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COUNTY OF LOS ANGELES

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, CA 90012
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Chief Executive Officer

Fesia A. Davenport

"To Enrich Lives Through Effective and Caring Service"

November 26, 2024

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:

**SEVENTEEN-MONTH LEASE AMENDMENT
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
2325 CRENSHAW BOULEVARD, TORRANCE
(FOURTH DISTRICT) (3 VOTES)**

SUBJECT

Approval of a proposed 17-month lease amendment to renew an existing lease to provide the Department of Children and Family Services (DCFS) continued use of 60,804 square feet of office space and 350 on-site parking spaces for the Torrance Regional Office.

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 194 East Second Street LLC, a New York limited liability company, as to an undivided 70 percent, and Torrance Del Amo I, LLC, a California limited liability company, as to an undivided 30 percent, as tenants-in-common (Landlord), for approximately 60,804 square feet of office space and 350 on-site parking spaces located at 2325 Crenshaw Boulevard, Torrance (Premises) to be occupied by DCFS. The estimated maximum first year base rental cost is \$3,153,000. The estimated total proposed lease amendment cost, including electricity, water, sewer, and gas is \$4,769,000 over the 17-month term. If the three-month option is exercised, the total proposed lease amendment costs will be \$5,965,000. The rental costs will be funded 45 percent by State and Federal funds and 55 percent by net County cost (NCC) that is already included in DCFS' existing budget. DCFS will not be requesting additional 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.

4. Authorize and direct the Chief Executive Officer, or her designee, to take actions necessary and appropriate to implement the terms of the proposed lease amendment, including, without limitation, exercising any option to extend at approximately \$327,700 per month for three months.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

DCFS has occupied the Premises since August 1999 as its Torrance Regional Office. In February 2024, the then-landlord informed the County it would not renew the County lease because it was in escrow to sell the Premises to another entity. The then-landlord added that the buyer had plans to redevelop the entire property into a 272-unit apartment building and asked the County to vacate the Premises upon its lease expiration on June 5, 2024.

The County, which was already in the process of searching for a replacement site due to limited size at the Premises, accelerated its search and found a replacement site and commenced negotiations accordingly for the replacement site. In July 2024, escrow closed on the Premises and the new Landlord confirmed that he would not entertain a long-term lease with the County, however, he would allow DCFS to remain at the Premises until the anticipated demolition date for its new redevelopment project, scheduled for August 2026. The proposed short-term lease amendment is for DCFS' continued occupancy at the site so DCFS can continue to provide essential services to the community while the terms of the lease at the replacement site are adopted by the Board and the construction of the tenant improvements can be completed and ready for DCFS' occupancy. Upon completion of construction and DCFS relocation to the replacement site, this proposed lease amendment will be terminated.

The Torrance Regional Office is one of 22 regional offices that provides a full-service child protection system dedicated to the safety and well-being of children in the South Bay region. Services provided include emergency response, family maintenance and reunification, and permanent placement children's social workers. The smaller programs and other County departments working in collaboration at this location with the Torrance Regional Office include, the Child and Family Team, Department of Mental Health/DCFS collaboration, for improving mental health and permanency outcomes for foster children, Coordinated Services Action Team, Department of Public Social Services Linkages, and contracted Education Liaisons.

DCFS has implemented telework where possible. There are 455 staff and 412 workstations at the Premises. On-site coverage is needed for services such as client interviews and supervised visitation. Children's social workers must be present daily. Additionally, DCFS requires secured space to access and maintain confidential files, which may not be removed from the office.

The proposed lease amendment will provide DCFS continued services and office space until construction at the proposed replacement property is completed, which is estimated to be summer 2026. The Premises is easily accessible to public transportation.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan North Star 1 – "Make Investments That Transform Lives" – provides that LA County is a highly responsive organization investing in solutions that address our most

complex societal challenges (health, jobs, housing, food insecurity, and recidivism) affecting our most vulnerable communities – 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 providing DCFS with an office to continue providing services to children and their families, located in the Torrance and surrounding areas.

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

FISCAL IMPACT/FINANCING

The estimated maximum first year base rental cost is \$3,153,000, which includes parking at no additional cost. The aggregate cost associated with the proposed lease amendment over the entire term, including electricity, water, sewer and gas is \$4,769,000, as shown in Enclosure B-1. The proposed lease amendment costs will be funded 45 percent by State and Federal funds and 55 percent by NCC that is already included in DCFS' existing budget. DCFS will not be requesting additional NCC for this action.

Sufficient funding to cover the proposed rent for the first year of the proposed lease amendment term is included in the Fiscal Year 2024-25 Rent Expense budget and will be billed back to DCFS. DCFS has sufficient funding in its Fiscal Year 2024-25 Operating Budget to cover the proposed rent for the first year. Future funding for the costs associated with the proposed lease amendment will be addressed through the annual budget process for DCFS.

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 \$28.20 per square foot, per year to \$51.84 per square foot, per year. Base rent is not subject to any annual increases.
- The Landlord is responsible for the operating and maintenance cost of the building, and the County is responsible for electricity, gas, water, and sewer costs. The County is not subject to the building's operating expense increases.
- There are 350 on-site parking spaces included in the base rent at no additional cost.
- A comparison of the existing lease and the proposed lease amendment terms is shown in Enclosure B-2.
- The County does not have the right to terminate the proposed lease early.

- The County has an option to renew for three months at approximately \$327,700, per month with 30 days prior notice. If all options are exercised, the total term of the proposed lease amendment would be 20 months.

- The proposed lease amendment will be effective upon approval by the Board and full execution of the proposed lease amendment.

The Chief Executive Office (CEO) issued a flyer soliciting proposals for available space from landlords, brokers, and other owner representatives, for this space need, through the Executive Office posting website and Real Estate's County website. None of the responses received were suitable for DCFS' needs due to location and immediate availability. The CEO conducted a market search of available office space and toured three properties within the Torrance and Gardena area, but was unable to identify any sites that could accommodate this requirement more economically on a short-term basis. 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 \$38.40 and \$49.20 per square foot, per year. The base annual rental rate of \$51.84 per square foot, per year for the proposed lease amendment represents a rate that is above the market range for the area. Relocation to a building that would require costly new tenant improvements for a temporary and short period of time is not practical and as such, we recommend the proposed Premises as the most suitable to meet the County's space requirements.

Co-working office space is not suitable for this requirement due to the nature of services provided by DCFS at this location.

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 required notification letter to the City of Torrance 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 DCFS' Torrance Regional Office, 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. DCFS concurs with the proposed lease amendment and recommendations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Fesia A. Davenport', written in a cursive style.

FESIA A. DAVENPORT

Chief Executive Officer

FAD:JMN:JTC

JLC:HD:ANR:MT:gb

Enclosures

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

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
2325 CRENSHAW BOULEVARD, TORRANCE**

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 Based on 455 staff there is 134 RSF per person due to the high number of staff at location.		X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ² Based on 350 spaces, parking ratio is 5.75/1000	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?	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? ² County intends on renewing until relocation to the replacement site is completed, estimated to be summer 2026.		X	
3.	<u>Portfolio Management</u>			
A	Did department use 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?			
	1. ___ The program clientele requires a "stand alone" facility.			
	2. <u>X</u> No suitable County occupied properties in project area.			
	3. <u>X</u> No County-owned facilities available for the project.			
	4. ___ Could not get City clearance or approval.			
	5. ___ The Program is being co-located.			
E	Is lease a full-service lease? ² County pays utilities.		X	
F	Has growth projection been considered in space request?		X	
G	¹ Has the Dept. of Public Works completed seismic review/approval?		X	
¹ As adopted by the Board of Supervisors 11/17/98				
² If not, why not?				

OVERVIEW OF THE PROPOSED BUDGETED LEASE COSTS

2325 Crenshaw Boulevard, Torrance
Department of Children and Family Services

Basic Lease Assumptions

Leased Area (sq.ft.)	60,804	
Parking Spaces	350	
	Monthly	Annual
Rent (per sq. ft.)	\$4.32	\$51.84
Term (Months)	17	
Rent Abatement	None	
Annual Rent Adjustment	None	

	Year 1	Year 2 ⁽¹⁾	Total 17 month Rental Costs
Annual Base Rent Costs	\$3,153,000	\$1,314,000	\$4,467,000
Total Annual Lease Costs Paid to LL	\$3,153,000	\$1,314,000	\$4,467,000
Electricity Costs ⁽²⁾	\$189,000	\$79,000	\$268,000
Water and Sewer Costs ⁽²⁾	\$15,000	\$7,000	\$22,000
Gas Costs ⁽²⁾	\$8,000	\$4,000	\$12,000
Total Annual Lease Costs	\$3,365,000	\$1,404,000	\$4,769,000

Option Rent	Year 1 ⁽³⁾	Total 1 Year Rental Costs
Annual Base Rent⁽³⁾	\$984,000	\$984,000
Total Annual Lease Costs	\$984,000	\$984,000
Electricity Costs ⁽²⁾	\$189,000	\$189,000
Water and Sewer Costs ⁽²⁾	\$15,000	\$15,000
Gas Costs ⁽²⁾	\$8,000	\$8,000
Total Annual Lease Costs for Option Rent	\$1,196,000	\$1,196,000

E

Footnotes

(1) Year 2 is only for a 5-month period.

(2) County is responsible for costs. The costs shown above is based upon usage from fiscal year 23-24. All costs are an estimation and subject to change.

(2) Rent during 3-month option term is \$327,673.28 per month.

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

COMPARISON OF THE PROPOSED LEASE AMENDMENT TO EXISTING LEASE

	Existing Lease: 2325 Crenshaw Blvd	Proposed Lease Amendment: 2325 Crenshaw Blvd	Change
Area (Square Feet)	60,804 sq. ft.	60,804 sq. ft.	None
Term (years)	7 years	17 months	17 months
Annual Base Rent* (Base rent includes <u>350</u> parking spaces)	\$1,715,000	\$3,153,000	+\$1,438,000
Total Annual Lease Costs payable to Landlord*	\$1,715,000	\$3,153,000	+\$1,438,000
Rental rate adjustment	Annual CPI adjustments capped at 4 percent with a 2 percent minimum.	No rental adjustments	No rental adjustments

*All numbers are rounded up.

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SPACE SEARCH – 3 MILE RADIUS
2325 CRENSHAW BOULEVARD, TORRANCE**

LACO	Name	Address	Ownership Type	Gross Sq Ft	Vacant
A150	DMH - Wellness Center	21732 S Vermont Ave Suite 210, Torrance, CA 90502	Leased	10212	No
A414	DCFS - Torrance (SPA 8)	2325 Crenshaw Blvd, Torrance, CA 90501	Leased	59375	No
2063	Harbor - REI Administration Building N - 14	1124 W Carson St., Torrance, CA 90502	Owned	9400	No
A521	Harbor/UCLA Med Center - Family Medicine Clinic	1403 W Lomita Blvd, Harbor City, CA 90710	Leased	13775	No
A521	Harbor/UCLA Med Center - Family Medicine Clinic	1403 W Lomita Blvd, Harbor City, CA 90710	Leased	13775	No
11516	Harbor-D-5.5	1000 W Carson St., Torrance, CA 90502	Owned	6296	No
11519	Harbor-N-33	1000 W Carson St., Torrance, CA 90502	Owned	5274	No
10984	Harbor-D-3.5	1000 W Carson St., Torrance, CA 90502	Owned	8804	No
A655	Alternate Public Defender & Public Defender - Torrance Branch Offices	3655 Torrance Blvd, Torrance, CA 90503	Leased	8106	No
5177	Torrance Courthouse	825 Maple Ave, Torrance, CA 90503	CA State & LA County	11673	No
5177	Torrance Courthouse	825 Maple Ave, Torrance, CA 90503	CA State & LA County	140500	No
10439	Center for Resilient Children and Youth	21810 Normandie Ave, Torrance, CA 90562	Owned	23425	No

FACILITY LOCATION POLICY ANALYSIS

Proposed lease: Lease amendment for the Department of Children and Family Services – 2325 Crenshaw Boulevard, Torrance – Fourth District.

A. Establish Service Function Category – Regional and local public service and administrative functions.

B. Determination of the Service Area – The proposed lease amendment will allow DCFS to continue services located within the South Bay region.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: The office provides convenient accessibility of services to clients in the South Bay region.
- Need for proximity to existing County facilities: N/A
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit services, i.e., Torrance Transit lines 7 & 10.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative existing County buildings available to meet all of the DCFS needs.
- Compatibility with local land use plans: The City of Torrance 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 \$4,769,000.

D. Analyze results and identify location alternatives

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 \$38.40 and \$49.20 per square foot, per year. The base annual rental rate of \$51.84 per square foot, per year for the proposed lease amendment represents a rate that is above the market range for the area. We recommend the proposed Premises as the most suitable to meet the County's space requirements.

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

The proposed lease amendment will provide adequate and efficient office space for 455 employees consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012.

**AMENDMENT NO. 3 TO LEASE NO. 72044
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

THIS AMENDMENT NO. 3 TO LEASE NO. 72044 ("Amendment" or "Amendment No. 3") is made and entered into as of this ___ day of _____, 2024, by and between **194 EAST SECOND STREET, LLC, a New York limited liability company, and **TORRANCE DEL AMO I, LLC**, a California limited liability company ("Lessor"), and the **COUNTY OF LOS ANGELES**, a body corporate and politic ("Lessee").**

RECITALS:

WHEREAS, on February 16, 1999, Lease No. 72044, (the "Lease") was entered into by and between Lessor's predecessor in interest 2325 P.D.A. LLC, a California limited company, and the Lessee, to lease approximately 60,804 rentable square feet of office space (the "Premises") in the building located at 2325 Crenshaw Blvd., Torrance, California (the "Property"), for a term of ten (10) years (the "Initial Term") from August 9, 1999, to August 8, 2009;

WHEREAS, Amendment No. 1 to Lease No. 72044 ("First Amended Term") was entered into on March 30, 2010, by and between Lessor's predecessor in interest 2325 P.D.A. LLC, a California limited company, and the Lessee, and the Lease was extended for a period of seven (7) years, from March 30, 2010 through March 29, 2017, subject to the conditions contained therein, and;

WHEREAS, Amendment No. 2 to Lease No. 72044 ("Second Amended Term") was made and entered into on June 6, 2017, by and between Lessor's predecessor in interest 2325 P.D.A. LLC, a California limited company, and the Lessee, and the Lease was extended for a period of eighty-four (84) months, from June 6, 2017 through June 5, 2024, subject to the conditions contained therein, and;

WHEREAS, on July 10, 2024, Lessor acquired title to the Property from 2325 P.D.A. LLC, a California limited company, and;

WHEREAS, Lessor, and Lessee now desire to further amend the Lease for the purpose of extending the term of the Lease and modifying certain other provisions of the Lease as set forth herein.

WHEREAS, pursuant to Paragraph 2, TERM, subparagraph A, Original Term, of the Lease, Lessee now desires to extend such Lease for an additional seventeen (17) months, and Lessor is in agreement with extending and amending the term pursuant to Paragraph 2 herein;

WHEREAS, Lessor and Lessee desire to amend Paragraph 3, RENT, to reflect the rent to be paid during the Extended Term of the Lease and thereafter;

WHEREAS, Lessor and Lessee desire to amend Paragraphs 5 and 6, CANCELLATION and HOLDOVER, respectively, to reflect the Cancellation and Holdover provisions for the Third Extended Term.

AGREEMENT

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 hereinafter

contained, and are intended to be legally bound, Lessor and Lessee hereby covenant and agree to further amend Lease No. 72044 as follows:

1. **Defined Terms.** Lessor and Lessee hereby agree that all initial capitalized terms used in this Amendment shall have the same meaning given such terms in the Lease unless otherwise defined in this Amendment.

2. **Extension of Term.** The term of the Lease is renewed for seventeen (17) months, ("**Third Extended Term**"), subject to all of the terms, covenants, and conditions contained in the Lease, except as set out in this Amendment.

3. **Amendment of Lease.** The Lease is amended as of the date hereof (the "**Effective Date**"), unless another date is expressly provided, as follows:

3.1 Paragraph 2, TERM is hereby amended by adding a new Subsection E, as follows:

E. Third Extended Term: Lessee desires to extend the Term of the Lease and Lessor is in agreement with Lessee extending said Lease. As such, the Third Extended Term of the Lease shall be for a period of seventeen (17) months commencing the first day of the month following full execution of Amendment No. 3 by the Board of Supervisors (the "**Third Extended Term Commencement Date**"), and ending seventeen (17) months thereafter.

3.2 Paragraph 2, TERM is hereby amended by adding a new Subsection F, as follows:

F. Option to Renew: Lessee shall have the option to renew this Lease for a period of three (3) months (the "Option Term") under the same terms and conditions except that the rental rate for the Option Term shall be \$327,673.28 per month. Lessee, by Chief Executive Office letter, shall notify Lessor in writing not less than thirty (30) days prior to expiration of the Third Extended Term of Lessee's election to exercise its option.

3.3 Paragraph 3, RENT, is hereby amended by removing Subsection D, and replacing it with the following new Subsection D, as follows:

D. Third Extended Term Rent. "**Base Rent**" is hereby defined as the monthly amount to be paid by Lessee to Lessor each month as basic rent for the Premises. Commencing on the Third Extended Term Commencement Date, Lessee agrees to pay as Base Rent for said Premises the sum of TWO HUNDRED SIXTY TWO THOUSAND, SIX HUNDRED SEVENTY THREE AND 28/100 DOLLARS (\$262,673.28) per month, i.e. \$4.32 per square foot per month (the "**Initial Monthly Base Rent**"), within 15 days after a claim therefor for each such month has been filed by Lessor with the Auditor of the County of Los Angeles prior to the first day of each month. Base Rent for any partial month shall be prorated in proportion to the number of days in such month.

1.3 Paragraph 5, CANCELLATION. Is hereby deleted in its entirety, and there shall be no right to cancel during the Third Extended Term.

4. Original Lease in Full Force. Notwithstanding anything to the contrary herein, all of the terms and conditions contained in the Lease which are not modified by this Amendment shall remain in full force and effect. In the event of a conflict between the Lease and this Amendment, the terms of this Amendment shall control.

5. Brokers. Lessor and Lessee each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Amendment other than Cresa (the "Tenant's Agent") and Colliers ("Landlord's Agent") and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation. The terms of any commissions due shall be pursuant to a separate commission agreement between Lessor and Lessee's Agent.

6. Ratification. Except as amended by the provisions of this Amendment No. 3, the terms and provisions of the Lease remain in full force and effect. Lessee and Lessor ratify and affirm the Lease, as amended by this Amendment No. 3.

7. Choice of Law. The terms and provisions of this Amendment No. 3 shall be construed in accordance with, and governed by, the laws of the State of California without application of any choice of laws provisions.

8. Entire Agreement and Modification. The Lease as modified by this Amendment No. 3 constitutes the final, complete and exclusive statement of the terms of the agreement of Lessee and Lessor, and is binding on and inures to the benefit of the respective heirs, representatives, successors and assigns of Lessee and Lessor. This Amendment No. 3 shall be deemed to be incorporated into the Lease and made a part thereof. All references to the Lease in any other document shall be deemed to refer to the Lease as modified by this Amendment No. 3. Except as modified by this Amendment No. 3, all of the terms and conditions of the Lease shall remain in full force and effect. In the event that the terms of this Amendment No. 3 conflict with the terms of the Lease and its schedules, the terms of this Amendment No. 3 shall control. Neither Lessee nor Lessor has been induced to enter in to this Amendment No. 3 by, nor is Lessee or Lessor relying upon, any representation or warranty other than those set forth in this Amendment No. 3. Any agreement made after the date of this Amendment No. 3 shall be ineffective to amend this Amendment No. 3, in whole or in part, unless such agreement is in writing, is signed by Lessee and Lessor, and specifically states that the agreement amends or modifies this Amendment No. 3 (or the Lease, as amended by this Amendment No. 3).

9. Partial Invalidity. If any term, covenant or provision of this Amendment No. 3 is, to any extent, held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Amendment No. 3, or the application of that term, covenant or provision to persons or circumstances other than those as to which it is held to be invalid or unenforceable, will not be affected by such invalidity or unenforceability, and all other terms, covenants and conditions of this Amendment No. 3 will be valid and enforceable to the fullest extent permitted by law.

10. Counterparts. This Amendment No. 3 may be executed in separate counterparts, each of which shall constitute an original and all of which together shall constitute one and the same document. The parties contemplate that they may be executing counterparts of this Amendment No. 3 transmitted by facsimile or email in PDF format and agree and intend that a

signature by either facsimile machine or email in PDF format shall bind the party so signing with the same effect as though the signature were an original signature.

(Signatures on Next Page)

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

"LESSOR"

TORRANCE DEL AMO I, LLC, a California limited liability company

By: [Signature]
Name: Torrance Del Amo
Its: Manager

194 EAST SECOND STREET, LLC, a New York limited liability company

By: [Signature]
Name: 194 East Second Street
Its: Manager

"LESSEE"

COUNTY OF LOS ANGELES, a body corporate and politic

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: [Signature]
Senior Deputy