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COUNTY OF LOS ANGELES

Kenneth Hahn Hall of Administration
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Chief Executive Officer
Fesia A. Davenport

"To Enrich Lives Through Effective and Caring Service"

June 06, 2023

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:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

45 June 6, 2023

CELIA ZAVALA
EXECUTIVE OFFICER

**NINE-YEAR LEASE AMENDMENT
DEPARTMENT OF MENTAL HEALTH
10515 BALBOA BOULEVARD, GRANADA HILLS
(THIRD DISTRICT) (3 VOTES)**

SUBJECT

Approval of a proposed nine-year lease amendment to renew an existing lease to provide the Department of Mental Health (DMH) continued use of 3,702 square feet of office space and 17 on-site parking spaces.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease amendment is exempt from the California Environmental Quality Act (CEQA) for the reasons stated in this Board letter and in the record of the project.
2. Authorize the Chief Executive Officer, or her designee, to execute the proposed lease amendment with DMP Real Estate Investors, LLC, a Delaware limited liability company (Landlord), for approximately 3,702 square feet of office space and 17 on-site parking spaces located at 10515 Balboa Boulevard, Suite 150, Granada Hills (Premises) to be occupied by DMH. The proposed lease amendment is for a term of nine years. The estimated maximum first year base rental cost is \$115,502. The estimated total lease amendment cost is \$1,174,000 over the nine-year term. The lease costs will be fully funded by State and Federal funds. DMH will not be requesting net County cost (NCC) for this action.

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

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed lease amendment herein will continue to provide DMH with an office for the Service Area (SA) 2 (includes the San Fernando and Santa Clarita Valleys) Administration team and for the San Fernando Field Capable Clinic Services (FCCS) program. This location is central to several SA 2 programs, which support FCCS. SA 2 Administration houses the District Chief over SA 2 as well as related administrative staff.

The Premises houses approximately 18 employees. The current lease term expired on October 20, 2021, and is in holdover with no additional fees charged by the Landlord.

Parking is provided on the Premises with sufficient appurtenant parking available nearby. The Premises is in proximity to local public transportation routes.

The proposed lease amendment at the existing Premises will enable DMH to avoid relocation costs, interruption of services, and potentially higher rental rates. Due to interviews and group therapy activities at these Premises, there are no immediate plans for extensive teleworking or hoteling at the current location.

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

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal 1 – “Make Investments That Transform Lives” – provides that we will aggressively address society’s most complicated social, health, and public safety challenges. We want to be a highly responsive organization capable of responding to complex societal challenges – one person at a time.

The proposed lease amendment is also consistent with the Strategic Asset Management Goal – Strengthen connection between service priorities and asset decisions – and Key Objective No. 5. – Fund Highest Priority Needs. The proposed lease amendment supports the above goals and objective by renewing the use of an existing facility that includes proper accommodations for office and ancillary space in a centrally located facility that is accessible for employees and clients.

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

FISCAL IMPACT/FINANCING

The estimated maximum first year rental cost, including parking, is \$115,502. The aggregate cost associated with the proposed lease amendment over the entire term is \$1,174,000 as shown in Enclosure B-1. The proposed lease costs will be fully funded by State and Federal funds. DMH will not be requesting NCC for this action.

Sufficient funding is included in DMH's Final Adopted budget for Fiscal Year 2022-23 for this action. Funding for future fiscal years will be requested through DMH's annual budget process. There is no NCC impact associated with the recommended action.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

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

- Upon commencement of the proposed lease amendment, the annual rental rate will increase from \$29.04 per square foot, per year to \$31.20 per square foot, per year. The base rent includes 17 on-site parking spaces and is subject to annual increases based on the Consumer Price Index (CPI) capped at 3 percent annually.
- The Landlord is responsible for all operating and maintenance costs of the Premises as well as utilities and janitorial expenses.
- The Landlord will repaint and replace carpet throughout the Premises.
- A comparison of the existing lease and the proposed lease amendment is shown in Enclosure B-2.
- The County shall have an ongoing right to terminate the proposed lease amendment at any time after the end of the fifth year of the extension term with not less than 180 days' prior written notice.
- Holdover in the proposed lease amendment would be subject to the same terms and conditions of the existing lease. Monthly base rent during holdover will be at the same rent at the time of the proposed lease amendment expiration.
- The proposed lease amendment will be effective upon approval by the Board and full execution of the proposed lease amendment.

The Chief Executive Office conducted a market search of available office space for lease but was unable to identify any sites that could accommodate this requirement more economically. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$31.20 and \$36.72 per square foot, per year. The base annual rental rate of \$31.20 per square foot, per year for the proposed lease amendment represents a rate that is on the low end of the market range for the area. Further, relocation to a new building would require costly new tenant improvements and disrupt services. We recommend the proposed Premises as the most suitable to meet the County's space requirements.

Co-working office space is not conducive to the DMH programmatic standards for this type of interpersonal program.

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

The Department of Public Works has inspected this facility and found it suitable for the County's occupancy. The required notification letter to the City of Los Angeles has been sent in accordance with Government Code Section 25351.

County Counsel has reviewed the proposed lease amendment and approved it as to form. The proposed lease amendment is authorized by Government Code Section 25351, which allows the County to enter into leases and agreements for the leasing of buildings, as necessary to carry out the work of the county government.

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

ENVIRONMENTAL DOCUMENTATION

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

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

IMPACT ON CURRENT SERVICES (OR PROJECTS)

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

The Honorable Board of Supervisors

6/6/2023

Page 5

Respectfully submitted,



FESIA A. DAVENPORT

Chief Executive Officer

FAD:JMN:JTC

JLC:HD:ANR:NH:gb

Enclosures

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

**DEPARTMENT OF MENTAL HEALTH
10515 BALBOA BLVD., GRANADA HILLS
Asset Management Principles Compliance Form¹**

1.	<u>Occupancy</u>		Yes	No	N/A	
	A	Does lease consolidate administrative functions?			X	
	B	Does lease co-locate with other functions to better serve clients? Satellite office to San Fernando Mental Health Center.		X		
	C	Does this lease centralize business support functions?			X	
	D	Does this lease meet the guideline of 200 sq. ft. of space per person? Based on 18 employees, 205 sq. ft per person.		X		
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? 17 spaces corelates to approx. 4.6/1000 RSF parking ratio.		X		
	F	Does public parking and mass-transit exist to facilitate employee, client, and visitor access to the proposed lease location?	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 Enclosure C?	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 with other County departments?				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?	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						

OVERVIEW OF THE PROPOSED BUDGETED LEASE COSTS

10515 Balboa Boulevard, Granada Hills
Department of Mental Health

Basic Lease Assumptions

Leased Area (sq.ft.)	3,702	
	Monthly	Annual
Rent (per sq. ft.) ⁽¹⁾	\$2.60	\$31.20
Rent Amount (\$)	\$9,625.20	\$115,502.40
Term (Month/Years)	108 mos.	9 yrs.
Annual Rent Adjustment	3%	

	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	6 th Year	7 th Year	8 th Year	9 th Year	Total 10 Year Rental Costs
Annual Base Rent Costs ⁽¹⁾	\$115,502	\$118,967	\$122,536	\$126,213	\$129,999	\$133,899	\$137,916	\$142,053	\$146,315	\$1,174,000
Total Annual Lease Costs	\$115,502	\$118,967	\$122,536	\$126,213	\$129,999	\$133,899	\$137,916	\$142,053	\$146,315	\$1,174,000

Footnotes

⁽¹⁾ The Base Rent is subject to annual Consumer Price Index adjustments with a maximum cap of three percent (3%) per annum. The Base Rent includes 17 on-site parking spaces.

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

COMPARISON OF THE PROPOSED LEASE TO EXISTING LEASE

	Existing Lease: 10515 Balboa Blvd.	Proposed Amendment: 10515 Balboa Blvd.	Change
Area (Square Feet)*	3,588 sq.ft.	3,702 sq.ft.*	+114 sq.ft.
Term (years)	7 years	9 years	+2 years
Annual Base Rent (Base rent includes 17 parking spaces)	\$104,190 (\$29.04 per sq. ft. annually)	\$115,502 (\$31.20 per sq. ft. annually)	+\$11,312 annually
County's TI Cost	None	None	None
Annual Parking Cost	Included	Included	None
Janitorial/Utility/Maintenance Costs	Included	Included	None
Total Annual Lease Costs payable to Landlord	\$104,190	\$115,502	+\$11,312 annually
Rental rate adjustment	Annual CPI adjustments capped at 3 percent with no minimum.	Annual CPI adjustments capped at 3 percent with no minimum.	None

*Increase in square footage due to BOMA re-measurement.

ENCLOSURE C

**DEPARTMENT OF MENTAL HEALTH
SPACE SEARCH – SAN FERNANDO VALLEY VICINITY**

Laco	Name	Address	Gross SF	Net SF	Ownership	VACANT SQFT
A477	ASSESSOR-NORTH DISTRICT OFFICE	13800 BALBOA BLVD, SYLMAR 91342	37,000	33,300	LEASED	NONE
A549	San Fernando MHC	10605 BALBOA BLVD., GRANADA HILLS 91344	25,996	23,396	LEASED	NONE
0427	OLIVE VIEW-FINANCE BUILDING	14445 OLIVE VIEW DR, SYLMAR 91342	12,925	11,633	OWNED	NONE
T535	OLIVE VIEW-HOSPITAL TRAILER #2	14445 OLIVE VIEW DR, SYLMAR 91342	12,000	9,650	OWNED	NONE
X254	OLIVE VIEW-NORTH ANNEX BUILDING	14445 OLIVE VIEW DR, SYLMAR 91342	7,920	7,128	OWNED	NONE
Y297	SYLMAR JUV CRTHSE/B J NIDORF ADMIN BLDG-1	16350 FILBERT ST, SYLMAR 91342	36,692	32,008	OWNED	NONE
Y651	BARRY J NIDORF JUV HALL-N AREA SCHOOL OFFIC-4	16350 FILBERT ST, SYLMAR 91342	5,158	4,402	OWNED	NONE
0246	DHS-SAN FERNANDO HEALTH CENTER	1212 PICO ST, SAN FERNANDO 91340	22,144	8,493	OWNED	NONE
A523	PUBLIC LIBRARY-SAN FERNANDO LIBRARY	217 N MACLAY AVE, SAN FERNANDO 91340	8,601	6,881	LEASED	NONE
A386	ALT PUBLIC DEFENDER-SAN FERNANDO OFFICE	303 N MACLAY AVE, SAN FERNANDO 91340	3,040	3,040	LEASED	NONE
Y481	SAN FERNANDO COURTHOUSE	900 3RD ST, SAN FERNANDO 91340	203,225	132,127	FINANCED	NONE
5858	PH-PACOIMA PUBLIC HEALTH CENTER	13300 VAN NUYS BLVD, PACOIMA 91331	5,404	3,098	OWNED	NONE
A239	PROBATION(AB-109) SAN FERNANDO REG OFFICE	13557 VAN NUYS BLVD, PACOIMA 91331	12,189	11,580	LEASED	NONE
X368	PH-SUN VALLEY HEALTH CENTER	7223 N FAIR AVE, SUN VALLEY 91352	10,659	10,245	JPA	NONE
A641	DPSS - GROW OFFICE	9188 GLENOAKS BLVD, SUN VALLEY 91352	24,780	23,541	LEASED	NONE
B356	PH-ENVIRONMENTAL HLTH OFFICE	14500 ROSCOE BLVD, PANORAMA CITY 91402	11,668	11,085	LEASED	NONE
E111	CSS AND PROBATION-JUVENILE DAY REPORTING CTR	6640 VAN NUYS BLVD, VAN NUYS 91405	5,812	5,522	LEASED	NONE
5273	VAN NUYS COUNTY ADMINISTRATIVE CENTER BLDG	14340 W SYLVAN ST, VAN NUYS 91401	9,849	6,087	OWNED	NONE
4400	VAN NUYS COURTHOUSE - WEST	14400 ERWIN ST MALL, VAN NUYS 91401	320,391	172,053	FINANCED	NONE
Y476	VAN NUYS COURTHOUSE-BUILDING E	6280 SYLMAR AVE MALL, VAN NUYS 91401	3,373	1,987	OWNED	NONE
X368	PH-SUN VALLEY HEALTH CENTER	7223 N FAIR AVE, SUN VALLEY 91352	10,659	10,245	JPA	NONE
A641	DPSS - GROW OFFICE	9188 GLENOAKS BLVD, SUN VALLEY 91352	24,780	23,541	LEASED	NONE
X014	PH-BURBANK PUBLIC HEALTH CENTER	1101 W MAGNOLIA BLVD, BURBANK 91502	5,864	3,640	OWNED	NONE
A501	DCSS-BURBANK ADULT PROTECTIVE SERVICES REG I	2501 W BURBANK BLVD, BURBANK 91502	5,702	5,132	LEASED	NONE
3599	BURBANK COURTHOUSE	300 E OLIVE AVE, BURBANK 91502	66,697	48,924	FINANCED	NONE
A481	DPSS-GLENDALE FAMILY SERVICE CENTER	4680 SAN FERNANDO RD, GLENDALE 91204	80,000	70,420	LEASED	NONE
4295	PH-GLENDALE PUBLIC HEALTH CENTER	501 N GLENDALE AVE, GLENDALE 91206	15,217	8,043	OWNED	NONE
A215	ALT PUBLIC DEFENDER-PASADENA OFFICE	221 E WALNUT ST, PASADENA 91101	3,200	2,960	LEASED	NONE
5397	PASADENA COURTHOUSE	300 E WALNUT ST, PASADENA 91101	228,638	126,899	OWNED	NONE
A426	DCFS-PASADENA (SPA 3)	532 E COLORADO BLVD, PASADENA 91101	75,235	70,721	LEASED	NONE
F359	PW FLOOD-EATON YARD OFFICE	2986 E NEW YORK DR, PASADENA 91104	4,130	3,717	OWNED	NONE
D465	DPSS-PASADENA AP DISTRICT OFFICE	955 N LAKE AVE, PASADENA 91104	36,224	25,372	OWNED	NONE

FACILITY LOCATION POLICY ANALYSIS

Proposed lease: Proposed lease amendment for the Department of Mental Health (DMH) – 10515 Balboa Blvd., Suite 150, Granada Hills within the Third Supervisorial District.

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

B. Determination of the Service Area – The proposed lease amendment will provide a nine-year term extension for a DMH satellite office within Service Area 2.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: DMH programs are most effective when located in the same geographic area as their consumers, providers and stakeholders. This location meets the service area criteria and remains in the desired area.
- Need for proximity to existing County facilities: Close to several other County departments including the Departments of Public Social Services, Children and Family Services, and Fire.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is easily accessible to the 405 and 118 freeways and adequately served by local bus transit services in the Granada Hills vicinity.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: Located within a long-standing commercial medical-type facility.
- Compatibility with local land use plans: The City of Los Angeles has been notified of the proposed County use which is consistent with its use and zoning for office space at this location.
- Estimated acquisition/construction and ongoing operational costs: The aggregate cost associated with the proposed lease amendment over the entire term is \$1,174,000.

D. Analyze results and identify location alternatives

It has been established that the annual rental range for a comparable lease in the area is between \$31.20-\$36.72 per square foot, per year. The base annual rental rate of \$31.20 per square foot, per year for the proposed lease amendment represents a rate that is on the low end of the market range for the area.

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

The proposed lease amendment will provide adequate and efficient office space for 18 employees consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012. There are no available buildings in the area that meet the Department's requirements.

**AMENDMENT NO. 2 TO LEASE NO. 76617
DEPARTMENT OF MENTAL HEALTH
10515 BALBOA BOULEVARD, GRANADA HILLS**

This AMENDMENT NO. 2 to LEASE NO. 76617 ("Second Amendment" or "Amendment No. 2") is made, entered and dated as of this _____ of _____, 2023, by and between DMP Real Estate Investors, LLC, a Delaware limited liability company ("Landlord") and the COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant").

RECITALS:

WHEREAS, Lease No. 76617 (the "Lease") was executed by and between Landlord and Tenant on June 17th, 2008, , as amended by Amendment No. 1 dated October 21, 2014 (the "Amendment No. 1"), wherein collectively the Lease, Amendment No. 1 and Amendment No. 2 shall be referred to as the lease ("Lease"), whereby the Landlord leased to Tenant those certain premises containing approximately 3,588 rentable square feet of office space in a building located at 10515 Balboa Boulevard, Granada Hills, ("Premises"), for a term of five (5) years, which was extended for an additional seven (7) years, and;

WHEREAS, Landlord and Tenant further desire to extend the Lease Term and amend the Lease under this Amendment No. 2, 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, Landlord and Tenant hereby covenant and agree to amend the Lease as follows:

1. **RENTABLE SQUARE FEET IN THE PREMISES.** Section 1.1(k) is hereby revised to approximately reflect 3,702 rentable square feet. See space plan attached hereto as Exhibit "A".
2. **EXTENSION OF THE LEASE TERM.** Landlord and Tenant acknowledge that Tenant's lease of the Premises entered into a month-to-month tenancy as of October 21, 2021, pursuant to the Holdover provision of Paragraph 7 of the Lease. Notwithstanding anything to the contrary in the Lease, Paragraph 1.1(e) of the Lease is hereby amended to extend the Lease term for an additional nine (9) 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 ninth year following the Commencement Date shall be referred to herein as the "Extension Term".
3. **ACCESS.** The following sentence is added to the end of Paragraph 11(f):

HVAC use shall be limited to established building hours. Tenant shall be charged Thirty-five Dollars (\$35.00) per hour for HVAC use outside of established building hours.

4. **CANCELLATION.** Effective on the Extension Commencement Date, and for the remainder of the Extension Term, Paragraph 1.1(j), **CANCELLATION**, of the Lease is hereby deleted in its entirety and the following is substituted therefor:

Tenant shall have a continuous right to cancel this Lease with regard to the entire Premises or a portion thereof, as commercially reasonable at or any time after the fifth (5th) year of the Extension Term by providing Landlord not less than one hundred eighty (180) days prior written notice by Chief Executive Office letter. Should the Lease be terminated with regard to a portion of the Premises, Basic Rent shall be adjusted proportionately.

5. **RENT.** Effective upon the Extension Commencement Date and for remainder of the Extension Term but not retroactively, Paragraph 5, **RENT**, of the Lease is hereby deleted in its entirety and the following substituted therefor:

Tenant hereby agrees to pay as rent for the Premises during the Extension Term the sum of Nine Thousand Six Hundred Twenty-five and 20/100 dollars (\$9,625.20) per month, i.e., Two Dollars Sixty Cents (\$2.60) per rentable square foot per month, for 3,702 square feet of office space and seventeen (17) parking spaces payable in advance by Auditor's General Warrant. Rental payments shall be payable within fifteen (15) days after the first day of each and every month of the Extended Term, provided Landlord has caused a claim therefor for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month.

Beyond the first year of the Extended Term, the rental rate shall be adjusted as follows:

- (a) **CPI.** Commencing on the 13th month of the Extension Term (the "Adjustment Date") and occurring on each anniversary of the Adjustment Date thereafter and continuing throughout the entire Extension Term, the Basic Rent shall be adjusted annually by applying the CPI Formula set forth below to the total amount of the monthly Basic Rent for the prior year during the Extension Term. The "Basic Index" shall be the Index published for the month prior to commencement of the Extension Term. After the first anniversary of the Commencement, the Basic Index shall be changed to the index for the prior year.
- (b) **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 Basic Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, 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, 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.

(c) Illustration of Formula. The formula for determining the new rent shall be as follows:

$$\begin{aligned} &\text{New Index} \times \$9,625.20 \text{ (Basic Rent)} \\ &\text{Basic Index} \\ &= \text{Monthly Basic Rent} \end{aligned}$$

(d) 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 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.

6. **NOTICES.** Effective upon execution of this Amendment No. 2 by the parties hereto, Paragraph 1.1(a), NOTICES, is hereby amended to replace the existing Landlord copy notification address as follows:

DMP Real Estate Investors, LLC
455 N. Whisman Road, #400
Mountain View, CA 94043

7. **DEFERRED MAINTENANCE.** The following deferred maintenance work shall be added to the Lease and shall be at Landlord's sole cost and expense to include the following pursuant to the Lease:

- (a) Replace fluorescent light bulbs and light diffusers as needed.
- (b) Replace stained or damaged ceiling tiles as needed.
- (c) Repair ceiling leaks where required.
- (d) Replace or clean A/C supply and return grills throughout.
- (e) Replace existing window coverings.
- (f) Provide service and rebalancing of the HVAC system.
- (g) Clean interior and exterior windows.

8. **TENANT IMPROVEMENTS.** The following Tenant Improvements shall be added to the Lease and shall be at Landlord's sole cost and expense at its cost shall:

- (a) Replace carpet throughout Premises with a selection of Tenant's choice, pursuant to existing County Standards and specifications.
- (b) Repaint throughout the Premises (without necessarily the moving of attached furniture) with a Building Standard selection of Tenant's choice.

9. **REPORTS.** Landlord has agreed to provide Tenant with the following Required Reports ("Reports"), which are outlined below, for the Premises only, at Landlord's sole cost and expense. Tenant will not finalize the Lease without Tenant's review and approval of these Reports. Landlord, at its cost, will pay for any deficiencies identified within such Reports.

(a) Hazardous Materials Asbestos Containing Materials. Landlord shall provide Tenant an asbestos report for the Building. Further, Landlord shall represent, to the best of its actual knowledge, that there are no hazardous or asbestos containing materials ("ACM") located within the entire structure and provide all necessary certificates to indicate same.

(b) Americans with Disabilities Act. Landlord shall provide Tenant an Americans with Disabilities Act ("ADA") report for the Building. Further, Landlord, at its cost, shall resolve any noncompliant conditions described within such report..

10. **SIGNAGE**. The following sentence is added to the end of Paragraph 27:

Landlord shall provide Tenant with its pro-rata share of listings on the directory located in the Building's lobby. If Landlord installs monument signs anywhere or any signage of the exterior of the Building, Tenant will have equivalent signage rights, adjusted for relative occupancy.

11. **BROKERS**. The following is added to Section 29(c): Provided however, Tenant warrants that it has not dealt with any real estate broker(s), agent(s), and/or finder(s) in connection with this transaction other than Tenant Advocates, Inc., a California corporation, dba Cresa ("Cresa"). Upon receipt and acceptance of a separate written agreement from Cresa, Landlord will pay a full industry standard brokerage commission to Cresa in connection with the proposed lease extension pursuant to a separate written agreement.
12. **SMOKING PROHIBITION**. Landlord shall require that the Building comply with the Los Angeles County Smoking Ordinance found in the Los Angeles County, California Code of Ordinances, Title 2 – Administration, Chapter 2.126.
13. **AUTHORITY**. Landlord represents and warrants that the signatories for Landlord have the power and authority to execute this Amendment No. 2 upon the terms and conditions stated herein, and each agrees to indemnify and hold harmless Tenant from all damages, costs, and expenses, which result from a breach of this representation.
14. **MODIFICATION OF LEASE TERMS & DEFAULT**. Notwithstanding anything to the contrary herein, except as specifically amended or modified herein, each and every term, covenant, and condition of the Lease, as amended, hereby is ratified and shall remain in full force and effect. Landlord represents and warrants that as of the date hereof that (a) no defenses or offsets exist to the enforcement of the Lease by Landlord, (b) neither Tenant nor Landlord is in default in the performance of the Lease or any provisions contained therein, (c) neither Tenant nor Landlord has committed any breach of the Lease, nor has any default occurred which, with the passage of time or the giving of notice or both, would constitute a default or a breach by Tenant or Landlord under the Lease. In the event of a conflict between the Lease and this Amendment No. 2, the terms of this Amendment No. 2 shall control.
15. **MISCELLANEOUS**. This Amendment No. 2 and any other document necessary for the consummation of the transaction contemplated by this Amendment No. 2 may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically. An electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Amendment No. 2 and electronic signatures, facsimile signatures or signatures

transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Amendment No. 2 had been delivered had been signed using a handwritten signature. Landlord and Tenant (i) agree that an electronic signature, whether digital or encrypted, of a party to this Amendment No. 2 is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intended to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv) hereby waive any defenses to the enforcement of the terms of this Amendment No. 2 based on the foregoing forms of signature. If this Amendment No. 2 has been executed by electronic signature, all parties executing this document are expressly consenting under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("E-SIGN") and California Uniform Electronic Transactions Act ("UETA")(Cal. Civ. Code § 1633.1, et seq.), that a signature by fax, email or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction

IN WITNESS WHEREOF, Landlord has executed this Amendment No. 2, 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 Chair of said Board and attested by the Clerk thereof on the day, month, and year first above written.

LANDLORD:

DMP Real Estate Investors, LLC

By: John Putzig

Name: John Putzig

Title: Manager

TENANT:

COUNTY OF LOS ANGELES,
a body politic and corporate

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
John T. Cooke
Assistant Chief Executive Officer

ATTEST:

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

By: _____
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By: Roberto Saldaña
Senior Deputy

[illegible]