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COUNTY OF LOS ANGELES

Kenneth Hahn Hall of Administration
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"To Enrich Lives Through Effective and Caring Service"

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

December 17, 2024

22 December 17, 2024

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

EDWARD YEN
EXECUTIVE OFFICER

Dear Supervisors:

**THREE-YEAR LEASE AMENDMENT
DEPARTMENT OF PUBLIC HEALTH
3530 WILSHIRE BOULEVARD, LOS ANGELES
(SECOND DISTRICT) (3 VOTES)**

SUBJECT

Approval of a proposed three-year lease amendment to renew an existing lease to provide the Department of Public Health (DPH) continued use of 66,644 square feet of office space and up to 314 on-site parking spaces for the Environmental Health Program (EH), Vaccine Preventable Disease Control Program (VPDC), Division of Chronic Disease and Injury Prevention (CDIP), and Oral Health Program (OHP).

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 Metroplex, LLC, a California limited liability company (Landlord), for approximately 66,644 square feet of office space and up to 314 on-site parking spaces located at 3530 Wilshire Boulevard, Suites 700, 800, 900, and 1010, Los Angeles (Premises) to be occupied by DPH. The estimated maximum first-year base rental cost is \$2,775,000 which includes parking at \$655,000, but with a one-month rent abatement of approximately \$177,000, the first-year base rental cost will equal \$2,598,000. The estimated total proposed lease amendment cost, including on-site parking is \$8,407,000 over the three-year term. The rental costs will be funded through grant funding, license and permit fees collected from regulated operations, and existing departmental resources. DPH will not be requesting additional 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, exercising any early termination rights and any options to extend the term.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

DPH has occupied the Premises since 2001 for the EH, VPDC, CDIP, and OHP, programs which provide both an administrative, as well as direct services to the community. The existing lease will expire on February 3, 2025.

The EH program will continue to serve the public by inspecting retail food facilities, swimming pools, and multiple family dwellings; investigating public health complaints; and holding compliance reviews with industry representatives, rental property owners, and management companies. The VPDC program provides administrative services Countywide. The program provides trainings such as the Immunization Skills Institute and Influenza Vaccination Update, among other trainings; referrals to clinics and facilities, where community members can receive standard and travel vaccinations; provides outreach and education through health fairs, and requests from community organizations; and investigate vaccine preventable incidents and reduce spread of disease. The CDIP program provides technical assistance, as well as direct services or resources to community partners in Los Angeles County. It also has administrative functions that support efforts to improve health and decrease health disparities in the County population. OHP enables families, children, and the underserved population to be linked to appropriate dental education and prevention services.

The Premises houses 321 staff with 308 workstations and ten offices. At least 95 percent of all staff telework for the VPDC, CDIP, and OHP programs. The EH program has approximately 70 percent of their staff teleworking however, require on-site coverage so that staff can quickly respond to food facility and housing complaints and provide other inspection services. This will also minimize drive time, reduce travel cost, and increase inspection service time.

DPH plans to relocate to the County-owned facility currently under construction, located at 550 South Vermont Avenue once that project is complete, estimated to be in 2027. Therefore, DPH has elected to extend the lease at the Premises on a short-term basis. The Chief Executive Office (CEO) has negotiated an early termination right, which provides the County the right to terminate the proposed lease amendment any time after the 24th month. Additionally, in the event the construction of the County-owned facility is delayed, the CEO has negotiated two one-year options to extend the term.

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 – Create countywide understanding of asset needs and priorities, and Key Objective No. 1. – Maintain Asset Inventory.

The proposed lease amendment supports the above goals and objective by providing sufficient interim office space and parking spaces for DPH staff to continue to provide services to the public, located in Los Angeles and the surrounding areas, while long term office space is secured for DPH.

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 \$2,775,000 which includes parking at \$655,000, but with a one-month rent abatement of approximately \$177,000, the first-year base rental cost will equal \$2,598,000. The aggregate cost associated with the proposed lease amendment over the term, including rent abatement, and parking is \$8,407,000 as shown in Enclosure B-1. The proposed lease amendment costs will be funded through grant funding, license and permit fees collected from regulated operations, and existing departmental resources. DPH 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 DPH. DPH 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 DPH.

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, the annual rental rate will decrease from \$40.71 per square foot, per year to \$31.80 per square foot, per year. Base rent is subject to annual increases based on the Consumer Price Index (CPI) capped at 4 percent per annum.
- The Landlord has agreed to one month of rent abatement.
- The Landlord is responsible for all operating and maintenance cost of the building and all utilities and janitorial costs. The County has no responsibility for any operating and maintenance costs.
- A comparison of the existing lease and the proposed lease amendment terms is shown in Enclosure B-2.
- The County has the right to terminate the proposed lease amendment early any time after 24 months, with 120 days' prior written notice.
- The proposed lease amendment includes a three-year initial term with two one-year options to extend the lease amendment for an additional one year each with 120 days' notice, at CPI capped at 4 percent. If all options are exercised, the total term of the proposed lease amendment would be five years and total costs over the five-year term would be \$14,585,000.

- Holdover at the proposed lease amendment expiration is permitted on the same lease amendment terms and conditions. The monthly base rent during the holdover period will remain the same and subject to the regular increases.

- The current lease will expire February 3, 2025. The proposed lease amendment will be effective upon approval by the Board and full execution of the proposed lease amendment, but the term and rent will commence on February 4, 2025, once the current lease expires.

The CEO 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 \$29.16 and \$31.80 per square foot, per year. The base annual rental rate of \$31.80 per square foot, per year for the proposed lease amendment represents a rate that is on the high end of the market range for the area due to the short-term and the subject property is the highest quality Class A office in the mid-Wilshire office market. Despite being at the higher market range, the proposed rental rate of \$31.80 per square foot is still a significant decrease from the current rent of \$40.71 per square foot. We recommend the 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 DPH 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 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 DPH's 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 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. DPH concurs with the proposed lease amendment and recommendations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Fesia A. Davenport', with a stylized, flowing script.

FESIA A. DAVENPORT

Chief Executive Officer

FAD:JMN:JTC

JLC:HD:ANR:FA:gb

Enclosures

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

**DEPARTMENT OF PUBLIC HEALTH
3530 WILSHIRE BOULEVARD, 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 Based on 378 employees, it is 176 square feet per person due to implementation of telework		X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ² 314 spaces is a 4.7/1,000 parking ratio		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			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	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

**3530 Wilshire Boulevard, Los Angeles
Public Health**

Basic Lease Assumptions

Leased Area (sq.ft.)	66,644	
Parking Spaces	314	
	Monthly	Annual
Rent (per sq. ft.)	\$2.65	\$31.80
Term (Months)	36	3
Rent Abatement	1	
Annual Rent Adjustment (Initial Term)	4%	
Annual Rent Adjustment (Extended Term)	4%	

	1 st Year	2 nd Year	3 rd Year	Total 3 Year Rental Costs
Annual Base Rent Costs	\$2,120,000	\$2,205,000	\$2,294,000	\$6,619,000
Parking⁽¹⁾	\$655,000	\$655,000	\$655,000	\$1,965,000
Total Annual Base Rent Costs	\$2,775,000	\$2,860,000	\$2,949,000	\$8,584,000
Rent Abatement	(\$177,000)			(\$177,000)
Total Annual Lease Costs	\$2,598,000	\$2,860,000	\$2,949,000	\$8,407,000

	1 st Year	Total 1 Year Rental Costs
Option No. 1 Rent		
Annual Base Rent	\$2,386,000	\$2,386,000
Parking⁽¹⁾	\$655,000	\$655,000
Total Paid to Landlord with Option Rent	\$3,041,000	\$3,041,000

Est. Aggregate costs of 4 yr Term: **\$11,448,000**

	1 st Year	Total 1 Year Rental Costs
Option No. 2 Rent		
Annual Base Rent	\$2,482,000	\$2,482,000
Parking⁽¹⁾	\$655,000	\$655,000
Total Paid to Landlord with Option Rent	\$3,137,000	\$3,137,000

Est. Aggregate costs of 5 yr Term: **\$14,585,000**

⁽¹⁾ The monthly parking rates are as follows: 180 spaces at \$160 per space and the other 134 spaces at \$192 per space

***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: 3530 Wilshire Blvd.	Proposed Lease Amendment: 3530 Wilshire Blvd.	Change
Area (Square Feet)	66,644 sq.ft.	66,644 sq. ft.	None
Term (years)	5 years	Three years plus two 1-year options to renew	Three years plus two 1-year options to renew.
Annual Base Rent	\$2,714,000	\$2,120,000 ⁽¹⁾	-\$594,000 annually
Rent Abatement	None	1 month	1 month
Annual Parking Cost	\$565,000 ⁽²⁾	\$655,000 ⁽³⁾	+\$90,000
Total Annual Lease Costs payable to Landlord	\$3,279,000	\$2,775,000 ⁽¹⁾	-\$504,000 annually
Rental rate adjustment	Annual fixed 4 percent adjustments	Annual CPI adjustments capped at 4 percent.	Annual CPI adjustments capped at 4 percent.

⁽¹⁾ Does not include 1 month rent abatement

⁽²⁾ Does not include additional 47 spaces

⁽³⁾ Includes additional 47 spaces

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

**DEPARTMENT OF PUBLIC HEALTH
SPACE SEARCH – 3 MILE RADIUS FROM
3530 WILSHIRE BOULEVARD, LOS ANGELES**

LACO	Name	Address	Ownership	Gross SqFt	Vacant
X550	Mental Health - Le Sage Complex Tower	550 S Vermont Ave Los Angeles 90020	Owned	171,651	NONE
X317	Le Sage Complex 4 Story Building	3175 W 6th St Los Angeles 90020	Owned	52,230	NONE
A118	Citizens Commission On Jail Violence	355 S Grand Ave Los Angeles 90071	Gratis Use	60,984	NONE
10108	Vermont Corridor - Site 1	510 S Vermont Ave Los Angeles 90020	Revenue-Leaseback	478,877	NONE
A405	Arts Commission - Wilshire - Bixel Building	1055 Wilshire Blvd Ste. 800 Los Angeles 90017	Leased	10,358	NONE
5456	Health Services Administration Building	313 N Figueroa St. Los Angeles 90012	Owned	221,359	NONE
B922	DPSS - Wilshire Special District Office	2415 W 6th St. Los Angeles 90057	Leased	46,228	NONE
0238	Foster Care Clinic Med Hub Program	3250 Wilshire Blvd 3rd Fl Los Angeles 90010	Gratis Use	231	NONE
A627	County Admin Offices - LA World Trade Center	350 S Figueroa St. Los Angeles 90071	Leased	68,314	NONE
0237	DCFS - Foster Care Medical Hub Program	4650 Sunset Blvd Los Angeles 90027	Gratis Use	78	NONE
A674	DMH - Hollywood Wellness Center	5000 W Sunset Blvd Los Angeles 90027	Leased	6,921	NONE
A683	Service Integration Pilot Project	1910 Magnolia Ave Los Angeles 90007	Leased	1,035	NONE
A600	Central Civil West Courthouse	600 S Commonwealth Ave Los Angeles 90005	Leased	281,988	NONE
A360	DPSS - Metro North AP/Calworks District Office	2601 Wilshire Blvd Los Angeles 90057	Leased	62,000	NONE

FACILITY LOCATION POLICY ANALYSIS

Proposed lease: Lease Amendment for the Department of Public Health – 3530 Wilshire Boulevard, Los Angeles – Second District.

A. Establish Service Function Category – Central Los Angeles Office

B. Determination of the Service Area – The proposed lease will allow DPH to continue services located within central Los Angeles.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: Community need for services in central Los Angeles.
- 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.,
- 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 DPH's needs.
- 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 over the entire term is \$8,407,000.

D. Analyze results and identify location alternatives

CEO 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 \$29.16 and \$31.80 per square foot, per year. The base annual rental rate of \$31.80 per square foot, per year for the proposed lease amendment represents a rate that is on the high 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 378 employees consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012.

AMENDMENT NO. 1 TO LEASE NO. 300022
DEPARTMENT OF PUBLIC HEALTH
3530 WILSHIRE BOULEVARD SUITES 700, 800, 900, AND 1010,
LOS ANGELES, CALIFORNIA

This AMENDMENT NO. 1 to Lease No. 300022 ("Amendment No. 1") is made and entered into this ____ day of _____, 2024 by and between METROPLEX, LLC, a California limited liability company, hereinafter referred to as "Landlord" and the COUNTY OF LOS ANGELES, a body corporate and politic, hereinafter referred to as "Tenant" or "County".

RECITALS

WHEREAS, Landlord and Tenant have entered into that certain Lease No. 300022 (the "Lease") dated February 4, 2020 for those certain Premises located at 3530 Wilshire Boulevard, Suites 700, 800, 900, and 1010, Los Angeles, California 90010 (the "Premises").

WHEREAS, Landlord and Tenant desire to amend the Lease as hereinafter set forth.

WHEREAS, unless otherwise defined herein, capitalized terms used herein shall have the meanings as given thereto in the Lease.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. EXTENSION OF THE LEASE TERM. The Term of the Lease shall be extended for a period of thirty-six (36) months, to commence on the first day of the first month after the date this Amendment No. 1 has been fully and mutually executed by Landlord and Tenant and approved by the Los Angeles County Board of Supervisors, but not earlier than February 4, 2025 ("New Commencement Date"). The period commencing on the New Commencement Date and terminating on the last day of the thirty-sixth (36th) month following the New Commencement Date shall be referred to herein as the "Amendment No. 1 Extension Term", subject to earlier termination by Tenant as provided herein.

2. Effective as of the New Commencement Date, Section 4.2 of the Lease shall be amended and restated in its entirety as follows:

4.2 Early Termination.

Provided Tenant is not in material default under any material term or provision contained in the Lease beyond any applicable notice and cure period, Tenant shall have a one-time right ("Termination Option") to terminate all or a portion of the Lease effective at any time after the last day of the twenty-fourth (24th) month of the Amendment No. 1 Extension Term ("Termination Date"), by giving no less than one hundred twenty (120) days' prior written notice to Landlord of such intent, such notice to be executed by Tenant's Chief Executive Office. If Tenant timely and properly exercises the Termination Option, the Lease with respect to the portion of the Premises so terminated shall expire

on the Termination Date with the same force and effect as if such date were the stated expiration date of the Lease and Landlord and Tenant shall have no further obligations under the Lease with respect to the portion of the Premises so terminated after the Termination Date except for any obligations or liabilities that explicitly survive termination as set forth in the Lease. No termination fee or penalty shall be imposed on Tenant in connection with Tenant's exercise of the Termination Option hereunder. The rights contained in this Section 4.2 shall be personal to the originally named Tenant and may be exercised only by the originally named Tenant (and not any assignee, sublessee, or other transferee of Tenant's interest in the Lease) and only if the originally named Tenant occupies the entire Premises as of the date it exercises the Termination Option in accordance with the terms of this section.

3. Effective as of the New Commencement Date, Section 5, RENT, of the Lease is hereby amended by adding the following paragraphs to the end of Section 5 as a new Sections 5.3, 5.4, and 5.5 respectively:

5.3 Extension Term Base Rent

Effective upon the New Commencement Date, Tenant shall pay Landlord the Base Rent of One Hundred Seventy-Six Thousand Six Hundred Six and 60/100 Dollars (\$176,606.60) per month (ie., \$2.65 SF per rentable square foot per month) payable by the 15th day of the month, after a claim therefor for each such month has been filed by Landlord with the Auditor-Controller (A-C) of the County of Los Angeles, per the terms of Section 5.1 of the Lease.

5.4 Method of Payment and Required Information

The Tenant may, at its sole discretion, determine the most appropriate, efficient, secure, and timely form of payment for any amounts due under this Lease. Landlord further agrees that the default form of payment shall be Electronic Funds Transfer (EFT) or direct deposit, unless an alternative method of payment is deemed appropriate by the A-C.

Subject to Section 5.3, the Landlord shall provide the A-C with electronic banking and related information for the Landlord and/or any other payee that the Landlord designates to receive payment pursuant to this Lease. Such electronic banking and related information includes, but is not limited to: bank account number and routing number, legal business name, valid taxpayer identification number or TIN, a working e-mail address capable of receiving remittance advices and other payment related correspondence, and any other information that the A-C determines is reasonably necessary to process the payment and comply with all accounting, record keeping, and tax reporting requirements.

Any provision of law, grant, or funding agreement requiring a specific form or method of payment other than EFT or direct deposit shall supersede this requirement with respect to those payments. Upon the New Commencement Date or at any time during the duration of the Lease, a Landlord may submit a written request for an exemption to this requirement. Such request must be based on specific legal, business or operational needs and explain why the payment method designated by the A-C is not feasible and an alternative is

necessary. The A-C, in consultation with the contracting department(s), shall decide whether to approve exemption requests.

5.5 Base Rent Adjustments for Extended Term

Commencing on the first anniversary of the commencement of the Amendment No. 1 Extension Term, and on each subsequent anniversary of the Amendment No. 1 Extension Term, the Base Rent shall be adjusted as follows:

(a) CPI. Commencing on the first anniversary of the New Commencement Date (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Base Rent shall be adjusted by applying the CPI Formula set forth below. The "Base Index" shall be the Index published for the month in which the New Commencement Date occurs.

(b) CPI Formula. The Index means the Consumer Price Index for all Urban Consumers for the Los Angeles-Long Beach-Anaheim area, all items, published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Base Rent for the first full month after the New Commencement Date multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month in which the adjustment is to be effective (the "New Index"), and the denominator being the Base Index. If the Index is changed so that the Index differs from that used as of the New 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 Amendment No. 1 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:

$$\frac{\text{New Index}}{\text{Base Index}} \times \$176,606.60 \text{ (initial Base Rent)} = \text{CPI Adjusted Base Rent}$$

(d) Limitations on CPI Adjustment. In no event shall the monthly Base Rent adjustment based upon the CPI Formula result in an increase greater than four percent (4%) per year of the Base Rent payable in the month immediately preceding the applicable adjustment. In no event shall the Base Rent be adjusted by the CPI Formula to result in a lower monthly Base Rent than was payable during the previous year of the Lease.

(e) Rent Abatement. Provided Tenant is not in material default under any material term or provision of the Lease beyond any applicable notice and cure period, the monthly Base Rent for the second (2nd) month of the Amendment No. 1 Extension Term shall be abated.

4. Section 7, HOLDOVER, of the Lease is hereby amended by deleting Section 7 in its entirety and adding a new Section 7 as follows:

7. HOLDOVER

If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon thirty (30) days written notice from Landlord or thirty (30) days written notice from Tenant's Chief Executive Officer or his/her designee at the last monthly Base Rent payable under this Lease (as such Base Rent may be adjusted from time to time in accordance with the CPI Formula or otherwise in accordance with Article 5 of this Lease), plus any other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease. All options, rights of first refusal, concessions, and discounts, if any, granted under this Lease shall be deemed terminated and of no force or effect during such holdover period.

5. Section 10.1.c., CASp Inspection, is hereby deleted in its entirety and replaced with the following new Section 10.1.c.:

c. CASp Inspection:

In accordance with California Civil Code Section 1938, Landlord hereby states that the Premises and the Common Areas have not undergone inspection by a Certified Access Specialist. A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

The foregoing statement is provided solely for the purpose of complying with California Civil Code Section 1938 and shall not affect the Landlord's and Tenant's respective responsibilities for compliance with any design and construction related accessibility obligations as provided under this Lease or any Work Letter.

6. Effective as of the New Commencement Date, Section 21, PARKING, of the Lease is hereby amended by adding a new Section 21.3 to Section 21 as follows:

21.3 Supplemental Parking Spaces

During the Amendment No. 1 Extension Term, Tenant shall have the right, but not the obligation, to lease an additional forty-seven (47) unreserved parking spaces at the Building's prevailing parking rates, subject to availability at the Building.

7. Section 30.13, COUNTERPARTS, of the Lease is hereby amended by deleting it in its entirety and adding a new paragraph to Section 30.13 as follows:

30.13 Counterparts

This Lease and any other documents necessary for the consummation of the transaction contemplated by this Lease 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 Lease 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 Lease had been delivered and 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 Lease 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 reply on such signatures, and (iv) hereby waive any defenses to the enforcement of the terms of this Lease based on the foregoing forms of signature. If this Lease 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.

7. Effective as of the New Commencement Date, Section 35, OPTION TO EXTEND, of the Lease is hereby amended by deleting it in its entirety and adding a new paragraph to Section 35 as follows:

35.1 Option Terms

Provided Tenant is not in material default under any material term or provision contained in the Lease beyond any applicable notice and cure period, and is in possession of the Premises at the time Tenant exercises its option, Tenant shall have two (2) options to extend the Term of this Lease ("Extension Option(s)") for an additional period of one (1) year per option (each "Option Term") for all of the space then under the Lease under the same terms and conditions except for the monthly installment of Base Rent. If Tenant wishes to exercise the Extension Option, Tenant shall deliver written notice to Landlord no less than six (6) months

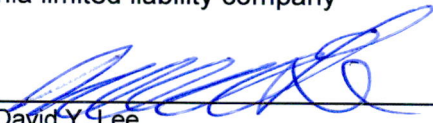
prior to the expiration of the then existing Term ("Exercise Notice"). If Tenant fails to timely deliver the Exercise Notice, Tenant shall be considered to have elected not to exercise the Extension Option. The Base Rent payable during each Option Term shall be equal to the Base Rent payable immediately before such Option Term as increased in accordance with the CPI Formula set forth in Section 5.5 of this Lease. Except for Base Rent at the new rate, all of the terms and conditions of the Lease shall remain the same and shall remain in full force and effect throughout the Option Term; provided, however, that any free rent, improvement allowances, moving allowances, lease assumption payments, plan design allowances (or payments), expansion options, opportunity rights or other similar concessions provided for in the Lease shall not apply during any Option Term. The rights contained in this Section 35.1 shall be personal to the originally named Tenant and may be exercised only by the originally named Tenant (and not any assignee, sublessee, or other transferee of Tenant's interest in this Lease) and only if the originally named Tenant occupies the entire Premises as of the date it exercises an Extension Option in accordance with the terms of this section.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 or caused it to be duly executed.

LANDLORD:

METROPLEX, LLC,
a California limited liability company

By: 
Name: David Y. Lee
Its: _____

TENANT:

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: 
Senior Deputy