all tenants in a non-discriminatory manner and do not deprive Tenant of any parking rights under the Lease.

33. Tenant will be responsible for the observance of all of the Property Rules by Tenant (including, without limitation, all employees, agents, clients, customers, invitees and guests).

34. Landlord may, from time to time, waive any one or more of these Property Rules for the benefit of Tenant, but no such waiver by Landlord shall be construed as a continuing waiver of such Property Rule(s) in favor of Tenant, nor prevent Landlord from thereafter enforcing any such Property Rule(s) against Tenant.

35. These Property Rules are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the other terms, covenants, agreements and conditions of the Lease. To the extent there is any conflict between a Property Rule and any express term or provision otherwise set forth in the Lease, such other express term or provision will be controlling.

LANDLORD'S WORK LETTER

For

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

DEPARTMENT: Mental Health, as Tenant

LANDLORD: HC Rosecrans, LLC

**1138 East Rosecrans Avenue
Los Angeles, California 90059**

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated _____, 2016, executed concurrently herewith, by and between HC Rosecrans, LLC a California limited liability company, ("Landlord") as Landlord, and COUNTY OF LOS ANGELES ("Tenant" or "County") as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

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

(a) <u>Base Tenant Improvement Allowance:</u>	\$156,120 (i.e., \$15 per rentable square foot of the Premises).
(b) <u>Additional Tenant Improvement Allowance:</u>	Not applicable.
(c) <u>Maximum Change Order Allowance:</u>	Not Applicable
(d) <u>Additional Tenant Improvement and Change Order Amortization Rate:</u>	Not Applicable
(e) <u>Basic Rent Reduction per \$1,000:</u>	Not Applicable.
(f) <u>Tenant's Work Letter Representative:</u>	Miguel A Covarrubias or an assigned staff person of the Chief Executive Office-Real Estate Division.
(g) <u>Landlord's Work Letter Representative:</u>	An assigned staff person of the Landlord.
(h) <u>Landlord's Address for Work Letter Notice:</u>	See Section 1(a) of the Lease.
(i) <u>Tenant's Address for Work Letter Notice:</u>	Board of Supervisors Kenneth Hahn Hall of Administration Room 383 500 West Temple Street Los Angeles, California 90012

	With a copy to: Chief Executive Office- Real Estate Division 222 South Hill Street, 3 rd Floor Los Angeles, California 90012 Attention: Director of Real Estate Fax Number: (213) 830-0927
(j) <u>Addenda:</u>	Addendum A: Base Building Improvements Addendum B: Tenant Improvements

2. Construction of the Building.

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

2.2 Additional Costs Not Tenant Improvement Costs.

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

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

(c) Landlord shall be solely responsible for all costs and expenses necessary to increase permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses.

2.3 Base Building Plans. Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2000 format. In the event Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, such increased costs will be reimbursed to Tenant and any delay caused thereby shall not be a Tenant Delay, as defined below.

3. **Selection of Architect and Engineer.** Landlord shall promptly solicit at least three proposals from qualified licensed architects ("Architect") and engineers ("Engineer") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings as defined below and approved by the Tenant. The Architect and the Engineer shall be selected by Landlord subject to Tenant's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within three business days after Landlord has submitted the name of the Architect and the Engineer to Tenant together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Tenant and written consent has been delivered to and received by Landlord.

4. **Selection of Contractor.** The Final Plans, as defined below, and a proposed construction contract approved by Tenant, shall be submitted to contractors, selected and approved by Landlord and Tenant, sufficient in number so that a minimum of three bids are received. Each approved contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Tenant Improvements designated on the Final Plans. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract ("Construction Contract") with Landlord consistent with the terms of the bid to construct the Tenant Improvements.

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

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

5.2 **Preparation and Approval of Working Drawings.** Within ten days of the date the Space Plan is submitted to Landlord (the "Plan Submission Date"), Landlord shall instruct the Architect to commence preparation of Working Drawings (the "Working Drawings"), which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review. Landlord shall be solely responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

5.3 **Preparation and Approval of Engineering Drawings.** Landlord shall cause the Architect to coordinate all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review.

5.4 Integration of Working Drawings and Engineering Drawings into Final Plans.

After Tenant has approved the Engineering Drawings, Landlord shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver five sets of the Final Plans to Tenant. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements) and power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

5.5 Approval of Plans by Tenant. Approval by Tenant shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Tenant Improvements.

5.6 Schedule. Within 30 days after the Plan Submission Date, Landlord shall submit to Tenant a detailed construction schedule, subject to approval by Tenant which approval shall not be unreasonably withheld, setting forth the dates specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, Projected Commencement Date and other similar dates. As the construction continues, Landlord shall amend the schedule from time to time to reflect any changes to the projected dates.

6. **Final Construction Budget and Payment of Tenant Construction Costs.**

6.1 Construction Budget. Within three days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary budget (the "Preliminary Budget"). Such budget shall be revised into final form within ten days from of the date the Contractor is selected and will be referred to herein as the "Final Construction Budget". Tenant shall have five days from the date of receipt of the Final Construction Budget to approve or disapprove the Final Construction Budget. Construction of the Tenant Improvements shall not begin until such time as Tenant indicates its approval or disapproval of the Final Construction Budget or the five day period expires without any response from Tenant. In the event Tenant disapproves the Final Construction Budget due to matters related to cost and the Final Construction Budget is ten percent (10%) or more higher in cost than was projected in the Preliminary Construction Budget, then any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay. Landlord shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense. No fee for profit, overhead or general conditions in connection with the construction of the Tenant Improvements shall be included in the Final Construction Budget unless approved by Tenant.

6.2 Additional Tenant Improvement Allowance. All improvements required by the Working Plans and modular furniture described in the Modular Specifications, as further described in Addendum B hereto (collectively, the "Tenant Improvements") shall be at Landlord's sole cost and expense. Costs of Tenant Improvements shall include, without limitation, construction costs for furniture, telecommunications equipment, soft costs and any

other costs designated in writing by Tenant not to exceed, in the aggregate, the sum of the Base Tenant Improvement Allowance, the Additional Tenant Improvement Allowance and costs of Change Orders, as defined below (collectively "Tenant Improvement Costs"). Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements except for delays or costs arising from Tenant Delays as defined below. It is anticipated that the Tenant Improvement Costs will exceed the Tenant Improvement Allowance, and Tenant's Chief Executive Office may authorize Landlord to pay the overage in an amount not exceeding the Additional Tenant Improvement Allowance. The Additional Tenant Improvement Allowance shall be paid to Landlord as provided herein.

6.3 Method of Payment. That portion of the Additional Tenant Improvement Allowance used to pay for the Tenant Improvement Costs will be paid by Tenant to Landlord in construction progress payments as work progresses and mutually agreed construction milestones are completed and upon Tenant receiving written request from Landlord for Additional Tenant Improvement Allowance construction progress payments.

7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum B hereto the work shall be performed by Landlord at its own cost and expense and not included in the cost of Tenant Improvements.

7.2 Bids. Unless waived by Tenant in writing, any major contractors, subcontractors and materials providers providing labor and/or materials for the Tenant Improvements shall be selected only after at least three bids have been solicited from responsible and qualified persons approved by the Tenant. Landlord shall submit at least three sealed fixed price bids for the construction of the Tenant Improvements to Tenant for its review and approval prior to the award of the Construction Contract. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. At least three bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

(a) Permits. Landlord shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans.

(b) Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within 15 days after issuance of all such necessary permits. Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Tenant Improvements, subject to any cessation that may be caused by Force Majeure Delays.

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

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant.

(b) Decorating Decisions. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Clean-Up and Substandard Work. The Additional Tenant Improvement shall provide a budgeted amount for all clean-up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Landlord or its contractors, and agrees to reimburse Tenant for any and all expenses incurred by Tenant by reason of substandard work performed by Landlord's contractor or contractors (as reasonably determined by Tenant according to the usual standards of work in the Building) or as a result of inadequate clean-up.

(d) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements. Particulars of the current Prevailing Wage Scale as approved by the Board of Supervisors which are applicable to the work are filed with the Clerk of the Board of Supervisors and must be posted at the site.

7.4 Conformed Plans. Within 60 days after Substantial Completion of the Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted on three and one-half inch (3½") 1.4Mb magnetic media diskettes, or CD, in AutoCAD R 12.dwg (or later version) format or .DXF format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

8. Change Orders. Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. The amount of the Maximum Change Order Allowance set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of all authorized Change Orders but only the Chief Executive Officer is authorized to approve Change Orders on behalf of Tenant and then only if the aggregate amount of such approved Change Orders does not exceed the Maximum Change Order Allowance. Tenant may elect to pay for Change Orders by: (a) payment in a lump sum upon Substantial Completion of the Tenant Improvements, or (b) amortization of such costs over the initial Term of the Lease at the Change Order Amortization Rate payable in equal monthly installments over the initial Term of the Lease. Landlord shall submit to the Chief Executive Officer with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the Chief Executive Officer.

9. Furniture System.

9.1 Tenant shall deliver to Landlord within ten days after execution hereof, modular furniture plans and specifications (the "Modular Specifications"). Based on the Modular Specifications, Landlord and /or Landlord's Architect, shall prepare a modular furniture specifications bid package for submission to no less than three furniture vendors. Prior to submission for bids, Landlord shall review the bid package with Tenant and Tenant shall have the right to approve or disapprove the bid package. Landlord shall provide at its cost the modular furniture set forth in the Modular Specifications and shall not be responsible for the cost of such modular furniture in excess of the Additional Tenant Improvement Allowance. Tenant shall reimburse the Landlord in a lump sum.

9.2 Tenant may opt to finance the lump-sum payment for the cost of modular furniture through lease-purchase financing with a third-party vendor ("Creditor"). In the event the Tenant elects to enter into a lease-purchase financing of the furniture and telecommunications equipment (the "Personal Property") through a Creditor, Landlord expressly agrees as follows:

(a) The Personal Property shall not become part of the realty or real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage occasioned by such removal shall be repaired by Creditor.

(b) Landlord shall be notified by Creditor of any plan by Creditor to remove the Personal Property.

(c) This section shall be binding on the representatives, successors and assigns of all parties hereto and shall inure to the benefit of the successors-in-interest to all parties hereto.

(d) Landlord does hereby waive any right to gain possession of any of Personal Property during the term of this Lease.

10. **Tenant Improvement Costs Adjustment and Right to Audit.** Within five days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of Los Angeles, which ever occurs first, Landlord shall provide to Tenant a statement showing in reasonable detail all Tenant Improvement Costs and the total amount payable hereunder by Tenant to Landlord. Upon approval of the statement by Tenant, payments by either party pursuant to the Lease and this Landlord's Work Letter shall be adjusted as appropriate, based upon such statement. Tenant shall have the right to audit these costs for a period of 24 months from the date of acceptance by Tenant of the Premises. In the event the audit shows that Tenant is entitled to a reduction in payments to the Landlord under this Landlord's Work Letter, Tenant shall provide Landlord with a copy of the audit summary and Landlord, within 30 days, shall refund to Tenant the amount of any overpayment made by Tenant and all future payments shall be adjusted as appropriate based upon the audit results.

11. **Exclusions.** The Tenant Improvement Costs shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work except for distribution systems for, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Landlord. (See Add. B subsection g)

12. **Telephone/Computer Room and Equipment.** Landlord shall provide the electrical capacity required for the telephone equipment room(s) including permanent power and HVAC, in compliance with the Space Plan and specifications provided by Tenant, at least 30 days prior to the Projected Commencement Date.

13. **Delay.**

13.1. **Tenant Delays and Force Majeure Delays.** Except as set forth herein, no delay in the completion of construction of the Tenant Improvements shall be considered in the determination of the Commencement Date of the Lease and, except as set forth herein or in the Lease, under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Tenant Improvements. Subject to the provisions of Section 13.2, the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (i) Tenant fails or refuses to give authorizations or approvals within the time periods required herein but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); or (ii) Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)").

13.2. **Limitations.**

(a) **Notice.** No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within 48 hours of the event giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord.

(b) **Mitigation.** Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date only in the event that Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make (provided such additional cost incurred by Landlord due to such effort does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to such excess).

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

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

14. **Tenant Remedies.** If Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration, or if Tenant Improvements have not been completed within 120 days after the Projected Commencement Date, Tenant may, at its option:

14.1. Cancel the Lease upon 30 days written notice to Landlord; or

14.2. Upon 30 days written notice to Landlord, assume the responsibility for providing the Tenant Improvements itself. If Tenant elects to provide Tenant Improvements itself, then:

(a). Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises and the Building at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto; and

(b). Rent shall be reduced by Tenant's total expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for its administrative costs, (collectively, "Tenant's Total Expense"). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five years and deducted from the rent payable hereunder and under the Lease.

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

15. **Representatives.**

15.1 **Tenant Representative.** Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Landlord's Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.

15.2 **Landlord Representative.** Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Landlord's Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.

16. **Elevator Usage During Move-In.** In the event that the use of the elevators and/or hoists is not sufficient to meet Tenant's requirements, Landlord shall cause to be made operational (a) Tenant shall have priority usage of two passenger elevators in the elevator bank that services the Premises in order to assist Tenant in the installation of Tenant's fixtures, furniture and equipment.

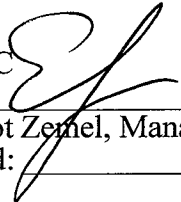
17. **Construction Meetings.** During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs

otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within five days of the date the Contractor is selected.

18. **Delivery.** Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

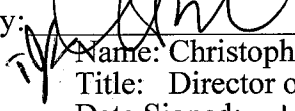
LANDLORD:

HC Rosecrans, LLC

By: 
Name: Elliot Zemel, Manager
Date Signed: _____

TENANT:

COUNTY OF LOS ANGELES,
a body politic and corporate

By: 
Name: Christopher M. Montana
Title: Director of Real Estate
Date Signed: 1/5/2016

ADDENDUM A To Landlord's Work Letter

BASE BUILDING IMPROVEMENTS

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

- (a) The Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;
- (b) The core area, including mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord;
- (c) Men's and women's toilet rooms, excluding necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;
- (d) Unpainted exterior dry wall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows;
- (e) Public stairways;
- (f) Passenger and freight elevators;
- (g) Parking facilities;
- (h) Ground floor lobby;
- (i) Unfinished elevator lobbies (j) Exterior plazas and landscaping;
- (l) Drinking fountains at the core per Code requirements if applicable
- (m) Electrical/telephone closet with not less than seven watts per square foot of rentable area of normal power in the floor electrical closet;
- (n)
- (o) Two 208/120 and one 480/277 volt panels connected to the Building power system or per the the engineer of record and Tenants power needs;
- (q) Concrete floors with trowelled finish, level to specified tolerances and designed to support a minimum live load of 50 pounds per square foot and a partition load of 20 pounds per square foot;
- (r) Standard window coverings;
- (s) See Addendum B Subsection g (u) Primary fire sprinkler capacity , (v) Primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution;
- (w) Access at panels in the service core for distribution of Building requirements electrical power (initially 120/208 V for power and 277V for fluorescent lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and

(x)

ADDENDUM B To Landlord's Work Letter

TENANT IMPROVEMENTS

Tenant improvements shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises (except elevator lobbies and public corridors on multi-tenant floors and toilet rooms);
- (c) Interior finishes of any kind within the Premises (except elevator lobbies and public corridors on multi-tenant floors and core area toilet rooms);
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Terminal boxes and reheat coils or other HVAC or air distribution devices to or within the Premises;
- (f) As applicable, Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor;
- (g) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;
- (h) Any and all signs for Tenant and the power therefor;
- (i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (j) Additional and/or above standard electrical capacity; and
- (k) Fiber optic access.