



WILLIAM T FUJIOKA
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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March 19, 2013

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

9 March 19, 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

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

Dear Supervisors:

**AMENDMENT NO. 2 TO LEASE NO. 72222
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
5100-5110 WEST GOLDFLEAF CIRCLE, LOS ANGELES
(SECOND DISTRICT)
(3 VOTES)**

SUBJECT

This recommendation is for a seven-year lease amendment for 52,370 rentable square feet for the Department of Children and Family Services to provide continued use of existing office space and 312 parking spaces.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chairman to sign an amendment to the seven-year lease agreement with MULLROCK WATERIDGE, LLC (Lessor) for the Department of Children and Family Services to continue occupancy of 52,370 square feet of office space and 312 parking spaces located at 5100-5110 West Goldleaf Circle, Los Angeles, at an initial annual rental cost of \$1,319,724. The rental costs for the Department of Children and Family Services are approximately 70 percent funded by State and Federal funds with the remainder as net County cost.
3. Authorize the Chief Executive Officer and the Director of Children and Family Services to implement the project. The lease amendment will be effective upon approval by the Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since February 2000, the Department of Children and Family Services (DCFS) has leased office space and parking at the "Wateridge" office facility located at 5100-5110 West Goldleaf Circle, in the unincorporated area of Los Angeles, for the Service Planning Area 6 (SPA 6) regional office. The office has public intake and is in close proximity to public transportation routes.

The proposed lease amendment herein will continue to provide the department with sufficient space for this regional office and the various programs housed at this location.

DCFS provides services to families in crisis with the primary goal of maintaining the family unit and reunifying families as quickly as possible. The program provides comprehensive direct full service child protection systems of prevention, preservation, and permanency planning to ensure that children grow up safe, physically and emotionally healthy, educated and in permanent homes. The Adoption units are responsible for assessing child adoptability, case management and supervision, and providing services involving the finalization of the adoption process. Revenue Enhancement units provide support to social workers assisting in finding placement for children that must be placed in out-of-home care. The proposed lease renewal will continue to provide housing for these operations, while supporting the department's goal of reuniting families in the shortest period of time possible.

The SPA 6 regional office provides a comprehensive full service direct child protection system dedicated to the safety of children within its care. The reduction of the time line related to child permanency placement within the care of the program, and the reduction of reliance for out-of-home care are key outcome goals. These outcomes are achieved largely through the work of Emergency Response, Family Maintenance and Reunification, and Permanent Placement Children's Social Workers, in collaboration with support staff, and staff from other departments co-located at this office.

In addition, smaller programs designed to enhance direct services to children and families are also housed within this facility. Examples include Family Group and Team Decision Making, Department of Mental Health/DCFS collaboration for improving mental health, and permanency outcomes for foster children, Adoption Safe Families Act staff, Department of Public Social Services' Linkages, and contracted Education Liaisons.

The facility currently houses approximately 392 staff positions and services approximately 80 client visits per day. Parking is provided in the facility parking structure.

Implementation of Strategic Plan Goals

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

FISCAL IMPACT/FINANCING

The proposed lease amendment will provide the County uninterrupted use of 52,370 square feet of office space and 312 on-site parking spaces at a monthly base rent of \$109,977 per month, or \$1,319,724 annually, i.e. \$2.10 per square foot per month. The base rental rate reduction from the existing rent of \$.59/\$7.02 per square foot monthly/annually will represent potential savings of approximately \$2,574,642 over the term of the extended lease. In addition, a Tenant Improvement (TI) allowance of \$628,440 included in the rent was negotiated for miscellaneous deferred maintenance and improvements within the facility. Attachment B is an overview of the changes in the lease.

This is a full-service gross lease whereby the Lessor is responsible for all operating costs associated with the County's occupancy. The rent is subject to CPI increases capped at 3 percent in lieu of the previous annual fixed increases of 3 percent and operating expense pass through increases capped at 6 percent annually. Parking is included in the rental rate and will be provided in the on-site secured parking structure(s).

Sufficient funding for the proposed lease costs is included in the Fiscal Year (FY) 2012 13 Recommended Rent Expense budget and will be billed back to DCFS. DCFS has sufficient funding in its FY 2012-13 operating budget to cover the projected lease costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease amendment will provide uninterrupted use of 52,370 square feet of office space and 312 parking spaces. The proposed lease amendment contains the following provisions:

- Commencement of new rent and seven-year term upon approval by the Board.
- A full-service gross basis with the Lessor responsible for all operational and maintenance costs.
- A TI allowance of \$628,440 for new carpet, paint, and miscellaneous improvements included in the base rent.
- A cancellation provision allowing the County to cancel any time after four years with 150 days prior written notice.
- Annual rental rate adjustments based upon CPI with a maximum increase of 3 percent per annum and no floor.

The Chief Executive Office (CEO) Real Estate staff conducted a survey within the search area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically, nor are there any County-owned or leased facilities available for this program. Based upon said survey, staff has established that the rental range for similar space is between \$20.40 and \$30.00 per square foot per year on a full-service basis, excluding parking. Thus, the combined base annual rent of \$25.20 per square foot per year on a full-service basis, including parking, for the proposed lease represents a rate within the market range for the area. Attachment C shows County-owned or leased facilities in the proximity of the service area and indicates there are no suitable County-owned or leased facilities available for the program.

The leased premises and related common areas were assessed in regards to ADA accessibility compliance. A report identifying barriers to accessibility has been completed and provided to the CEO and the department. Pursuant to the report, the CEO, the department, and the Lessor(s) have

or will engage in a collaborative effort to address the removal of barriers to improve accessibility to the existing program, services, and activities.

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

ENVIRONMENTAL DOCUMENTATION

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

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will adequately provide the necessary office space for this County requirement. DCFS concurs with the proposed recommendation.

CONCLUSION

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

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:CMM
CEM:NCH:ls

Enclosures

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

DEPARTMENT OF CHILDREN AND FAMILY SERVICES
5100-5110 WEST GOLDLEAF CIRCLE, 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			X
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the guideline of 200 sq. ft of space per person? ² Ratio = 134 sq.ft. per person based on 392 staff occupancy.		X	
2.	<u>Capital</u>			
A	Is it a substantial net County cost (NCC) program?		X	
B	Is this a long term County program?	X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned space?			X
F	Is Building Description Report attached as Attachment B?	X		
G	Was build-to-suit or capital project considered? The proposed building is offered at a competitive market rate and County already occupies the facility.		X	
3.	<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?		X	
D	Why was this program not co-located?			X
	1. ___ The program clientele requires a "stand alone" facility.			
	2. <u>X</u> No suitable County occupied properties in project area.			
	3. ___ No County-owned facilities available for the project.			
	4. ___ Could not get City clearance or approval.			
	5. ___ The Program is being co-located.			
E	Is lease a full service lease? ²	X		
F	Has growth projection been considered in space request?			X
G	Has the Dept. of Public Works completed seismic review/approval?	X		
¹ As approved by the Board of Supervisors 11/17/98				
² If not, why not?				

**FISCAL IMPACT/FINANCING
OVERVIEW OF LEASE CHANGES**

5100-5110 West Goldleaf Circle	Existing Lease	Proposed Lease Amendment No. 2	Change
Area (square feet)	52,370	52,370	None
Term	(02/01/2000-09/30/2010) currently month-to-month	Seven years upon Board adoption	+ 7 years
Annual Rent	\$1,687,530* (\$32.22/sq.ft.)	\$1,319,724* (\$25.20/sq.ft.)	- \$367,806 (-\$7.02/sq.ft.)
Base TI Allowance	\$898,433* (\$17.00/sq.ft.)	\$628,440 (\$12.00/sq.ft.)	- \$269,993 (-\$5.00/sq.ft.)*
Cancellation	County at 5 years only with 180 days notice	County after 4 years with 150 days notice	-1 year; -30 days notice
Parking (included)	209 spaces	312 spaces	+ 102 spaces
Option to Renew	None	None	None
Rental Adjustment	Automatic 3 percent increases per year; plus operating expense pass through up to 6 percent cap.	CPI increases capped at 3 percent with no floor. Elimination of operating expense pass through provision.	-1 percent based on CPI; No operating expense pass through provision.

* Lease is comprised of 52,370 square feet of office space at new rate of \$2.10 psf monthly.

**DEPARTMENT OF CHILDREN & FAMILY SERVICES
SPACE SEARCH - 7-MILE RADIUS OF 5100-5110 WEST GOLDLEAF CIRCLE, LOS ANGELES**

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
A437	DCFS-WATERIDGE (SPA 6)	5100 W GOLDLEAF CIR, LOS ANGELES 90056	52,370	46,086	LEASED	NONE
A533	DCFS-KINSHIP 2-NORTH	5035 W SLAUSON AVE, LOS ANGELES 90056	5,788	5,200	LEASED	NONE
A430	ASSESSOR-WEST DISTRICT OFFICE	6120 BRISTOL PKWY , CULVER CITY 90230	30,507	27,456	LEASED	NONE
6722	PUBLIC LIBRARY-VIEW PARK LIBRARY	3854 W 54TH ST, LOS ANGELES 90043	6,983	6,130	OWNED	NONE
0014	PW ROAD-DIV #233/333/433 OFFICE/ GARAGE	5530 W 83RD ST, WESTCHESTER 90045	5,500	4,950	OWNED	NONE
3394	INGLEWOOD JUVENILE COURTHOUSE	110 E REGENT ST, INGLEWOOD 90301	21,538	13,371	STATE OF CA & COUNTY LA (PARTIAL)	NONE
6330	INGLEWOOD COURTHOUSE	1 E REGENT ST, INGLEWOOD 90301	140,673	89,483	STATE OF CA & COUNTY LA (PARTIAL)	NONE
5933	PH-CURTIS TUCKER PUBLIC HEALTH CENTER	123 W MANCHESTER BLVD, INGLEWOOD 90301	28,734	16,828	OWNED	NONE
B520	DPSS-IHSS TRAINING (PART TIME)	923 E REDONDO BLVD, INGLEWOOD 90302	40,000	27,898	OWNED	NONE
5708	PUB LIB-CULVER CITY JULIAN DIXON LIBRARY	4975 OVERLAND AVE, CULVER CITY 90230	21,406	17,364	OWNED	NONE
A242	DPSS-MEDICAL INGLEWOOD OFFICE / PUBLIC HEALTH	9800 S LA CIENEGA BLVD, INGLEWOOD 90301	59,069	56,016	LEASED	NONE
A448	DMH-CULVER CITY MENTAL HEALTH SERVICES	11303 W WASHINGTON BLVD, CULVER CITY 90066	15,980	15,181	LEASED	NONE
3776	CULVER CITY COURTHOUSE	4130 OVERLAND AVE, CULVER CITY 90230	21,568	11,543	OWNED	NONE
A378	DPSS-AIRPORT/WESTSIDE GAIN REGION I OFFICE	5200 W CENTURY BLVD, WESTCHESTER 90045	50,147	47,640	LEASED	NONE
6304	PROBATION-CRENSHAW AREA OFFICE	3606 W EXPOSITION BLVD, LOS ANGELES 90016	19,112	14,020	OWNED	NONE
X301	LOS ANGELES AIRPORT COURTHOUSE	11701 S LA CIENEGA BLVD, LOS ANGELES 90045	292,000	157,380	FINANCED	NONE
X020	BEACHES/HARBORS FORMER COVE BUILDING	13535 MINDANAO WAY, MARINA DEL REY 90292	9,276	8,812	OWNED	NONE
5276	PH-DR RUTH TEMPLE PUBLIC HEALTH CENTER	3834 S WESTERN AVE, LOS ANGELES 90018	29,023	16,627	OWNED	NONE
A338	DCFS-COMPTON WEST (SPA 6)	11539 S HAWTHORNE BLVD, HAWTHORNE 90250	31,832	27,057	LEASED	NONE
4704	PUBLIC LIBRARY- HAWTHORNE LIBRARY	12700 S GREVILLEA AVE, HAWTHORNE 90250	16,949	16,174	OWNED	NONE
A441	PROBATION-DAY REPORTING CENTER	5811 S SAN PEDRO ST, LOS ANGELES 90011	10,570	10,213	LEASED	NONE
A551	DPSS-WFP&I & SOUTH REG IV IHSS/ ADULT SERVICES	12000 HAWTHORNE BLVD, HAWTHORNE 90250	132,996	106,397	LEASED	NONE
A557	DPSS-ADULT PROTECTIVE SER/ CHILD CARE CT	4300 W 120TH ST, HAWTHORNE 90250	7,500	6,750	LEASED	NONE
4835	BEACHES/HARBORS- ADMINISTRATION BUILDING	13837 FIJI WAY, MARINA DEL REY 90292	14,126	8,848	OWNED	NONE
Y150	EXPOSITION PARK BUILDING & PARKING STRUCTURE	3965 S VERMONT AVE, LOS ANGELES 90037	66,484	55,228	OWNED	NONE
A436	DPSS-EXPOSITION PARK FAMILY SERVICE CENTER	3833 S VERMONT AVE, LOS ANGELES 90037	127,511	110,500	LEASED	NONE
A643	SOUTH L.A. COUNTY ADMINISTRATION BUILDING	8300 S VERMONT AVE, LOS ANGELES 90044	210,000	195,501	LEASED	NONE
B320	PUBLIC LIBRARY- WISEBURN LIBRARY	5335 W 135TH ST, HAWTHORNE 90250	5,088	4,331	GRATIS USE	NONE
A528	DPSS-NEW RANCHO PARK DISTRICT OFFICE	11110 W PICO BLVD, LOS ANGELES 90064	69,450	59,033	LEASED	NONE
A673	DCFS-WEST LOS ANGELES (SPA 5) & WLA-MCMS	5757 WILSHIRE BLVD, LOS ANGELES 90036	35,548	29,923	LEASED	NONE
Y018	DOCKWEILER-LIFEGUARD HEADQUARTERS	8255 VISTA DEL MAR, PLAYA DEL REY 90293	5,919	5,647	PERMIT	NONE
X924	FIRE-LIFEGUARD OPERATIONS ADMIN HEADQUARTERS	2300 OCEAN FRONT WALK, VENICE 90291	11,394	9,474	PERMIT	NONE

AMENDMENT NO. 2 TO LEASE NO. 72222
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
5100-5110 WEST GOLDLEAF CIRCLE, LOS ANGELES

This AMENDMENT NO. 2 to LEASE NO. 72222 ("Amendment " or "Amendment No. 2") is made, entered and dated as of this 19th day of March, 2013, by and between MULLROCK WATERIDGE, LLC, a California limited liability company ("Lessor") and the COUNTY OF LOS ANGELES, a body corporate and politic ("Lessee").

RECITALS:

WHEREAS, that certain County of Los Angeles Chief Administrative Office Lease Agreement No. 72222 (the "Original Lease") was executed by and between W9/WLA Real Estate Limited Partnership, a Delaware limited partnership ("W9/WLA") and Lessee on June 29, 1999, whereby W9/WLA leased to Lessee those certain premises containing approximately 52,849 rentable square feet of office space in a building located at 5100-5110 West Goldleaf Circle, Los Angeles, ("Premises"), for a term of ten years; and

WHEREAS, that certain First Amendment to Lease (the "First Amendment") was executed by and between W9/WLA and Lessee on August 31, 1999, whereby the parties revised the rentable square footage of the Premises to contain approximately 52,370 rentable square feet of office space; and

WHEREAS, that certain Memorandum of Commencement Date (the "Commencement Date Confirmation") was executed by and between W9/WLA and Lessee on June 2, 2000, whereby the parties confirmed the Commencement Date; and

WHEREAS, that certain Memorandum of Tenant Improvement Costs (the "TI Costs Confirmation") was executed by and between W9/WLA and Lessee on June 2, 2000, whereby the parties confirmed the costs of the initial tenant improvements and the allowances provided to Lessee in connection therewith; and

WHEREAS, Lessor has succeeded to the interests of W9/WLA as lessor under the Original Lease, First Amendment, Commencement Date Confirmation and TI Costs Confirmation, said documents collectively referred to herein as the "Lease"; and

WHEREAS, Lessor and Lessee further desire to extend the Lease Term and amend the Lease under this Amendment No. 2 to Lease No. 72222; and

WHEREAS, the terms of this Amendment No. 2 shall not become effective until such time that said Amendment is executed by all the parties herein,

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

1. **EXTENSION OF THE LEASE TERM:** Lessor and Lessee acknowledge that Lessee's lease of the Premises expired on January 31, 2010 and Lessee entered into a month-to-month tenancy commencing as of February 1, 2010, pursuant to the Holdover provision of Paragraph 6 of the Original Lease. Notwithstanding anything to the contrary in the Lease, Paragraph 2 of Lease No. 72222 is hereby amended to convert the month-to-month Lease term to a fixed term of an additional seven (7) years commencing upon the full execution of this Amendment No. 2 ("Extension Commencement Date"). The period of time commencing on the Extension Commencement Date and terminating on the last day of the seventh year following the Commencement Date shall be referred to herein as the "Extension Term."

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

Lessee hereby agrees to pay as rent during the Extension Term, for both the Premises and the 312 parking spaces (and 375 parking passes) Lessee shall have the right to use pursuant to Paragraph 7 below, the sum of One Hundred Nine Thousand, Nine Hundred Seventy-Seven and 00/100 Dollars (\$109,977.00) per month, i.e., Two Dollars Ten Cents (\$2.10) per rentable square foot of the Premises, per month (the "Basic Rent"), subject to adjustment pursuant to Paragraph 3 below. Rental payments shall be made by Lessee in accordance with the terms and procedures set forth in the last two (2) paragraphs of Paragraph 3 of the Original Lease.

3. **RENTAL ADJUSTMENT:** Effective upon execution of this Amendment No. 2 by the parties hereto, and for the remainder of the Extension Term, but not retroactively, Paragraph 30, OPERATING COSTS, of the Original Lease is hereby deleted in its entirety and the following paragraph, RENTAL ADJUSTMENT is substituted therefor:

Beyond the first year of the Extension Term, the Basic Rent shall be adjusted as follows:

CPI. Commencing upon the first anniversary of the Extension Commencement Date, and upon each annual anniversary of the Extension Commencement Date thereafter (the "Adjustment Date"), Basic Rent shall be adjusted by applying the CPI Formula set forth below. The "Basic Index" shall be the Index published for the month during which the Extension Commencement Date occurs.

CPI Formula. The "Index" means the Consumer Price Index ("CPI") for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means the Basic Rent set forth in Paragraph 2 above, multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month during which the applicable Adjustment Date occurs, and the denominator being the Basic Index. If the Index is changed so that the Index differs from that used as of the Extension Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Extension Term,

such other governmental index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

Illustration of Formula. The formula for determining the new Basic Rent shall be as follows:

$$\frac{\text{New Index}}{\text{Basic Index}} \times \$109,977.00 \text{ (Basic Rent)} = \text{Monthly Basic Rent}$$

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

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

4. **CANCELLATION:** Effective upon execution of this Amendment No. 2 by the parties hereto, and for the remainder of the Extension Term, Paragraph 5, CANCELLATION, of the Original Lease is hereby deleted in its entirety and the following is substituted therefor:

Lessee shall have a continuous right to cancel this Lease as to all or any portion of the Premises, subject to the terms hereinbelow, at any time after the fourth (4th) year of the Extension Term by providing Lessor not less than one hundred fifty (150) days prior written notice by Chief Executive Office letter. In the event of such termination, Lessee will pay Lessor a lump sum payment equal to the unamortized balance of the Tenant Improvement Allowance as of the applicable termination date, amortized based on a five-year straight-line amortization schedule (commencing as of the Extension Commencement Date), plus interest thereon at an interest rate factor of seven (7%) percent (the "Termination Consideration"). The Termination Consideration shall be paid by Lessee to Lessor within 30 days of the effective termination date (which obligation shall survive the termination of this Lease). If Lessee elects to terminate this Lease as to less than the entire Premises, then the portion of the Premises as to which Lessee elects to terminate this Lease must be reasonably marketable as a separate unit.

5. **LESSEE NOTICES:** Effective upon execution of this Amendment No. 2 by the parties hereto, Paragraph 15, NOTICES, of the Original Lease is hereby amended to replace the existing Lessee copy notification address as follows:

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

6. **LESSOR NOTICES.** Effective upon execution of this Amendment No. 2 by the parties hereto, Paragraph 15, NOTICES, of the Original Lease is hereby amended to replace the existing Lessor notification address as follows:

c/o The Muller Company
5120 W. Goldleaf Circle, Suite 110
Los Angeles, CA 90056
Attn: Property Manager

with a copy to:

c/o The Muller Company
18881 Von Karman Avenue, Suite 400
Irvine, CA 92612
Attn: Mr. Jon Muller

7. **PARKING:** Effective upon execution of this Amendment No. 2 by the parties hereto, (i) that certain County of Los Angeles Chief Executive Office License Agreement dated as of January 11, 2012 between Lessor and Lessee shall be terminated and of no further force or effect, and (ii) for the remainder of the Extension Term, Paragraph 21, PARKING SPACES, of the Original Lease is hereby amended by the addition of the following:

During the Extension Term, Lessor shall provide three hundred twelve (312) unreserved, in-and-out parking spaces located within the parking structure(s) and lot(s) currently serving the Building Complex (the "Building Complex Parking Facilities"); in connection therewith, effective from and after the Extension Commencement Date, all references in Paragraph 21 of the Original Lease to the number "two hundred eleven (211)" shall be deleted and replaced with the number "three hundred twelve (312)". In addition, the County shall have the right to three hundred seventy-five (375) parking passes during the Extension Term (subject to the limitations contained in Paragraph 21 of the Original Lease, as modified hereby).

If applicable, any alternate parking structure (other than the Building Complex Parking Facilities) within or upon which Lessor requires Lessee to park during the Lessee's tenancy (other than on a temporary basis) is subject to review and approval by the Los Angeles County Department of Public Works. Parking of County vehicles overnight at in the Building Complex Parking Facilities will be allowed by Lessor. Previous references to parking in relation to the rentable square footage of the Premises are no longer applicable to the Lease (*i.e.*, the 312 parking spaces and 375 parking passes to which Lessee are entitled under the Lease are not based upon the 52,370 rentable square feet of the Premises).

8. **TENANT IMPROVEMENTS:** Effective upon execution of this Amendment No. 2 by the parties hereto, and for the remainder of the Extension Term, Paragraph 26, TENANT IMPROVEMENTS, of the Original Lease is hereby deleted in its entirety and the following substituted therefor:

Lessor, within a commercially reasonable period of time after Lessor's approval of the plans and specifications for the Improvements (as defined herein below), shall commence and complete work on the Improvements, and shall pay for the costs of the same up to a maximum cost of \$628,440, i.e., Twelve Dollars and Zero Cents (\$12.00) per rentable square foot of the Premises (the "Tenant Improvement Allowance"). Tenant improvements shall consist of re-painting and re-carpeting the Premises (collectively, the "Improvements"). The Improvements will be performed by and under the authority of Lessor, or its authorized agent, and approved by an assigned representative of Lessee's Chief Executive Office. Any unused portion of the Tenant Improvement Allowance after the completion of the Improvements and the payment by Lessor of all costs in connection therewith shall be used to offset Rent. This Tenant Improvement Allowance is not subject to reimbursement by Lessee. Any Improvements shall be in compliance with all current laws, codes, and ordinances, including the Americans with Disabilities Act (ADA).

9. **LOBBY AMBASSADOR:** Effective upon execution of this Amendment No. 2 by the parties hereto, Paragraph 31, LOBBY AMBASSADOR, of the Original Lease is hereby deleted in its entirety and all references in the Lease to said Paragraph are no longer applicable.
10. Lessor represents and warrants that each of the signatories for Lessor have the power and authority to execute this Amendment No. 2 upon the terms and conditions stated herein and Lessor agrees to indemnify and hold harmless Lessee from all damages, costs, and expenses, which result from a breach of this representation.
11. Lessor and Lessee each hereby represents and warrants to the other that it (i) has had no dealings with any real estate broker or agent in connection with the negotiation of this Amendment, excepting only The Muller Company (representing Lessor) (the "Broker"), and (ii) knows of no other real estate broker or agent who is entitled to a commission in connection with this Amendment.
12. In the event of a conflict between the terms and conditions of this Amendment No. 2 and the terms and conditions of the Lease, this Amendment No. 2 shall prevail. All other terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor has executed this Amendment No. 2 to Lease No. 72222, or caused it to be duly executed, and the County of Los Angeles by the order of the Board of Supervisors, has caused Amendment No. 2 to be executed on its behalf by the Chairman of said Board and attested by the Clerk thereof on the day, month, and year first above written.

LESSOR

MULLROCK WATERIDGE, LLC,
a Delaware limited liability company

By: Mullrock Wateridge Mezz, LLC,
a Delaware limited liability company
its Member

By: Mullrock Wateridge JV, LLC,
a Delaware limited liability company,
its Sole Member

By: Muller-Wateridge LLC,
a California limited liability
company
its Manager

By: [Signature] 1-18-13
Name: Jon Muller
Title: Manager

I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

[Signature]
Deputy



ATTEST:

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

By [Signature]
Deputy

LESSEE
COUNTY OF LOS ANGELES
a body politic and corporate

By [Signature]
Supervisor Mark Ridley-Thomas
Chairman, Board of Supervisors

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By [Signature]
Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

MAR 19 2013

[Signature]
SACHI A. HAMAI
EXECUTIVE OFFICER

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