



County of Los Angeles  
**CHIEF EXECUTIVE OFFICE  
OPERATIONS CLUSTER**

FESIA A. DAVENPORT  
Chief Executive Officer

**DATE:** July 13, 2022  
**TIME:** 2:00 P.M. – 4:00 P.M.  
**LOCATION:** **TELECONFERENCE CALL-IN NUMBER: 1(323)776-6996**  
**TELECONFERENCE ID: 439827168#**

To Join Via Phone, Dial 1(323)776-6996, Then Press 439827168#.

**YOU CAN ALSO JOIN THIS MEETING BY CLICKING ON THE FOLLOWING LINK:**

[Click here to join the meeting](#)

**THIS MEETING WILL CONTINUE TO BE CONDUCTED VIRTUALLY TO ENSURE  
THE SAFETY OF MEMBERS OF THE PUBLIC AND EMPLOYEES AS PERMITTED  
UNDER STATE LAW**

**AGENDA**

Members Of The Public May Address The Operations Cluster On Any Agenda  
Item After All Informational Items Are Presented.  
Two (2) Minutes Are Allowed For Each Item.

1. **Call To Order – Kirk Shelton/Anthony Baker**
2. **INFORMATIONAL ITEM(S):**
  - A) Board Memo:  
NOTICE OF INTENT TO NEGOTIATE SOLE SOURCE AMENDMENT  
WITH WELLSKY  
CIO/AD – Michael Kapp, Director of Public Affairs
  - B) Board Memo:  
NOTICE OF INTENT TO NEGOTIATE SOLE SOURCE AMENDMENT  
WITH DATAWORKS PLUS, LLC  
CIO/LASD – Angelo Faiella, Contracts Manager and Lt. Derek Sabatini,  
Project Director
  - C) Board Letter:  
TEN-YEAR AMENDMENT SHERIFF'S DEPARTMENT, FIRE, AND  
BEACHES AND HARBORS 13555 FIJI WAY, MARINA DEL REY  
CEO-RED – Mike Navarro, Chief Program Specialist

**CONTINUED ON PAGE 2**

D) Board Letter:  
FIVE-YEAR OPTION-TO-EXTEND LEASE, CHILD SUPPORT SERVICES  
DEPARTMENT 42281 10<sup>TH</sup> STREET, LANCASTER (FIFTH DISTRICT)  
CEO-RED – Mike Navarro, Chief Program Specialist

E) Board Letter:  
CANNABIS TAX BOARD LETTER  
DCBA – Rafael Carbajal, Director, Consumer and Business Affairs

3. **PRESENTATION/DISCUSSION ITEMS:**

None available.

4. **Public Comment**  
(2 Minutes Each Speaker)

5. **Adjournment**

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**FUTURE AGENDA TOPICS**

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**CALENDAR LOOKAHEAD:**

A) Board Letter:  
CEO/CLASSIFICATIONS - COUNTYWIDE CLASSIFICATION/  
COMPENSATION ACTIONS TO IMPLEMENT THE AUGUST 9, 2022  
GENERAL RECLASS BOARD LETTER

B) Board Letter:  
CEO/CLASSIFICATIONS - COUNTYWIDE CLASSIFICATION/  
COMPENSATION ACTIONS TO IMPLEMENT THE AUGUST 9, 2022  
PUBLIC INFORMATION OFFICER REORGANIZATION STUDY

C) Board Letter:  
CIO/LACDA - APPROVE PURCHASE ORDER WITH DELL  
MARKETING LP FOR SERVERS AND STORAGE

**BOARD LETTER/MEMO  
CLUSTER FACT SHEET**

☐ Board Letter

☒ Board Memo

☐ Other

<b>CLUSTER AGENDA REVIEW DATE</b>	7/13/2022	
<b>BOARD MEETING DATE</b>	N/A	
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	<input checked="" type="checkbox"/> All <input type="checkbox"/> 1 <sup>st</sup> <input type="checkbox"/> 2 <sup>nd</sup> <input type="checkbox"/> 3 <sup>rd</sup> <input type="checkbox"/> 4 <sup>th</sup> <input type="checkbox"/> 5 <sup>th</sup>	
<b>DEPARTMENT(S)</b>	Aging and Disabilities Department (AD)	
<b>SUBJECT</b>	<b>Advance Notice of Intent to Negotiate Sole Source Amendment with WellSky</b>	
<b>PROGRAM</b>	Adult Protective Services (APS)	
<b>AUTHORIZES DELEGATED AUTHORITY TO DEPT</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>SOLE SOURCE CONTRACT</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  The AD is notifying the Board of its intent to negotiate a sole source amendment extending the term of the current Agreement with WellSky for the continued provision of the Harmony Adult Protective Services (HAPS) application. The HAPS application effectively meets the Department's needs, the market has not yielded better alternatives, and there are operational risks and costs associated with implementing a new system now with the formation of the new Aging and Disabilities Department in July 2022.	
<b>DEADLINES/ TIME CONSTRAINTS</b>	The current Agreement will expire on December 5, 2022.	
<b>COST &amp; FUNDING</b>	Total cost: TBD. The estimated cost of the sole source amendment will be negotiated and finalized prior to the Department's Board submission.	Funding source: California Department of Social Services (CDSS)
	TERMS (if applicable): Seeking a term of one (1) year with three (3) optional one-year extensions.	
	Not Applicable	
<b>PURPOSE OF REQUEST</b>	The purpose is to advise the Board of AD's intent to pursue a sole source amendment to the existing agreement with WellSky, to provide the continued provision of the HAPS application. Maintaining the HAPS application will allow the County to save implementation and customization costs and prevent a significant workload interruption that would impact the well-being of frail older and dependent adults.	
<b>BACKGROUND (include internal/external issues that may exist including any related motions)</b>	The HAPS application is used by APS for the real time tracking of 5,000 cases of abuse and neglect monthly. Real time information is critical to the safety and well-being of not only the APS social workers but to all APS clients, as it provides an immediate indication of the allegations of what may be occurring in a home, which helps a social worker to develop an informed case plan for quick intervention. The continued use of HAPS will prevent expending APS staff and stakeholder time in training to use a new system; expend significant investment of resources to customize a new system; and cost of staff time to develop and conduct a solicitation. Additionally, HAPS complies with CDSS mandatory reporting and County's guidelines as it pertains to data integrity and security.	
<b>EQUITY INDEX OR LENS WAS UTILIZED</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how: Not Applicable	
<b>SUPPORTS ONE OF THE NINE BOARD PRIORITIES</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>DEPARTMENTAL CONTACTS</b>	Name, Title, Phone # & Email: Michael Kapp, Director of Public Affairs, (213) 706-8140, mkapp@wdacs.lacounty.gov	

**BOARD OF SUPERVISORS**

Hilda L. Solis  
Holly J. Mitchell  
Sheila Kuehl  
Janice Hahn  
Kathryn Barger

**EXECUTIVE LEADERSHIP**

Dr. Laura Trejo  
*Director*  
  
Lorenza Sanchez  
*Chief Deputy*  
  
Anna Avdalyan  
*Assistant Director*  
  
Paul Goldman  
*Assistant Director*

**GET IN TOUCH**

510 S. Vermont Avenue  
Los Angeles, CA 90020  
wdacs.lacounty.gov  
[info@wdacs.lacounty.gov](mailto:info@wdacs.lacounty.gov)

**Aging & Adult Information &  
Assistance Line:**  
(800) 510-2020  
**Report Elder Abuse:**  
(877) 477-3646  
**Community & Senior Centers:**  
(323) 260-2003



July 13, 2022

TO: Supervisor Holly J. Mitchell, Chair  
Supervisor Hilda L. Solis  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn  
Supervisor Kathryn Barger

FROM: Dr. Laura Trejo, Director

SUBJECT: **ADVANCE NOTICE OF INTENT TO NEGOTIATE SOLE  
SOURCE AMENDMENT WITH WELLSKY**

This is to provide the Board advanced notification that Aging & Disabilities Department (AD) intends to negotiate a sole source amendment to extend an existing agreement with WellSky formerly known as Mediware DBA Harmony Information Systems, Inc. for the provision of the Harmony Adult Protective Services (HAPS) application that allows caseload tracking of all Adult Protective Services (APS) clients. The funding for this application is through California Department of Social Services (CDSS) APS state funds. There is no impact on Net County Costs.

Board Policy No. 5.100 requires written notice of a department's intent to enter into sole source negotiations for extension of a Board-approved Agreement at least six months prior to the Agreement's expiration date. The current Agreement will expire on December 5, 2022.

Background

Harmony was selected in March 2010 via competitive bid solicitation. On March 30, 2010, the Board authorized the Director of WDACS (then Community and Senior Services) to finalize and execute an Agreement with Harmony for the provision of the HAPS system for a five (5)-year term, with two (2) one (1)-year extensions for a total seven (7)-year term. The maximum sum for the current Agreement term is \$1,558,975. WDACS amended the Agreement on December 6, 2017.

Justification

The AD operates the largest APS network in California. Approximately 4,600 referrals of abuse and neglect are reported to APS each month. APS uses the HAPS case management system to effectively manage a growing caseload. Our intake caseload has grown from 2400 per month in 2011 to the current 4,600 per month. The AD uses HAPS to support

APS program elements such as case intake, tracking, follow up and monitoring. It can handle multiple workflows for physical abuse, financial exploitation, neglect, and other forms of abuse. The HAPS web-based case intake capabilities enable social workers, members of the public and mandated reporters to instantly and securely report abuse or neglect allegations. Currently, 40% of our abuse reports are received through the HAPS web-based intake process. Likewise, the system permits all departmental users to view cases in real time, while matching other investigations that may be associated with that record. Real time information is critical to the safety and well-being of not only the APS social workers but to all APS clients, as it provides an immediate indication of the allegations of what may be occurring in a home, which helps a social worker to develop an informed case plan for quick intervention. Finally, the system's combination of real-time data and ability to generate geographic information enables social workers to quickly identify and follow-up with clients who may be impacted by fires, earthquakes, heatwaves, blackouts and other emergency situations.

HAPS complies with CDSS mandatory reporting and operational requirements as it provides accessibility to data through daily data downloads that are utilized to generate PowerBI and Cognos reports to ensure appropriate supervision of APS staff by tracking case information, case deadlines and mandatory monthly reports. It has an extensive management reporting system that enables supervisors and managers to obtain caseload reports of all active cases, including cases that are scheduled for closure. It also provides functionality that is essential to the overall management of the APS program.

Due to the large caseload in the County and the complexity of cases, a sole source extension with WellSky is needed. The HAPS system has been continually improved to meet the County's increasing needs. Since 2010, WDACS had worked closely with WellSky to modify and enhance the HAPS system to address the County's increasing caseload, which supports the social workers who use the system. Moving to a new system would be a significant workload interruption, not to mention an administrative one. Allowing this extension mitigates several risks associated with implementation of a new complex system. Some risks and cost factors include re-training all APS staff and stakeholders to use a new system. This process can take several months, would impact efficiency, and would impact the well-being of frail older and dependent adults. The AD would also need to perform a costly rebuild of its data interface with HAPS, which took over a year to complete with the current system. Data collected by HAPS is hosted in a SSAE-16 SOC2/3 certified data center, which meets the County's guidelines as it pertains to data integrity and security.

The AD is requesting authorization from your Board to extend this agreement on a sole source basis because HAPS provides an efficient software solution that effectively meets the needs of the County and other stakeholders, including your Board, the State, and other County entities. Moreover, there will be no implementation costs for data migration, training of staff and users, project management, and additional consulting services with the extension. Additionally, there will be cost savings as they relate to transition and training for our Departmental staff and the added costs of staff time to develop and conduct a solicitation.

Procuring a similar system from another vendor would involve a lengthy system development and implementation project to support these current capabilities, and there are operational risks and costs associated with implementing a new system while the new AD Department is established. For these reasons, AD believes it is prudent to negotiate and prepare a sole source amendment to extend the Agreement with WellSky Solutions.

### Conclusion

AD will proceed with negotiating of the sole-source extension agreement with WellSky as described herein, unless otherwise instructed by your Board. If no objection is received from the Board within four (4) weeks, we will work with County Counsel to prepare an amendment with WellSky, and submit a Board Letter for approval of the amendment. This memorandum has been reviewed and approved as to form by County Counsel and the Chief Information Officer.

The Honorable Board of Supervisors  
July 12, 2022  
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If you have any questions, please contact me directly, or your staff may contact Michael Kapp, Director of Public Affairs, at (213) 706-8140 or by email at [mkapp@wdacs.lacounty.gov](mailto:mkapp@wdacs.lacounty.gov).

OS:PG:JM:  
CD:HK:RT

C: Chief Executive Officer  
County Counsel  
Executive Officer of the Board of Supervisors

# BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

☐ Board Letter

☒ Board Memo

☐ Other

<b>OPS CLUSTER AGENDA REVIEW DATE</b>	7/13/2022	
<b>BOARD MEETING</b>	N/A	
<b>DELEGATED AUTHORITY BOARD LETTER</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	All	
<b>DEPARTMENT</b>	Sheriff's Department	
<b>SUBJECT</b>	ADVANCE NOTIFICATION OF INTENT TO ENTER INTO NEGOTIATIONS FOR A SOLE SOURCE AMENDMENT TO EXTEND AGREEMENT NUMBER 42201 WITH DATAWORKS PLUS, LLC, FOR DIGITAL MUGSHOT SYSTEM MAINTENANCE AND SUPPORT SERVICES	
<b>PROGRAM</b>	Digital Mugshot System Maintenance and Support Services	
<b>SOLE SOURCE CONTRACT</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please explain why: Maintenance and support services are need for the existing system while the Department completes the solicitation for a replacement system.	
<b>DEADLINES/ TIME CONSTRAINTS</b>	The current Contract expires February 7, 2023.	
<b>COST &amp; FUNDING</b>	Total cost: TBD	Funding source: Automated Fingerprint Identification System (AFIS) Fund
	TERMS (if applicable): Two years.	
	Explanation: This is a zero net-County-cost amendment.	
<b>PURPOSE OF REQUEST</b>	Extension of the current Agreement for Digital Mugshot System Maintenance and Support Services for an additional two-year period, from February 8, 2023 through and including February 7, 2025.	
<b>BACKGROUND (include internal/external issues that may exist)</b>	No issues or concerns.	
<b>EQUITY INDEX OR LENS WAS UTILIZED</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:	
<b>SUPPORTS ONE OF THE NINE BOARD PRIORITIES</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please state which one(s) and explain how:	
<b>DEPARTMENTAL AND OTHER CONTACTS</b>	Name, Title, Phone # & Email: • Angelo Faiella, Contracts Manager, (213) 229-3259, <a href="mailto:afaiell@lasd.org">afaiell@lasd.org</a> • Lt. Derek Sabatini, Project Director (562) 345-4319, <a href="mailto:DSSabatini@lasd.org">DSSabatini@lasd.org</a>	

July 13, 2022

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:

**ADVANCE NOTIFICATION OF INTENT TO ENTER INTO NEGOTIATIONS  
FOR A SOLE SOURCE AMENDMENT TO EXTEND AGREEMENT NUMBER 42201  
WITH DATAWORKS PLUS, LLC, FOR DIGITAL MUGSHOT SYSTEM  
MAINTENANCE AND SUPPORT SERVICES**

**SUBJECT**

This letter provides notification to the Board, in accordance with Board Policy 5.100, that the Los Angeles County (County) Sheriff's Department (Department) intends to enter into negotiations for a Sole Source Amendment (Amendment) to Agreement Number 42201 (Agreement) with Dataworks Plus, LLC, (Dataworks) for continued maintenance and support services (Services) for the Digital Mugshot System (System).

**PURPOSE**

The current Agreement expires on February 7, 2023. The proposed Amendment will extend the term of the Agreement for an additional two-year period, from February 8, 2023, through and including February 7, 2025. The continuation of Services is critical for the uninterrupted operation of the System, which allows the Department the ability to document and identify criminal suspects and solve crimes in fulfillment of its legal responsibility to the public. The requested extension will allow the Department to complete the solicitation process for a successor contract.



## **BACKGROUND**

The Board approved Agreement Number 42201 on January 20, 2015, with an effective date of February 8, 2015, and an original expiration date of February 7, 2019.

On January 29, 2019, Amendment Number One was executed to extend Agreement Number 42201 with Dataworks for an additional two years, updating the expiration date to February 7, 2021.

On January 26, 2021, Amendment Number Two was executed to extend Agreement Number 42201 with Dataworks for the first one-year Option Term, updating the expiration date to February 7, 2022.

On February 15, 2022, Amendment Number Three was executed to extend Agreement Number 42201 with Dataworks for the second and final one-year Option Term, updating the expiration date to February 7, 2023.

## **FISCAL IMPACT/FINANCING**

The Agreement is funded in whole by the Automated Fingerprint Identification System (AFIS) fund at zero-net-cost to County. The Department will seek Remote Access Network Board approval to use additional AFIS funding for this Amendment.

## **SOLE SOURCE JUSTIFICATION**

The Los Angeles County Regional Identification System (LACRIS) consortium manages the System. As a critical component of the LACRIS network, it provides law enforcement agency access to a computerized investigative tool that matches subject photos against existing criminal booking photos utilizing highly sophisticated proprietary functions customized for the County's needs. Approval of this action will ensure the most efficient continuation of Services while the County finalizes the terms and conditions to be included in the solicitation for a successor contract. The Department anticipates the release of a Request for Proposals for a successor contract in the fall of 2022.

## **CONCLUSION**

Pursuant to Board policy, the Department will proceed with Sole Source negotiations in four weeks, unless otherwise instructed by the Board.

The Honorable Board of Supervisors      - 3 -

July 13, 2022

Should you have any questions, please contact Assistant Director David Culver, Fiscal Administration Bureau, at (213) 229-3260.

Sincerely,

ALEX VILLANUEVA, SHERIFF

TIMOTHY K. MURAKAMI  
UNDERSHERIFF

AV:TKM:am

(Fiscal Administration Bureau - Contracts Unit)

c: Board of Supervisors, Justice Deputies  
Celia Zavala, Executive Officer, Board of Supervisors  
Fesia Davenport, Chief Executive Officer  
Sheila Williams, Senior Manager, Chief Executive Office (CEO)  
Rene Phillips, Manager, CEO  
Jocelyn Ventilacion, Principal Analyst, CEO  
Anna Petrosyan, Analyst, CEO  
Dawyn Harrison, Acting County Counsel  
Elizabeth D. Miller, Chief Legal Advisor, Legal Advisory Unit  
Cammy C. DuPont, Principal Deputy County Counsel  
Timothy K. Murakami, Undersheriff  
John Satterfield, Commander, Chief of Staff  
Brian Yanagi, Chief, Technology and Support Division (TSD)  
Conrad Meredith, Division Director, Administrative Services Division (ASD)  
Glen C. Joe, Assistant Division Director, ASD  
Chris Kovac, Commander, TSD  
James C. Peterson, Captain, TSD, Data Systems Bureau (DSB)  
Rick M. Cavataio, Director, Fiscal Administration Bureau (FAB), ASD  
Derek Sabatini, Lieutenant, DSB, LACRIS  
Dave E. Culver, Assistant Director, FAB, Contracts Unit  
Adam R. Wright, Sergeant, ASD  
Angelo Faiella, Contracts Manager, FAB, Contracts Unit  
Christian Hai, Information Technology Specialist I, DSB, LACRIS  
Kristine D. Corrales, Deputy ASD  
Alex Madera, Senior Contract Analyst, FAB, Contracts Unit  
(Notification – Digital Mugshot System Maintenance and Support Services)

## SOLE SOURCE CHECKLIST

Department Name: \_\_\_\_\_

- ☐ New Sole Source Contract
- ☐ Sole Source Amendment to Existing Contract

Date Existing Contract First Approved: \_\_\_\_\_

Check (✓)	<b>JUSTIFICATION FOR SOLE SOURCE CONTRACTS</b> <b>Identify applicable justification and provide documentation for each checked item.</b>
	➤ Only one bona fide source (monopoly) for the service exists; performance and price competition are not available. A monopoly is an <i>“Exclusive control of the supply of any service in a given market. If more than one source in a given market exists, a monopoly does not exist.”</i>
	➤ Compliance with applicable statutory and/or regulatory provisions.
	➤ Compliance with State and/or federal programmatic requirements.
	➤ Services provided by other public or County-related entities.
	➤ Services are needed to address an emergent or related time-sensitive need.
	➤ The service provider(s) is required under the provisions of a grant or regulatory requirement.
	➤ Additional services are needed to complete an ongoing task and it would be prohibitively costly in time and money to seek a new service provider.
	➤ Services are needed during the time period required to complete a solicitation for replacement services; provided services are needed for no more than 12 months from the expiration of an existing contract which has no available option periods.
	➤ Maintenance and support services are needed for an existing solution/system during the time to complete a solicitation for a new replacement solution/ system; provided the services are needed for no more than 24 months from the expiration of an existing maintenance and support contract which has no available option periods.
	➤ Maintenance service agreements exist on equipment which must be serviced by the original equipment manufacturer or an authorized service representative.
	➤ It is more cost-effective to obtain services by exercising an option under an existing contract.
	➤ It is in the best economic interest of the County (e.g., significant costs to replace an existing system or infrastructure, administrative cost savings and excessive learning curve for a new service provider, etc.) In such cases, departments must demonstrate due diligence in qualifying the cost-savings or cost-avoidance associated with the best economic interest of the County.

\_\_\_\_\_  
Chief Executive Office

\_\_\_\_\_  
Date

## **SOLE SOURCE QUESTIONNAIRE**

It is the policy of the County, to solicit the maximum number of bids/proposals for a commodity or service from the largest relevant market and to select vendors on a competitive basis.

There are certain acquisitions which when in the best interest of the County, can only be obtained from a sole source. Sole source acquisitions must be justified in sufficient detail to explain the basis for suspending the usual competitive procurement process.

**NOTE:** Please refer to Procedure P-3700 of the ISD Purchasing Policies on Procedures Manual.

### **DOCUMENTATION FOR SOLE SOURCE JUSTIFICATION FOR DIGITAL MUGSHOT SYSTEM MAINTENANCE AND SUPPORT SERVICES MUST INCLUDE RESPONSES TO THE FOLLOWING QUESTIONS:**

#### **Justification – Commodity/Services**

**1. What is being requested?**

Continued maintenance and support services for the Department's use of a proprietary Digital Mugshot System.

**2. Why is the product needed? – How will it be used?**

The maintenance and support services are necessary for the continued use of the DataWorks Plus, LLC's Digital Mugshot System (the "System") while the Department completes the solicitation process for a successor contract.

**3. Is this brand of product the only one that meets the user's requirements? If yes, what is unique about the product?**

Both the services and System are proprietary to DataWorks Plus, LLC.

**4. Have other products/vendors been considered? If yes, which products/vendors have been considered and how did they fail to meet the user's requirements?**

Not applicable.

- 5. Will purchase of this product avoid other costs, e.g. data conversion, training, purchase of additional hardware, etc.?**

Not applicable.

- 6. Is the product proprietary or is it available from various dealers? Have you verified this?**

The Services are proprietary.

- 7. Reasonableness of Price. Does the County obtain a special or pricing not available to the private sector? How does County pricing compare with other governmental entities?**

Not applicable.

- 8. If this purchase is an upgrade of existing equipment, what is the dollar value of existing equipment and the purchase order number for the existing equipment?**

Not applicable.

# BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

<b>CLUSTER AGENDA REVIEW DATE</b>	7/13/2022			
<b>BOARD MEETING DATE</b>	7/26/2022			
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	<input type="checkbox"/> All <input type="checkbox"/> 1 <sup>st</sup> <input checked="" type="checkbox"/> 2 <sup>nd</sup> <input type="checkbox"/> 3 <sup>rd</sup> <input type="checkbox"/> 4 <sup>th</sup> <input type="checkbox"/> 5 <sup>th</sup>			
<b>DEPARTMENT(S)</b>	Sheriff, Fire, and DBH			
<b>SUBJECT</b>	Ten-year Amendment			
<b>PROGRAM</b>	Marina del Rey Boatwright Shop, Marina Maintenance Crew Shop and Maintenance Supervisors offices			
<b>AUTHORIZES DELEGATED AUTHORITY TO DEPT</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
<b>SOLE SOURCE CONTRACT</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:			
<b>DEADLINES/ TIME CONSTRAINTS</b>	The Lease is currently on a month-to-month holdover since March 2022, and not subject to a holdover fee. The Landlord agrees to a continued month-to-month occupancy, provided that the County renews and extends the term by August 1, 2022			
<b>COST &amp; FUNDING</b>	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">           Total cost:            \$8,185,000 over the ten-year term including parking and the rent abatement.         </td> <td style="width: 50%;">           Funding source:            Sheriff by 100 percent net County cost            Fire by 100 percent net County cost            Beaches and Harbors by 100 percent net County cost         </td> </tr> </table> <p>TERMS (if applicable): Base rent is subject to annual increases based on CPI with a minimum 3 percent increase per annum capped at 5 percent per annum. The Base Rent is also subject to a Percentage Rent of 16 percent per annum, pursuant to the underlying Ground Lease with the County. The County is responsible for utilities, HVAC system filters, and janitorial costs. The County is not subject to the building's operating expense increases</p> <p>Explanation: Sufficient funding to cover the proposed rent for the first year of the proposed amendment term is included in the Fiscal Year (FY) 2022-23 Rent Expense budget and will be billed back to Sheriff, Fire, and DBH. Sheriff, Fire and DBH have sufficient funding in their FY 2022-23 Operating Budget to cover the proposed rent for the first year. Beginning in FY 2023-24, ongoing funding for costs associated with the proposed amendment will be part of the budget for the DBH, Sheriff and Fire.</p>		Total cost: \$8,185,000 over the ten-year term including parking and the rent abatement.	Funding source: Sheriff by 100 percent net County cost Fire by 100 percent net County cost Beaches and Harbors by 100 percent net County cost
Total cost: \$8,185,000 over the ten-year term including parking and the rent abatement.	Funding source: Sheriff by 100 percent net County cost Fire by 100 percent net County cost Beaches and Harbors by 100 percent net County cost			
<b>PURPOSE OF REQUEST</b>	The Extended Term will allow for the continued repair and maintenance of (i) Fire's Rescue Boat Fleet, and Swim Buoy lines for the Marina Swim Beach, (ii) Sheriff's boats and harbor patrol's navigation buoys, and (iii) DBH Marina Maintenance Supervision. Additionally, the Extended Term will provide time for the County to find a long-term solution for these programs which may include development of a new County facility at the Marina, which can take five to eight years to complete.			
<b>BACKGROUND (include internal/external issues that may exist including any related motions)</b>	The proposed amendment and Extended Term will provide continued occupancy of approximately 14,821 square feet of office on the mezzanine level, warehouse, and shop space with 480 square feet of yard space for placement of two twenty-foot containers, and 16 onsite parking spaces.			
<b>EQUITY INDEX OR LENS WAS UTILIZED</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:			
<b>SUPPORTS ONE OF THE NINE BOARD PRIORITIES</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please state which one(s) and explain how:			
<b>DEPARTMENTAL CONTACTS</b>	Mike Navarro CEO-Real Estate Division 213 974-4364 <a href="mailto:Mnavarro@ceo.lacounty.gov">Mnavarro@ceo.lacounty.gov</a>			



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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

FESIA A. DAVENPORT  
Chief Executive Officer

July 26, 2022

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

Dear Supervisors:

**TEN-YEAR AMENDMENT  
SHERIFF'S DEPARTMENT, FIRE DEPARTMENT AND  
DEPARTMENT OF BEACHES AND HARBORS  
13555 FIJI WAY, MARINA DEL REY  
(SECOND DISTRICT) (3 VOTES)**

**SUBJECT**

Approval of a proposed amendment to extend the term of an existing lease for an additional ten years (Extended Term) to provide the Sheriff's Department (Sheriff), Fire Department (Fire), and the Department of Beaches and Harbors (DBH) continued use of approximately 14,821 square feet of office, warehouse, shop, and yard space and 16 on-site parking spaces for the Marina del Rey Boatwright Shop, Marina Maintenance Crew Shop, and Maintenance Supervisors offices.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed 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 amendment with Harbor Real Estate Limited Partnership, a Delaware limited partnership (Landlord), for approximately 14,821 square feet of office, warehouse, shop, and yard space and 16 on-site parking spaces located at 13555 Fiji Way Marina del Rey, California 90292 to be occupied by Sheriff, Fire, and DBH. The proposed amendment is for a term of ten years. The estimated maximum first year base rental cost is \$534,277 (including rent abatement of \$111,427), and the percentage rental cost is \$103,313. The estimated total amendment cost is \$8,185,000 over the ten-year term. The rental costs for Sheriff, Fire, and DBH will be funded by 100 percent net County cost.

Board of Supervisors  
HILDA L. SOLIS  
First District

HOLLY J. MITCHELL  
Second District

SHEILA KUEHL  
Third District

JANICE HAHN  
Fourth District

KATHRYN BARGER  
Fifth District



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

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Extended Term will provide continued occupancy of approximately 14,821 square feet of office on the mezzanine level, warehouse, shop space, and 480 square feet of yard space for placement of two 20-foot containers, and 16 on-site parking spaces (Premises). The Premises has been occupied by the Sheriff, Fire, and DBH's Marina del Rey Boatwright Shop, Marina Maintenance Crew Shop and Maintenance Supervisors since 2015. The Lease is currently on a month-to-month holdover since March 2022, and not subject to a holdover fee. The Landlord agrees to a continued month-to-month occupancy, provided that the County renews and extends the term by August 1, 2022.

The Extended Term will allow for the continued repair and maintenance of: (i) Fire's Rescue Boat Fleet, and Swim Buoy lines for the Marina Swim Beach; (ii) Sheriff's boats and harbor patrol's navigation buoys; and (iii) DBH Marina Maintenance Supervision. Additionally, the Extended Term will provide time for the County to find a long-term solution for these programs which may include development of a new County facility at the Marina, which can take five to eight years to complete.

The facility is occupied by approximately 15 County employees, providing direct services and whose work including, repair and maintenance of watercraft and buoys limits their ability to utilize co-working space and to telework.

The Landlord has a leasehold interest in the subject property, pursuant to a Master Ground Lease (Ground Lease) dated June 19, 1962, between Harbor Real Estate Limited Partnership, a Delaware limited partnership as Lessee, and the County as Lessor. On March 15, 2016, the Board approved an option to extend the term of the Ground Lease for an additional 39 years, or until February 28, 2061. The County then entered into the existing lease for a portion of the property located in the Marina del Rey Small Craft Harbor known as Parcel 53 (The Boat Yard).

Approval of the recommended actions will find that the proposed amendment is exempt from CEQA, and will allow the Sheriff, Fire, and DBH to continue to operate at this location.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal 2 - *“Foster Vibrant and Resilient Communities”* - provides that our investments in the lives of County residents are sustainable only when grounded in strong communities. We want to be the hub of a network of public-private partnering agencies supporting vibrant communities.

The proposed amendment is also consistent with Strategic Asset Management Goal 2 - Strengthen Connection Between Service Priorities And Asset Decisions and Key Objective No. 4 - Guide Strategic Decision -Making

The proposed amendment supports the above goals and objective by providing Sheriff, Fire, and DBH with continued use of appropriate office, warehouse, shop, and yard space that is centrally located, with direct access to the dock within Marina del Rey for existing services provided at the marina.

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

### **FISCAL IMPACT/FINANCING**

The aggregate cost associated with the proposed amendment over the entire term is \$8,185,000 as shown in Enclosure B-1. The rental costs will be funded by 100 percent net County cost.

Sufficient funding to cover the proposed rent for the first year of the proposed amendment term is included in the Fiscal Year (FY) 2022-23 Rent Expense budget and will be billed back to Sheriff, Fire, and DBH. Sheriff, Fire and DBH have sufficient funding in their FY 2022-23 Operating Budget to cover the proposed rent for the first year. Beginning in FY 2023-24, ongoing funding for costs associated with the proposed amendment will be part of the budget for the DBH, Sheriff, and Fire.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

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

- Upon commencement of the proposed amendment, the annual rental rate for the office, warehouse, and shop space (Premises A) will increase from \$31.60 to \$36.05 per square foot, per year, including parking. The \$36.05 per square foot, per year is the effective rate after taking into account the rent abatement provided for in the lease amendment. This abatement will be in effect for the entire period of the Extended Term. The rent for the yard space (Premises B), will increase from \$30.36 per square foot, per year, to \$36.60 per square foot, per year.

- Base rent is subject to annual increases based on the Consumer Price Index (CPI) with a minimum 3 percent increase per annum capped at 5 percent per annum.
- The base rent is subject to a percentage rental cost of 16 percent per annum of the total base rent paid to the Landlord (Percentage Rent). This Percentage Rent is a requirement of the Landlord's Ground Lease with the County.
- The Landlord will provide minor tenant improvements at the Landlord's sole cost and expense, pursuant to the County's request and specifications.
- The Landlord is responsible for the operating and maintenance costs of the building, and the County is responsible for utilities, heating, ventilation and air-conditioning system filters, and janitorial costs. The County is not subject to the building's operating expense increases.
- A comparison of the existing lease to the amendment is shown in Enclosure B-2.
- The County has the right to terminate the proposed amendment early any time after August 1, 2030, by delivering written notice to the Landlord, no earlier than August 1, 2028, and no later than February 1, 2029.
- Holdover at the proposed amendment expiration is permitted on the same lease terms and conditions except the monthly base rent during the holdover period will be at the base rent at the time of the lease expiration.
- The proposed amendment will be effective upon approval by the Board and full execution of the proposed amendment, but the term and rent will commence August 1, 2022.
- The proposed amendment was submitted for review to the Board's appointed Real Estate Management Commission on June 23, 2022, and was unanimously approved.

The Chief Executive Office (CEO) conducted a market search of available 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 \$55.80 and \$82.60 per square foot, per year. The effective base annual rental rate of \$36.05 per square foot, per year, for the proposed amendment represents a rate that is below the market range for the area. Further, relocation to a new building would require costly new tenant improvements and disrupt services, and any relocation away from the marina is not a viable option. We recommend the proposed facility as the most suitable to meet the County's space requirements.

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 previously inspected this facility and found it suitable for the County's occupancy.

County Counsel has reviewed the proposed amendment and approved it as to form. The proposed 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 amendment will continue to provide an appropriate 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 amendment, which involves the leasing of existing office, warehouse, shop, and yard 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 amendment will continue to adequately provide the necessary office, warehouse, shop, yard space and parking for this County requirement. Sheriff, Fire, and DBH concur with the proposed amendment and recommendations.

The Honorable Board of Supervisors  
July 26, 2022  
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## **CONCLUSION**

It is requested that the Executive Office of the Board of Supervisors, return one certified copy of the Minute Order and an adopted stamped copy of this Board letter to the CEO , Real Estate Division at 320 West Temple Street, 7th Floor, Los Angeles, CA 90012, for further processing.

Respectfully submitted,

FESIA A. DAVENPORT  
Chief Executive Officer

FAD:JMN:JTC  
JLC:MN:MAC:gw

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Sheriff  
Auditor-Controller  
Beaches and Harbors  
Fire

**SHERIFF, FIRE, AND BEACHES AND HARBORS  
13555 FIJI WAY, MARINA DEL REY**

**Asset Management Principles Compliance Form<sup>1</sup>**

<b>1.</b>	<b><u>Occupancy</u></b>		<b>Yes</b>	<b>No</b>	<b>N/A</b>
	A	Does amendment consolidate administrative functions? <sup>2</sup> Yes, Sheriff, Fire and DBH	<b>X</b>		
	B	Does amendment co-locate with other functions to better serve clients? <sup>2</sup>	<b>X</b>		
	C	Does this amendment centralize business support functions? <sup>2</sup> .	<b>X</b>		
	D	Does this amendment meet the guideline of 200 sq. ft of space per person? <sup>2</sup> <b>No, 989 sq. ft. per person due to the program's warehouse, shop and yard space needs.</b>		<b>X</b>	
	E	Does amendment meet the 4/1000 sq. ft. parking ratio guideline? <sup>2</sup> ,	<b>X</b>		
	F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? <sup>2</sup>	<b>X</b>		
<b>2.</b>	<b><u>Capital</u></b>				
	A	Is it a substantial net County cost (NCC) program? 100 percent net County cost for the three departments.	<b>X</b>		
	B	Is this a long-term County program?	<b>X</b>		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		<b>X</b>	
	D	If no, are there any suitable County-owned facilities available?		<b>X</b>	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			<b>X</b>
	F	Is Building Description Report attached as Enclosure C?	<b>X</b>		
<b>3.</b>	<b><u>Portfolio Management</u></b>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	<b>X</b>		
	B	Was the space need justified?	<b>X</b>		
	C	If a renewal lease, was co-location with other County departments considered?			
	D	Why was this program not co-located with other County departments?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. ____ No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. <u>X</u> The Program is being co-located.			
	E	Is amendment a full-service lease? <sup>2</sup> <b>No, County pays for utilities, janitorial, HVAC filters replacements. In addition, the County is subject to paying percentage rent, pursuant to the terms of the underlying Ground Lease.</b>		<b>X</b>	
	F	Has growth projection been considered in space request?			<b>X</b>
	G	<sup>1</sup> Has the Dept. of Public Works completed seismic review/approval?	<b>X</b>		
	<sup>1</sup> As approved by the Board of Supervisors 11/17/98				
	<sup>2</sup> If not, why not?				

OVERVIEW OF THE PROPOSED BUDGETED LEASE COSTS

13555 Fiji Way, Marina Del Rey  
Departments: Beaches and Harbors, Sheriff's and Fire

Leased Area (sq.ft.) (Building SF + Yard)	14,821		
Building SF	14,341		
Storage / Rent Abated Area (2)	2,544		
Adjusted Building SF	11,797		
Premises B Leased Area subject to monthly rent <sup>2</sup> (sq.ft.)	480		
Term (months)	120		
Annual Rent Adjustment Cap	5%		
		<b>Cost Per RSF</b>	<b>Cost Per RSF</b>
		<b>Per Month</b>	<b>Per Year</b>
Base Rent (Premises A)		\$3.65	\$43.80
Base Rent (Premises B)		\$3.05	\$36.60
		<b>Cost Per RSF</b>	<b>Cost Per RSF</b>
		<b>Per Month</b>	<b>Per Year</b>
Utility Expenses (Electric & Gas)			
Electric		\$0.09	\$1.07
Gas		\$0.01	\$0.08
		\$0.10	\$1.15

Department	% occupied
DBH	17.77%
Sheriff's	44.92%
Fire	37.31%
	100.00%

Annual Rate On Rent Paid To Landlord \$53,132.43

Percentage Rent

Total Lease Costs	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	4 <sup>th</sup> Year	5 <sup>th</sup> Year	6 <sup>th</sup> Year	7 <sup>th</sup> Year	8 <sup>th</sup> Year	9 <sup>th</sup> Year	10 <sup>th</sup> Year	Total 10 Year Rental Costs
Annual Base Rent (Premises A)	\$628,136	\$659,543	\$692,520	\$727,146	\$763,503	\$801,678	\$841,762	\$883,850	\$928,043	\$974,445	\$7,901,000
Annual Base Rent (Premises B)	\$17,568	\$18,446	\$19,369	\$20,337	\$21,354	\$22,422	\$23,543	\$24,720	\$25,956	\$27,254	\$221,000
Combined Annual Base Rent <sup>(1)</sup>	\$645,704	\$677,989	\$711,888	\$747,483	\$784,857	\$824,100	\$865,305	\$908,570	\$953,999	\$1,001,699	\$8,122,000
Abated Base Rent (Premises A)	(\$111,427)	(\$116,999)	(\$122,848)	(\$128,991)	(\$135,440)	(\$142,212)	(\$149,323)	(\$156,789)	(\$164,629)	(\$172,860)	(\$1,402,000)
Adjusted Combined Annual Base Rent	\$534,277	\$560,990	\$589,040	\$618,492	\$649,417	\$681,887	\$715,982	\$751,781	\$789,370	\$828,838	\$6,720,000
Percentage Rent <sup>(2)</sup>	\$103,313	\$108,478	\$113,902	\$119,597	\$125,577	\$131,856	\$138,449	\$145,371	\$152,640	\$160,272	\$1,299,000
Total Paid to Landlord	\$637,589	\$669,469	\$702,942	\$738,089	\$774,994	\$813,743	\$854,431	\$897,152	\$942,010	\$989,110	\$8,020,000
Estimated Utility Costs <sup>(3)</sup>	\$16,539	\$16,539	\$16,539	\$16,539	\$16,539	\$16,539	\$16,539	\$16,539	\$16,539	\$16,539	\$165,000
Total Annual Lease Costs	\$654,128	\$686,007	\$719,481	\$754,628	\$791,532	\$830,282	\$870,969	\$913,691	\$958,548	\$1,005,649	\$8,185,000

Beaches & Harbors Lease Costs	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	4 <sup>th</sup> Year	5 <sup>th</sup> Year	6 <sup>th</sup> Year	7 <sup>th</sup> Year	8 <sup>th</sup> Year	9 <sup>th</sup> Year	10 <sup>th</sup> Year	Total 10 Year Rental Costs
Annual Base Rent (Premises A)	\$111,620	\$117,201	\$123,061	\$129,214	\$135,674	\$142,458	\$149,581	\$157,060	\$164,913	\$173,159	\$1,404,000
Annual Base Rent (Premises B)	\$3,122	\$3,278	\$3,442	\$3,614	\$3,795	\$3,984	\$4,184	\$4,393	\$4,612	\$4,843	\$40,000
Combined Annual Base Rent <sup>(1)</sup>	\$114,742	\$120,479	\$126,503	\$132,828	\$139,469	\$146,443	\$153,765	\$161,453	\$169,526	\$178,002	\$1,444,000
Percentage Rent <sup>(2)</sup>	\$18,359	\$19,277	\$20,240	\$21,252	\$22,315	\$23,431	\$24,602	\$25,832	\$27,124	\$28,480	\$231,000
Total Paid to Landlord	\$133,100	\$139,755	\$146,743	\$154,080	\$161,784	\$169,873	\$178,367	\$187,285	\$196,650	\$206,482	\$1,675,000
Estimated Utility Costs <sup>(3)</sup>	\$2,939	\$2,939	\$2,939	\$2,939	\$2,939	\$2,939	\$2,939	\$2,939	\$2,939	\$2,939	\$30,000
Total Annual Lease Costs	\$136,039	\$142,694	\$149,682	\$157,019	\$164,723	\$172,812	\$181,306	\$190,224	\$199,589	\$209,421	\$1,704,000

Sheriff's Lease Costs	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	4 <sup>th</sup> Year	5 <sup>th</sup> Year	6 <sup>th</sup> Year	7 <sup>th</sup> Year	8 <sup>th</sup> Year	9 <sup>th</sup> Year	10 <sup>th</sup> Year	Total 10 Year Rental Costs
Annual Base Rent (Premises A)	\$282,159	\$296,267	\$311,080	\$326,634	\$342,966	\$360,114	\$378,120	\$397,025	\$416,877	\$437,721	\$3,549,000
Annual Base Rent (Premises B)	\$7,892	\$8,286	\$8,700	\$9,135	\$9,592	\$10,072	\$10,575	\$11,104	\$11,659	\$12,242	\$100,000
Combined Annual Base Rent <sup>(1)</sup>	\$290,050	\$304,553	\$319,780	\$335,769	\$352,558	\$370,186	\$388,695	\$408,130	\$428,536	\$449,963	\$3,649,000
Abated Base Rent (Premises A)	(\$55,714)	(\$58,499)	(\$61,424)	(\$64,495)	(\$67,720)	(\$71,106)	(\$74,662)	(\$78,395)	(\$82,314)	(\$86,430)	(\$701,000)
Adjusted Combined Annual Base Rent	\$234,337	\$246,053	\$258,356	\$271,274	\$284,838	\$299,079	\$314,033	\$329,735	\$346,222	\$363,533	\$2,947,000
Percentage Rent <sup>(2)</sup>	\$46,408	\$48,728	\$51,165	\$53,723	\$56,409	\$59,230	\$62,191	\$65,301	\$68,566	\$71,994	\$584,000
Total Paid to Landlord	\$280,745	\$294,782	\$309,521	\$324,997	\$341,247	\$358,309	\$376,225	\$395,036	\$414,788	\$435,527	\$3,532,000
Estimated Utility Costs <sup>(3)</sup>	\$7,429	\$7,429	\$7,429	\$7,429	\$7,429	\$7,429	\$7,429	\$7,429	\$7,429	\$7,429	\$75,000
Total Annual Lease Costs	\$288,174	\$302,211	\$316,950	\$332,426	\$348,676	\$365,738	\$383,654	\$402,465	\$422,217	\$442,956	\$3,606,000

Fire Lease Costs	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	4 <sup>th</sup> Year	5 <sup>th</sup> Year	6 <sup>th</sup> Year	7 <sup>th</sup> Year	8 <sup>th</sup> Year	9 <sup>th</sup> Year	10 <sup>th</sup> Year	Total 10 Year Rental Costs
Annual Base Rent (Premises A)	\$234,357	\$246,075	\$258,379	\$271,298	\$284,863	\$299,106	\$314,061	\$329,764	\$346,253	\$363,565	\$2,948,000
Annual Base Rent (Premises B)	\$6,555	\$6,882	\$7,226	\$7,588	\$7,967	\$8,366	\$8,784	\$9,223	\$9,684	\$10,168	\$83,000
Combined Annual Base Rent <sup>(1)</sup>	\$240,912	\$252,958	\$265,606	\$278,886	\$292,830	\$307,472	\$322,845	\$338,988	\$355,937	\$373,734	\$3,031,000
Abated Base Rent (Premises A) <sup>(4)</sup>	(\$55,714)	(\$58,499)	(\$61,424)	(\$64,495)	(\$67,720)	(\$71,106)	(\$74,662)	(\$78,395)	(\$82,314)	(\$86,430)	(\$701,000)
Adjusted Combined Annual Base Rent	\$185,198	\$194,458	\$204,181	\$214,390	\$225,110	\$236,365	\$248,184	\$260,593	\$273,623	\$287,304	\$2,329,000
Percentage Rent <sup>(2)</sup>	\$38,546	\$40,473	\$42,497	\$44,622	\$46,853	\$49,195	\$51,655	\$54,238	\$56,950	\$59,797	\$485,000
Total Paid to Landlord	\$223,744	\$234,932	\$246,678	\$259,012	\$271,963	\$285,561	\$299,839	\$314,831	\$330,572	\$347,101	\$2,814,000
Estimated Utility Costs <sup>(4)</sup>	\$6,171	\$6,171	\$6,171	\$6,171	\$6,171	\$6,171	\$6,171	\$6,171	\$6,171	\$6,171	\$62,000
Total Annual Lease Costs	\$229,915	\$241,102	\$252,849	\$265,183	\$278,133	\$291,732	\$306,010	\$321,001	\$336,743	\$353,272	\$2,876,000

Footnotes

<sup>(1)</sup> The Base Rent calculations are based on the annual rental rate of \$43.80 for Premises A. This lease includes 480 square feet of space in the yard for storage containers at an annual cost of \$17,568. The Base Rent for both Premises is subject to a minimum 3 percent annual CPI increases, capped at 5 percent per annum.

<sup>(2)</sup> The annual rent for the storage space portion of Premise A on the mezzanine level, consisting of approximately 2,544 square feet shall be abated for the entire period of the Extended Term.

<sup>(3)</sup> The percentage rent is pursuant to the terms of the underlying Ground Lease with the County.

<sup>(4)</sup> This amount is based on the average electric and gas costs over 12 months that are currently paid by the County directly to the provider, and subject to periodic rate increases.

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

**COMPARISON OF THE PROPOSED AMENDMENT TO EXISTING LEASE**

	<b>Existing Lease: 13555 Fiji Way</b>	<b>Proposed Amendment 13555 Fiji Way</b>	<b>Change</b>
Area (Square Feet)	11,180 sq. ft. (incl 480 sq. ft. yard space for Premises B)	14,821 sq. ft. (incl 480 sq. ft. yard space for Premises B)	+3,641 sq. ft. <sup>(1)</sup>
Term (years)	Seven years	Ten years	+ 3 years
Annual Base Rent Premises A (Base rent includes 16 parking spaces)	\$353,272.80 (\$31.60 per sq. ft. annually)	\$628,136 (\$43.80 per sq. ft. annually)	+\$274,863.20
Annual Base Rent Premises B	\$14,572.80 (\$30.36 per sq. ft. annually)	\$17,568 (\$36.60 per sq. ft. annually)	+\$2,995.20
Combined Annual Base Rent	\$367,845.60	\$645,704	+\$277,858.40
Annual Rent Abatement <sup>(2)</sup>	N/A	\$111,427	+\$111,427
Adjusted Combined Annual Base Rent (effective rate for combined space)	\$367,845.60 (\$32.90 per sq. ft.)	\$534,277 (\$36.05 per sq. ft.)	+\$166,431.40
Annual Percentage Rent	\$58,919.76 (12.5%)	\$103,313 (16%)	+\$44,393.24
Annual Parking Cost	\$0.00	\$0.00	None
Annual Total Costs payable to Landlord	\$426,765.36	\$637,589	+\$210,823.64
Utility Costs <sup>(3)</sup>	\$16,539	\$16,539	None
Annual Total Costs	\$443,304.36	\$654,128	+\$210,823.64
Rental rate adjustment	Fixed 3 percent per annum	Annual 3 percent minimum CPI increase, capped at 5 percent per annum	Annual CPI capped at 5 percent per annum

<sup>(1)</sup> The increased square footage is a result of the mezzanine level constructed and used during the existing lease, and in this renewal a portion is now subject to rent.

<sup>(2)</sup> The annual rent for the storage space portion of Premise A on the mezzanine level, consisting of approximately 2,544 square feet shall be abated for the entire period of the Extended Term.

<sup>(3)</sup> Utility costs are subject to periodic utility rate increases and actual usage



**SHERIFF, FIRE, AND BEACHES AND HARBORS  
SPACE SEARCH WITHIN MARINA DEL REY  
13555 FIJI WAY, MARINA DEL REY**

LACO	Name	Address	Ownership Type	Gross Sq. Ft.	Vacant
T022	Beaches/Harbors Trailer #1	13483 Fiji Way, Marina del Rey, 90202	Owned	1,440	None
T034	Beaches/Harbors Trailer #2	13483 Fiji Way, Marina del Rey, 90202	Owned	1,440	None
T035	Beaches/Harbors Trailer #3	13483 Fiji Way, Marina del Rey, 90202	Owned	1,440	None
T036	Beaches/Harbors Trailer #4	13483 Fiji Way, Marina del Rey, 90202	Owned	1,040	None
T062	Beaches/Harbors – Trailer #5	13483 Fiji Way, Marina del Rey, 90202	Owned	880	None
T424	Beaches/Harbors Mobile Office Trailer (86051)	13483 Fiji Way, Marina del Rey, 90292	Owned	440	None
T425	Beaches/Harbors – Mobile Office Trailer (87022)	13483 Fiji Way, Marina del Rey, 90292	Owned	440	None
X006	Beaches/Harbors – Financial Services	13575 Mindanao Way, Marina del Rey, 90292	Owned	3,000	None
X020	Beaches/Harbors – Former Cove Building	13535 Mindanao Way Marina del Rey, 90292	Owned	9,276	None
X404	Sheriff – Marina Boat Maintenance Building (Dock 52)	13483 Fiji Way, Marina del Rey, 90292	Owned	1,461	None
X334	Library – Lloyd Taber – Marina Del Rey Library	4533 Admiralty Way, Marina del Rey, 90292	Owned	4,972	None
X528	Fire Station 110	4433 Admiralty Way, Marina del Rey, 90292	Owned	6,482	None
0426	Beaches/Harbors – Permits Building	4601 Lincoln Blvd, Marina del Rey, 90292	Owned	3,000	None
4093	Beaches/Harbors & Sheriff – Marina Del Rey Station	13851 Fiji Way, Marina del Rey, 90292	Owned	20,128	None
4835	Beaches/Harbors – Administration Building	13837 Fiji Way, Marina del Rey, 90292	Owned	14,127	None
31957	Beaches/Harbor – Boathouse	13640 Mindanao Way Marina del Rey, 90292	Owned	1,200	None

## **FACILITY LOCATION POLICY ANALYSIS**

**Proposed amendment:** Amendment for the Sheriff, Fire and DBH – 13555 Fiji Way, Marina del Rey – 2<sup>nd</sup> District.

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

**B. Determination of the Service Area –** Existing lease at Marina del Rey

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

- Need for proximity to service area and population: Within Marina del Rey with access to the harbor.
- Need for proximity to existing County facilities: In close proximity to the County's operations at the Marina
- 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., bus service.
- Availability of affordable housing for County employees: N/A.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: N/A
- Compatibility with local land use plans: The property is in the unincorporated area of Marina del Rey and the continued County use is consistent with its use and zoning for office, warehouse, shop, and yard space at this location.
- Estimated acquisition/construction and ongoing operational costs: The aggregate cost associated with the proposed amendment over the entire term is \$8,185,000.

#### **D. Analyze results and identify location alternatives**

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 \$55.80 and \$82.60 per square foot, per year. The effective base annual rental rate of \$36.05 per square foot, per year, for the proposed amendment represents a rate that is below the market range for the area. Further, relocation to a new building would require costly new tenant improvements and disrupt services, and any relocation away from the marina is not a viable option. We recommend the proposed facility 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 will provide adequate and efficient office space for 15 employees and space to repair and maintain watercraft and buoys 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. 1 TO LEASE AGREEMENT  
13555 FIJI WAY, MARINA DEL REY, CALIFORNIA**

THIS AMENDMENT NO. 1 TO LEASE ("Amendment No. 1") is hereby made and entered into as of the 1st day of August, 2022 ("Amendment Effective Date"), by and between HARBOR REAL ESTATE LIMITED PARTNERSHIP, a Delaware limited partnership ("Landlord"), and COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant").

**RECITALS**

A. WHEREAS, the parties entered into that certain lease, executed on February 3, 2015 ("Lease"), for the Premises (as defined in the Lease) within an approximately 4.11 acre site located at 13555 Fiji Way, Marina Del Rey, which Premises the Lease describes as being (i) approximately 8,400 square feet of shop space within the approximately 17,333 square foot building at the site, (ii) approximately 2,300 square feet of warehouse space within such building, and (iii) approximately 480 square feet of yard space within which to place two 20 foot storage containers. Said Premises is depicted on Exhibit A to the Lease. A copy of the Lease is attached hereto and incorporated herein by this reference as Exhibit 1.

B. WHEREAS, the Lease had an initial term of seven (7) years. The initial term expired on February 28, 2022, and Tenant thereafter occupied the Premises pursuant to the provisions of Section 7 of the Lease. Landlord delivered a 90-day notice of termination of the Lease pursuant to Landlord's written notice to Tenant, dated February 25, 2022. By signing and delivering a fully executed copy of this Amendment No. 1 prior to August 1, 2022, same shall negate the termination of the Lease, and the parties thereby reinstate the Lease as amended hereby.

C. WHEREAS, Landlord and Tenant desire to amend the Lease on all on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

**AGREEMENTS**

1. Definitions. Unless otherwise defined in this Amendment No. 1, each capitalized term used in this Amendment No. 1 has the meaning assigned to such term in the Lease. Unless otherwise indicated, all paragraph references in this Amendment No. 1 refer to paragraphs of the Lease.

2. Incorporation of Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference.

3. Amendment to Lease.

3.1 Section 1.1(c). Section 1.1(c) of the Lease shall be amended by deleting it in its entirety and replacing with a new Section 1.1(c) which shall read as follows:

"(c) Premises:

Premises A: Approximately 14,341 square feet of office, mezzanine, warehouse, storage, and shop space (Interior) as shown on Exhibit A attached hereto, and

Premises B: Approximately 480 square feet of yard space for Tenant's storage of two 20 foot containers (Yard) as shown on Exhibit A attached hereto."

3.2 Section 1.1(e). The Landlord and Tenant desire to extend the Term of the Lease from June 1, 2022 through July 31, 2032. Thus Section 1.1(e) of the Lease shall be amended by deleting it in its entirety and replacing with a new Section 1.1(e) which shall read as follows:

"(e) Term:

Commencing upon Tenant's Acceptance of the Premises as defined in Section 4(a) (the "Commencement Date"); and terminating July 31, 2032. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease (i.e., from the Commencement Date through and including July 31, 2032) together with any additional Option Term for which an option has been validly exercised."

3.3 Section 1.1(j). Section 1.1(j) of the Lease shall be amended by deleting it in its entirety and replacing with a new Section 1.1(j) which shall read as follows:

"(j) Early Termination:

So long as Tenant is not then in default of this Lease (which default has continued after notice thereof and the lapsing of the applicable cure period), Tenant will have the right to terminate this Lease for any reason at any time after August 1, 2030, only by delivering written notice thereof to Landlord (the "Early Termination Notice"), which Early Termination Notice shall set forth the date of early termination, shall be irrevocable, unconditional and irreversible, and must be delivered to Landlord no earlier than August 1, 2028 and no later than February 1, 2029. The Early Termination Notice, to be effective, shall be executed by Tenant's Chief Executive Officer or his/her designee.

3.4 Intentionally Deleted.

3.5 Section 1.1(i). Section 1.1(i) of the Lease shall be amended by deleting it in its entirety and replacing with a new Section 1.1(i) which shall read as follows:

"(i) Basic Rent:

Premises A: \$52,344.65 per month commencing on August 1, 2022 (adjustable only as provided in Sections 5 hereof)

Premises B: \$1,464.00 per month commencing on August 1, 2022 (adjustable only as provided in Sections 5 hereof)

Premises A and B rent shall be combined in one initial monthly payment of \$53,808.65 (Basic Rent) commencing on August 1, 2022."

3.6 Section 5. Section 5 of the Lease shall be amended by deleting it in its entirety and replacing with a new Section 5 which shall read as follows:

"5. RENT. Tenant shall pay Landlord the Basic Rent stated in Section 1 during the Term hereof, in advance, without prior notice, demand, offset or deduction (except as otherwise expressly allowed under this Lease) prior to the first day of each month. The Basic Rent is the aggregate of the following amounts, and Tenant shall not have the right to pay Basic Rent for only Premises A or Premises B, separately. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month. Basic Rent for the Term of the Lease is as follows:

\*Premises A:

<u>Year</u>	<u>*Annual Base Rent</u>	<u>*Monthly Base Rent</u>
1	\$628,135.80 (\$43.80 per RSF)	\$52,344.65 (\$3.65 per RSF)

Premises B:

<u>Year</u>	<u>Annual Base Rent</u>	<u>Monthly Base Rent</u>
1	\$17,568.00 (\$36.60 per RSF)	\$1,464.00 (\$3.05 per RSF)

\*The monthly Base Rent and Percentage Rent due for the storage space portion of Premises A on the mezzanine level, consisting of approximately 2,544 square feet, shall be abated for the entire period of the Extended Term, thereby reducing the square footage of Premises A subject to the monthly rent from 14,341 to 11,797 square feet. The total Base Rent comprised of Premises B rent and the adjusted rent for Premises A is as follows:

Premises A Base Rent (adjusted):

<u>Year</u>	<u>Annual Base Rent (adjusted)</u>	<u>Monthly Base Rent (adjusted):</u>
1	\$516,708.60	\$43,059.05

First Year Total Base Rent Premises B and Premises A (adjusted):

<u>Year</u>	<u>Annual Base Rent</u>	<u>Monthly Base Rent</u>
1	\$534,276.60	\$44,523.05

The Base Rent subject to annual increases based upon the CPI (as defined below), with a minimum increase of three percent (3%) per annum, compounded and cumulative, and a maximum of five percent (5%) per annum, compounded and cumulative. Such increases in Base Rent shall occur on each anniversary of August 1, 2022, throughout the Term (each an "Adjustment Date"). The term "CPI" shall mean the Consumer Price Index for all urban consumers, all items, for the Los Angeles, Anaheim, Riverside metropolitan areas (1982-1984 = 100), as published by the U.S. Department of Labor, Bureau of Labor Statistics. To calculate the increase in the CPI, the parties shall compare the CPI for the month that is two (2) months prior to the Adjustment Date, with the CPI for the same month one year earlier."

3.7 Section 6. Section 6 of the Lease shall be amended by deleting it in its entirety and replacing with a new Section 6 which shall read as follows:

"6. USES. Tenant may use and occupy the Premises for general office, boat repair, marine maintenance shop, and marine warehouse use. The County will be permitted to replace the initial tenant department with any County of Los Angeles Department or Division or associated agency at its sole discretion, except for (i) any "public facing" uses which may be related to Mental Health, Social Services, and/or Probationary services and/or (ii) any uses which may materially increase the number of daily visitors to the Building."

3.8 Section 23. Section 23 of the Lease shall be amended by deleting it in its entirety and replacing with a new Section 23 which shall read as follows:

"23. TENANT IMPROVEMENTS.

23.1 Code Compliance.

The Premises has met all applicable City, County, State and Federal building codes, regulations and ordinances required for the issuance of a Certificate of Occupancy.

23.2 Landlord Work.

Landlord, at its sole cost and expense, will complete the following scope of work promptly following the execution of the Lease (the "Landlord Work"):

- Use commercially reasonable efforts to replace or repair seals under all exterior facing doors and roll up doors to prevent water intrusion into the Warehouse areas.
- Install Plexiglas wall protectors in shop area to prevent scuff marks from tool belts in locations to be designated by Tenant per a mutually approved plan."

3.9 Intentionally Deleted.

3.10 Section 35. A new Section 35 shall be added to the Lease which shall read as follows:

"35. Smoking in County Facilities. The Surgeon General of the United States has concluded that passive smoke exposure is the third leading cause of preventable death in the United States. The United States Environmental Protection Agency has found second-hand smoke to be a known carcinogen. It is recognized that the County has a responsibility to establish, maintain and promote a healthful and safe working environment and to reduce health and safety risks of its employees and the public at large. Tobacco smoke is a hazard to the health of County employees and the general public and represents an annoyance which

should be regulated and banned in all county facilities to the end that air quality in all such facilities be improved for the preservation and improvement of the health of all County employees and the public. Therefore, to the greatest extent possible, the rights and comfort of all employees shall be respected. Reasonable effort shall be made to provide smokers a place to smoke in areas open to the sky or otherwise located outside County facilities and, except as provided under Los Angeles County, California - Code of Ordinances Chapter 2.126 ("LAMC 2.126"), all portions of County-owned facilities and all portions of facilities leased by or from the County, which areas are not open to the sky, shall be designated as "no smoking" areas. Smoking, including the use of electronic smoking devices, shall be prohibited in the following areas of County facilities: (1) Within 50 feet of any operable entry or exit door or operable window of any County building and within 25 feet of any access ramp or handicap path; (2) Within any County parking lot, parking structure, or parking garage, whether enclosed or open to the sky; or (3) Within any driving range and eating area, including outdoor eating areas, of any County golf course. International no-smoking signs and other appropriate signs which designate no-smoking areas shall be clearly, sufficiently and conspicuously posted in every room, building or other place so covered by LAMC 2.126. The manner of such posting, including the wording, size, color and place of posting, whether on the walls, doors, tables, counters, stands or elsewhere, shall be at the discretion of the building proprietor so long as clarity, sufficiency and conspicuousness are apparent in communicating the intent. (Los Angeles County, California - Code of Ordinances Chapter 2.126.). In the event Landlord does not post the appropriate signs, Tenant shall have the right to do so at its cost, in locations reasonably acceptable to Landlord, as Tenant's sole remedy."

3.11 Section 36. A new Section 36 shall be added to the Lease which shall read as follows:

"36. CASp Inspection.

In accordance with California Civil Code Section 1938, Landlord hereby states that the Premises and the Common Areas:

*[Check the appropriate box]*

☐ Have undergone inspection by a Certified Access Specialist (a "CASp") and have been determined to meet all applicable construction related accessibility standards pursuant to California Civil Code Section 55.53. Landlord shall provide Tenant with a copy of the CASp inspection report and a current disability access inspection certificate for the Premises within seven (7) days after the execution of this Lease.

☐ Have undergone inspection by a Certified Access Specialist and have not been determined to meet all applicable construction related accessibility standards pursuant to California Civil Code Section 55.53. Landlord has provided Tenant with a copy of the CASp inspection report at least 48 hours prior to the execution of this Lease. 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.

☒ 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.

4. Estoppe! If this Amendment No. 1 is fully executed and delivered to the parties prior to August 1, 2022, then Landlord hereby represents and warrants that, to its current, actual knowledge, no event of default by Tenant under the Lease exists as of the date hereof, nor has any event occurred which, with the passage of time or the giving of notice, or both, would constitute an event of default by Tenant. However, in the event this Amendment No. 1 is not fully executed and delivered to the parties prior to August 1, 2022, then this Amendment No. 1 shall be of no force or effect whatsoever. The delivery of drafts of this Amendment No. 1 and the negotiation thereof shall not constitute an offer or acceptance and shall have no binding effect or waive or release any of Landlord's rights. Tenant hereby represents and warrants that, to its current, actual knowledge, no event of default by Landlord under the Lease exists as of the date hereof, nor has any event occurred which, with the passage of time or the giving of notice, or both, would constitute an event of default by Landlord.

5. Binding Agreement. This Amendment No. 1 constitutes the entire agreement between the parties hereto with respect to the transaction contemplated herein, and it supersedes all prior understandings or agreements between the parties relative to such Amendment No. 1. Each signatory of this Amendment No. 1 represents that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

6. Modifications. This Amendment No. 1 cannot be changed orally, and no agreement shall be effective to waive, change, modify or discharge it in whole or in part unless such agreement is in writing and is signed by the parties against whom enforcement of any such change is sought.

7. Applicable Law. This Amendment No. 1 shall be governed by and construed in accordance with the laws of the State of California.

8. Execution and Counterparts. This Amendment No. 1 and any other document necessary for the consummation of the transaction contemplated by this Amendment No. 1 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 Amendment No. 1, 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. 1 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. 1 had been delivered had been signed using a handwritten signature. Tenant and Landlord (i) agree that an electronic signature, whether digital or encrypted, of a party to this Amendment No. 1 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. 1 based on the foregoing forms of signature. If this Amendment No. 1 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.

9. Severability. Wherever possible, each provision of this Amendment No. 1 shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment No. 1 shall be prohibited by or invalid under applicable laws, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment No. 1.

10. Further Assurances. Each party agrees that it will execute and deliver such other documents and take such other action, whether prior or subsequent to the Amendment No. 1 Effective Date, as may be reasonably requested by the other party to consummate the transaction contemplated by this Amendment No. 1.

11. Full Force and Effect. Except as modified by this Amendment No. 1, all of the terms, conditions, agreements, covenants, representations, warranties and indemnities contained in the Lease remain in full force and effect. In the event of any conflict between the terms and conditions of this Amendment No. 1 and the terms and conditions of the Lease, the terms and conditions of this Amendment No. 1 shall prevail.

*[Signature Page(s) Immediately Follow]*

# **EXHIBIT 1**

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

**DEPARTMENTS: BEACHES AND HARBOR, FIRE AND SHERIFF  
LANDLORD: HARBOR REAL ESTATE LIMITED PARTNERSHIP, a Delaware  
limited partnership**

**13555 Fiji Way  
Marina Del Rey, California**

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COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE  
LEASE AGREEMENT

THIS LEASE is entered into as of the 3rd day of February, 201~~4~~<sup>5</sup> between HARBOR REAL ESTATE LIMITED PARTNERSHIP, a Delaware limited partnership ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant" or "County").

Landlord and Tenant agree:

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

1.1 Defined Terms Relating to the Lease:

(a) Landlord's Address for Notice: Harbor Real Estate Limited Partnership  
13555 Fiji Way  
Marina Del Rey, California 90292  
Attention: Gregory F. Schem  
Fax Number: (310) 821-0569

(b) Tenant's Address for Notice: Board of Supervisors  
Kenneth Hahn Hall of Administration,  
Room 383  
500 West Temple Street  
Los Angeles, California 90012  
Fax Number: (213) \_\_\_\_\_

With a copy to:  
Chief Executive Office  
Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate  
Fax Number: (213) 217-4971

(c) Premises: Premises A (Shop): Approximately 8,400 square feet within the approximately 17,333 square foot Building (defined below) as shown on Exhibit A attached hereto.

Premises B (Warehouse): Approximately 2,300 square feet within the approximately 17,333 square foot Building (defined below) as shown on Exhibit A attached hereto.

Premises C (Yard): Approximately 480 square feet of yard space to place two 20 foot storage containers within the approximately 4.11 acre

- site (defined below) as shown on Exhibit A attached hereto.
- (d) Building: The building located at 13555 Fiji Way, Marina Del Rey which is located upon the real property described more particularly in Exhibit B attached hereto (the "Property");
- (e) Term: Commencing upon Tenant's Acceptance of the Premises as defined in Section 4(a) (the "Commencement Date"); and terminating February 28, 2022. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Option Term for which an option has been validly exercised.
- (f) Projected Commencement Date: March 1, 2015
- (g) Commencement Date: See Section 4(a)
- (h) Irrevocable Offer Expiration Date: February 1, 2015
- (i) Basic Rent:  
  
Premises A: \$18,900 per month (which is based upon a rental rate of \$2.25 per rentable square foot (adjustable only as provided in Sections 2(b) and 5 hereof.)  
  
Premises B: \$5,750 per month (which is based upon a rental rate of \$2.50 per rentable square foot (adjustable only as provided in Sections 2(b) and 5 hereof.)  
  
Premises C: \$960 per month (which is based upon a rental rate of \$2.00 per rentable square foot (adjustable only as provided in Sections 2(b) and 5 hereof.)  
  
Premises A, B and C rent shall be combined in one initial monthly payment of \$25,610 (Basic Rent).
- (j) Early Termination Notice Date: Not applicable
- (k) Rentable Square Feet in the Premises: Approximately 11,180 rentable square feet
- (l) Use: General office, boat repair, marine



maintenance shop, marine warehouse use.

- (m) Initial Departmental Use: Department of Beaches and Harbors, Fire and Sheriff
- (n) Parking Spaces: 16 unassigned parking spaces.
- (o) Normal Working Hours: 6am to 6pm seven days a week.
- (p) Asbestos Report: A Phase I environmental report dated April 9, 2013, prepared by AllWest Environmental, Inc.

1.2 Defined Terms Relating to Landlord's Work Letter:

- (a) Base Tenant Improvement Allowance: Not applicable
- (b) Tenant Improvement Allowance: \$1,200,000 (\$107.33 RSF)
- (c) Maximum Change Order Allowance: The cost of Change Orders approved in writing by Tenant.
- (d) Tenant Improvement Allowance Rate: 8% per annum
- (e) Basic Rent Reduction: N/A
- (f) Tenant's Work Letter Representative: Miguel Covarrubias or an assigned staff person of the Chief Executive Office-Real Estate Division.
- (g) Landlord's Work Letter Representative: Gregory F. Schem or an assigned representative of the Landlord.
- (h) Landlord's Address for Work Letter Notice: See Section 1.1(a)
- (i) Tenant's Address for Work Letter Notice: Board of Supervisors  
Kenneth Hahn Hall of Administration,  
Room 383  
500 West Temple Street  
Los Angeles, California 90012

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

1.3 Exhibits to Lease:

Exhibit A - Floor Plan of Premises  
Exhibit B- Legal Description of Property  
Exhibit C - Commencement Date  
Memorandum and Confirmation of Lease  
Terms  
Exhibit D - HVAC Standards  
Exhibit E - Cleaning and Maintenance  
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Attornment Agreement  
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Exhibit I- Request for Notice  
Exhibit J-Community Business Enterprises  
Form

1.4 Landlord's Work Letter:  
(Executed concurrently with this Lease and  
made a part hereof by this reference):

Landlord's Work Letter  
Addendum A: Base Building Improvements  
Addendum B: Tenant Improvements  
Addendum C: Memorandum of Tenant  
Improvements Costs

1.5 Supplemental Lease  
Documents: (Delivered to  
Landlord and made a part hereof by this  
reference):

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

2. PREMISES. Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto. References to square footages in this Lease are approximations, and Landlord and Tenant have satisfied themselves with the square footages for the Premises and each portion thereof. Therefore, there shall not be any adjustments in the Basic Rent or other amounts hereunder if such square footages are not accurate.

3. COMMON AREAS. Tenant may use the following areas ("Common Areas") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. The Common Areas do not include the boat yard work areas, and Tenant may only use such areas pursuant to a separate agreement with Landlord from time to time as such areas are available, subject to Tenant paying Landlord the then current lay day rates. Landlord shall have the right to modify the layout, nature and extent of the Common Areas and other portions of the Property (including, without limitation, removal of any areas currently part of the Common Areas, restriping, reconfiguring entrances, exits, sidewalks, parking and driving lanes, and/or constructing buildings, improvements and other structures thereon and/or installing and placing storage containers thereon) upon giving Tenant 90 days written notice, so long as there remains parking on the Property sufficient to satisfy applicable laws, and reasonable access

to and from the Premises by Tenant is not materially impeded during Tenant's business hours, unless due to an emergency or construction (in which case Landlord shall use commercially reasonable efforts to provide parking and access necessary for Tenant's use). Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord from time to time.

#### 4. COMMENCEMENT AND EXPIRATION DATES

(a) Term. The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within 30 days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C. The Commencement Date shall begin upon Tenant's Acceptance of the Premises. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Premises are Substantially Complete, Tenant has inspected the Premises and Tenant has accepted the Premises. The term "Substantially Complete" or "Substantial Completion" as used in this Lease shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises; (2) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease, including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises; (3) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent; (4) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease; and (5) if Landlord is responsible for the installation of telecommunication systems, then such systems shall be completely operational.

(b) Termination Right. If the Commencement Date has not occurred within two hundred seventy (270) days after the date on which Landlord receives all governmental permits and approvals required to enable the construction of the Base Building Improvements, Tenant Improvements and other alterations, additions and improvements required to be performed by Landlord under this Lease (sometimes collectively, the "Landlord's Work"), and the use of the Premises by Tenant, with conditions acceptable to Landlord and Tenant, subject to extension for Tenant Delays and Force Majeure Delays as provided in Landlord's Work Letter, which has been executed concurrently herewith, and provided that Landlord is not then diligently pursuing completion of the Landlord's Work, Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder. Moreover, if Landlord has not received all applicable governmental permits and approvals to commence Landlord's Work and the use of the Premises by Tenant, with conditions acceptable to Landlord, on or before March 15, 2015, then Landlord shall have the right to terminate this Lease by written notice thereof to Tenant.

(c) Early Possession. So long as same does not interfere with Landlord's performance and completion of the Landlord's Work, Tenant shall be entitled to possession of

the Premises not less than 30 days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises; provided, however, that Landlord shall have no liability or responsibility for loss or damage to Tenant's furniture, fixtures and equipment installed in the Premises during such early occupancy by Tenant. Subject to the foregoing, such early occupancy shall be subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not pay Basic Rent for such early occupancy period.

5. RENT. Tenant shall pay Landlord the Basic Rent stated in Section 1 during the Term hereof, in advance, without prior notice, demand, offset or deduction (except as otherwise expressly allowed under this Lease) prior to the first day of each month. The Basic Rent is the aggregate of the following amounts, and Tenant shall not have the right to pay Basic Rent for only Premises A, Premises B or Premises C, separately. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month. Basic Rent for the Term of the Lease is as follows:

Premises A:  
(8,400 rsf)

<u>Year</u>	<u>Rate/Square foot</u>	<u>Monthly</u>
1	\$2.25	\$18,900.00
2	\$2.32	\$19,488.00
3	\$2.39	\$20,076.00
4	\$2.46	\$20,664.00
5	\$2.53	\$21,252.00
6	\$2.61	\$21,924.00
7	\$2.69	\$22,596.00
8	\$2.77	\$23,268.00

Premises B:  
(2,300 rsf)

<u>Year</u>	<u>Rate/Square foot</u>	<u>Monthly</u>
1	\$2.50	\$5,750.00
2	\$2.58	\$5,934.00
3	\$2.65	\$6,095.00
4	\$2.73	\$6,279.00
5	\$2.81	\$6,463.00
6	\$2.90	\$6,670.00
7	\$2.99	\$6,877.00
8	\$3.07	\$7,061.00

Premises C:  
(480 rsf)

<u>Year</u>	<u>Rate/Square foot</u>	<u>Monthly</u>
1	\$2.00	\$ 960.00
2	\$2.12	\$1,017.60
3	\$2.19	\$1,051.20
4	\$2.25	\$1,080.00

5	\$2.32	\$1,113.60
6	\$2.39	\$1,147.20
7	\$2.46	\$1,214.40
8	\$2.53	\$1,070.40

6. USES. The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose without Landlord's prior written consent, which consent may be withheld in Landlord's sole and absolute discretion. Moreover, in no event shall Tenant use the Premises in violation of the use requirements of the Master Lease (as defined in Section 34 hereof) or for a use that is other than for marine purposes.

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon 90 days written notice from Landlord or 30 days written notice from the Chief Executive Officer of Tenant at the last monthly Basic Rent payable under this Lease (as such Basic Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

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

9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored (based on the reasonable estimate of Landlord's architect or contractor) to a complete architectural unit of the same condition and character that existed immediately prior to such casualty in less than 365 days (as extended for Tenant Delays and Force Majeure Delays), then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to minimize the risk of injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within 30 days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. Basic Rent shall abate to the extent that the Premises are unusable by Tenant for reasons other than due to the fault of Tenant or its agents, employees or contractors. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 365 days (as extended for Tenant Delays and Force Majeure Delays), then Tenant may terminate this Lease by giving written notice to Landlord within ten days after written notice from Landlord specifying such time period of repair. If this Lease shall be terminated by Tenant as aforesaid, Tenant shall pay Landlord for the unamortized cost incurred by Landlord (amortized over the term of the Lease) to construct the Landlord's Work (including, without limitation, the costs for design and architectural services, and the costs to obtain all governmental permits and approvals for the Landlord's Work), and the Basic Rent shall be abated from the date the Premises became untenable. In the event that Tenant does not elect to so terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than 30 days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is 30 days after such written notice of termination.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant shall have the rights granted Tenant under Section 14 hereof.

#### 10. REPAIRS AND MAINTENANCE.

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

(b) Landlord Obligations. Except to the extent same are Tenant's obligation under Section 10(c) below, Landlord shall keep and maintain in good repair and working order

and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, and concealed electrical systems; (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building; (iii) the Common Areas; and (iv) exterior windows of the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises in order to keep the Premises in good condition and repair, reasonable wear and tear excepted.

(c) Tenant Obligations. Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors, janitorial service at the Premises, the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant, replacing the HVAC system filters) and the maintenance and repair of improvements and modular furniture made or installed by or for the exclusive benefit of Tenant (even if initially installed or paid for by Landlord). All repairs and replacements by Landlord shall: (a) be at least equal in quality, value and utility to the original work or installation; and (b) be in accordance with all laws.

(d) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance (other than a casualty or condemnation, which are covered by Sections 9 and 17 hereof) which requires the action of Landlord with respect to repair and/or maintenance that is Landlord's obligation under this Lease, and Landlord fails to provide such action within 30 days after Landlord has received such written notice from Tenant, then Tenant may proceed to take the required action; provided, however, that if the action of Landlord would reasonably require more than 30 days to perform, then, so long as Landlord commences such action within such 30 day period and is thereafter diligently proceeding in connection with such action, such 30 day period shall be extended for such time as is reasonably required for Landlord to so perform. Notwithstanding the immediately preceding sentence, in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities, if Landlord is not then diligently proceeding with such action, the 30 day prior written notice described above shall not be required, and only such notice (verbal or written) as shall be reasonable under the circumstances shall be required to be given by Tenant to Landlord before Tenant shall have the right to take such action, and if Tenant so elects to take such action in those circumstances, Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. If not reimbursed by Landlord within 30 days, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount of reasonable costs and expenses paid for by Tenant as set forth in its invoice for such work that is delivered to Landlord. The remedies provided in this Section are in addition to the remedies provided in Section 14.

11. SERVICES AND UTILITIES. Landlord shall furnish the following services and utilities to the Premises:

(a) Heating, Ventilation and Air Conditioning. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required

for the use and occupancy of the Premises for normal office and repair shop purposes to a standard comparable to other buildings with similar uses.

(b) Electricity. Landlord shall furnish to the Premises the amount of electric current provided for in the Working Drawings (if applicable). Tenant agrees to pay when due all electrical charges for Premises A and B. If such electrical charges are separately metered, Tenant may pay for such electrical charges directly to the utility company; however, if the electrical charges are jointly metered, then Landlord shall install a submeter and Tenant shall pay Landlord for the electrical charges for the Premises as measured by such submeter, within ten days following written notice by Landlord to Tenant of the charges, together with the measurement of electrical usage under the submeter.

(c) Elevators. Not applicable.

(d) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

(e) Janitorial. Tenant is responsible for its own janitorial service.

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

12. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose and for performing any maintenance, repairs, replacements, alterations, improvements and/or other obligations of Landlord under this Lease or for which Landlord has the right to perform under this Lease. If Landlord temporarily closes any portion of the Building or Premises, Basic Rent shall be abated based upon the percentage of the Premises rendered untenable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

### 13. TENANT DEFAULT.

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

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

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



(b) Termination. Tenant agrees that if a Tenant Default should occur and should not be cured within the applicable time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. Landlord, at any time after a Tenant Default, may cure the default at Tenant's cost. If Landlord at any time, by reason of a Tenant Default, incurs any costs, including, without limitation, attorneys' fees and/or costs to cure any defaults of Tenant, the costs so incurred by Landlord shall be immediately due and payable from Tenant to Landlord. In addition thereto, Landlord shall have such other rights and remedies as may be provided by law or in equity.

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

#### 14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9(d), 10(d), 19 and 20(b), Landlord shall be in default ("Landlord Default") in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within 30 days after Landlord's receipt of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(d)); provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably be cured within such 30 day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the reasonable costs thereof, as evidenced by reasonable supporting documentation of such costs as previously delivered to Landlord (including but not limited to reasonable attorneys' fees) plus interest at the rate of ten (10%) per annum from the installments of Basic Rent next falling due; (ii) to pursue the remedy of specific performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Basic Rent next coming due; and/or (iv) to terminate this Lease by written notice thereof to Landlord.

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

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

15. ASSIGNMENT AND SUBLETTING. Tenant shall not have the right to assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises unless Tenant first obtains Landlord's prior written consent, which consent may be withheld by Landlord in its sole and absolute discretion. However, no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease without Landlord's prior written consent to the relieving of such liability of Tenant, which consent may be withheld by Landlord in its sole and absolute discretion.

16. ALTERATIONS AND ADDITIONS.

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

(b) End of Term. Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

17. CONDEMNATION.

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

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

(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within 30 days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the

date of termination. Such termination date shall not be earlier than 30 days nor later than 90 days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within 30 days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

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

(e) Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear, except that Landlord shall be entitled to the entire amount of the so-called "lease bonus value" and the value attributable to the Landlord's Work. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

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

#### 18. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all liability, loss, cost and expense, including attorneys' fees, arising out of or as a result of: (i) the use of the Premises by Tenant or its agents, employees, contractors, or invitees, (ii) any negligent act, omission or willful misconduct of Tenant or its agents, employees, contractors or invitees, or (iii) arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense to the extent of the negligence or willful misconduct of Landlord, or its agents, employees or contractors. Nothing in this Lease shall be construed to waive, limit, or supersede any of Tenant's rights or immunities under the California Labor Code, including but not limited to a waiver pursuant to section 3864 of the Labor Code.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all liability, loss, cost and expense, including attorneys' fees, arising out of or as a result of: (i) any negligent act, omission or willful misconduct of Landlord, or its agents, employees or contractors, or (ii) arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense to the extent of the negligence or willful misconduct of Tenant or its agents, employees or contractors.

19. INSURANCE.

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

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30, or equivalent), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates); and (2) be written full replacement cost of the property, with a deductible of no greater than 5% of the property value. Landlord shall carry insurance on any furniture and furnishings that are part of the Tenant Improvements that will become the property of Tenant at the expiration of the Term and on all modular furniture installed in the Premises as part of the Tenant Improvements. Insurance proceeds of Landlord's insurance shall be payable to Landlord and not to Tenant.

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

(iii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds to timely repair and restore the Premises shall allow Tenant to enforce its rights as provided in Section 14 hereof.

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

(c) Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and annually thereafter prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates shall include the address of the leased premises and must document that each party has named the other as an additional insured (or its equivalent) on its general liability insurance policy. Further, all certificates or insurance endorsements shall expressly provide that no less than 30 days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates or contained in the insurance policies.

(d) Waiver of Subrogation. Landlord and Tenant each hereby waive its rights against one another to the extent such claims are covered by the property insurance policies required to be carried hereunder or by self-insurance allowed hereunder. Landlord and Tenant each shall cause its insurance carriers to consent to the waiver of rights of subrogation against the other party.

(e) Tenant's Insurance/Self-Insurance. Tenant shall obtain commercial property insurance for perils covered by the causes-of-loss special form (ISO form CP 10 30, or

equivalent) on the alterations, additions and improvements by Tenant at the Premises and the personal property of Tenant at the Premises (except those alterations, additions, improvements and personal property constituting Tenant Improvements, since those are to be insured by Landlord under Section 19(a)(i) above), all at replacement cost or Tenant shall self-insure for such coverage by delivery of written notice thereof to Landlord. If Tenant elects to self-insure, Tenant shall provide Landlord with indemnity, defense and payments with respect to claims that would otherwise be covered by the insurance required hereunder in the same manner and with the same protections and rights of Landlord as an insurer would be required to provide.

## 20. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of parking stalls set forth in Section 1.1(n) above within the Common Areas, on a non-exclusive, first-come, first-served basis, without charge for the Term of this Lease. Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. No cars, trucks or trailers shall be parked by Tenant or its agents, employees, contractors or invitees within the Common Areas, except within designated parking stalls. Tenant acknowledges that the parking in the Common Areas is not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Landlord, Tenant and other tenants, occupants, licensees, invitees and permittees of the Property.

(b) Remedies. Landlord acknowledges that Tenant may enforce its rights under Section 14 hereof in the event Landlord fails to allow Tenant the parking rights available to Tenant under this Lease.

## 21. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant and Landlord may cause or permit Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas by their employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants, to the extent consistent with applicable Environmental Laws (and, to the extent Tenant or those taking under Tenant are doing so pursuant to a use allowed by this Lease). Tenant and Landlord use or store Hazardous Materials on the Premises as part of their daily Boatwright shop and boat repairs operations including but not limited to solvents, lubricants, fuel including other petroleum based products or in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals,

substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, Landlord, the Premises, the Building or the Common Areas.

(b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas if brought there by Landlord and not exacerbated by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall enable Tenant to enforce its rights under Section 14 hereof. Nothing herein shall act to limit or reduce Landlord's rights and obligations under the Master Lease with respect to Hazardous Materials.

(c) Tenant Indemnity. Tenant shall indemnify, protect, defend (by counsel acceptable to Landlord) and hold harmless Landlord from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas if brought there by Tenant and not exacerbated by Landlord. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Tenant shall promptly deliver to Landlord a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Tenant's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Tenant under this Section shall enable Landlord to enforce its rights under Section 13 hereof. Nothing herein shall act to limit or reduce Tenant's rights and obligations under the Master Lease with respect to Hazardous Materials.

22. ESTOPPEL CERTIFICATES. Tenant shall, within 30 days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

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

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

25. SUBORDINATION AND MORTGAGES

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

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

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

(d) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of default served upon Landlord hereunder, and Tenant agrees that it shall not have the right to terminate this Lease until after Tenant has delivered to Landlord's mortgagee written notice of Tenant's intent to terminate this Lease, if any event or default has occurred that would otherwise give Tenant the right to terminate this Lease, and allowed such mortgagee the same time to cure as is allowed Landlord hereunder, which time shall not commence as to such mortgagee until it has received such notice from Tenant; provided, however, that if such mortgagee is required to gain possession of the Property in order to cure same, then the mortgagee shall have such additional time as is reasonably necessary to gain possession of the Premises before such time period shall begin.

26. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant may (but shall not be

required to) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

27. SIGNAGE. Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances, subject to Landlord's right to retain the existing signage (or replace same) and also subject to Tenant obtaining the approval of the Marina del Rey Design Review Board, to the extent required by law or desired by Tenant.

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

29. GENERAL

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

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

(c) Brokers. Landlord and Tenant 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 Lease.

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

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

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

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



(h) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

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

(j) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed unless a different standard is expressly set forth in this Lease. And, unless otherwise specifically provided herein, any consent requested by either party hereunder shall be deemed granted if not refused within thirty (30) days after written request is made therefor, together with all necessary information.

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

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

(m) No Merger. The fact that County is both the landlord under the Master Lease and the tenant under this Lease shall not cause a merger of the Master Lease and this Lease.

(n) Interest. In any situation where Tenant has failed to pay any sum pursuant to this Lease, such sums shall be due and payable within five days after Tenant's receipt of written demand, together with interest at the Applicable Rate (as that term is defined in the Master Lease) from the date such sum was due until the time payment is received by Landlord.

(o) Attorneys' Fees. In the event of any action or proceeding arising out of or in connection with this Lease, whether or not pursued to judgment, the prevailing party shall be entitled, in addition to all other relief, to recover its costs and reasonable attorneys' fees, including without limitation reasonable attorneys' fees for County Counsel's services where County is represented by the County Counsel and is the prevailing party, and also including all fees, costs and expenses incurred in executing, perfecting, enforcing and collecting any judgment.

30. AUTHORITY. Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all

material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Officer of the County or its delegate (the "Chief Executive Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Basic Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

31. ACKNOWLEDGMENT BY LANDLORD. Landlord acknowledges that it is aware of the following provisions:

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

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

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

(c) Landlord Assignment.

(i) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments), and Landlord may execute any and all instruments providing for the payment of Basic Rent directly to an assignee or transferee.

(ii) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement."

(iii) In the event of an assignment or transfer of Landlord's interest in this Lease, Landlord agrees that it will comply with Section 5951 of the California Government

Code, and Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation thereof.

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

(v) Landlord shall not furnish any confidential information concerning County that is prepared by the County for its internal purposes (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) that are marked confidential when provided to Landlord, any positions taken by the County in the negotiations of the specific terms of this Lease, or the resulting specific terms of this Lease, except to accountants, attorneys, lenders, brokers and others Landlord reasonably determines should know in connection with the operation, financing, sale or other aspects of ownership of the Property; provided, however, that any such confidential information may be disclosed by Landlord if required by law or subpoena or is in the public domain without fault of Landlord.

(vi) Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

(vi) In the event of an assignment or transfer of this Lease by Landlord, Landlord shall be released of all liabilities and obligations thereafter accruing under this Lease.

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

33. SUBLEASE AGREEMENT. It is understood and recognized that this Lease constitutes a sublease to that commercial master lease entitled "Master Lease Agreement between Harbor Real Estate Limited Partnership, a Delaware limited partnership, and County of Los Angeles," entered into between Harbor Real Estate Limited Partnership, a Delaware limited partnership and County dated as of March 1, 1962 and subsequent 14 amendments (the "Master Lease"), and that any references to "Lease," "Landlord," or "Tenant" herein shall mean sublease, sublandlord and subtenant with respect to the Master Lease. The rights of Tenant herein shall be subject in all respects to the terms of, and the rights of, Landlord as set forth in the Master Lease. Except as otherwise expressly provided in this Sublease, the covenants, agreements, terms, provisions and conditions of the Master Lease to which this Lease is subject are made a part of and incorporated into this Sublease as if recited herein in full. Notwithstanding anything to the contrary set forth in this Sublease, as between the parties hereto only, in the event of conflict between the terms of the Master Lease and the terms of this Sublease, the terms of this Sublease shall control; provided, however, that in the event the observance or performance by either party to the terms herein would result in a breach of the terms of the Master Lease, the subject terms of

the Sublease shall be invalid and unenforceable and the corresponding terms of the Master Lease shall control.

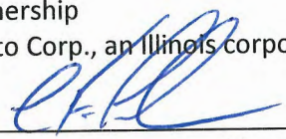
34. PERCENTAGE RENT. Tenant agrees to pay Landlord, in addition to any and all amounts owing by Tenant to Landlord under this Lease, any and all amounts of percentage rent and other amounts owing by Landlord to its landlord under the Master Lease (collectively, the "Percentage Rent") as and when Landlord is required to pay same under the Master Lease, whether such Percentage Rent is arising out of or relating to this Lease, the operations of Tenant's business at the Premises, the revenues of Tenant's business (or the business of others operating under Tenant) at the Premises, the payments made or required to be made by Tenant under this Lease, or otherwise.

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

LANDLORD:


HARBOR REAL ESTATE LIMITED PARTNERSHIP, a Delaware limited partnership

By: Vappareto Corp., an Illinois corporation, Its General Partner

By:   
Gregory F. Schem, President


TENANT:

COUNTY OF LOS ANGELES  
a body politic and corporate

By:   
Name: MICHAEL D. ANTONOVICH  
Mayor, Board of Supervisors


ATTEST:

PATRICK OGAWA  
Acting Executive Officer - Clerk  
of the Board of Supervisors

By:   
Deputy FEB 03 2015



APPROVED AS TO FORM:  
MARK J. SALADINO  
County Counsel

By:   
Deputy

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

14

FEB 03 2015

  
PATRICK OGAWA  
ACTING EXECUTIVE OFFICER

EXHIBIT A  
FLOOR PLAN OF PREMISES  
[SEE ATTACHED TWO PAGES]

Year	Number of cases	Percentage of cases
1990	10	10.0
1991	15	15.0
1992	20	20.0
1993	25	25.0
1994	30	30.0
1995	35	35.0
1996	40	40.0
1997	45	45.0
1998	50	50.0
1999	55	55.0
2000	60	60.0
2001	65	65.0
2002	70	70.0
2003	75	75.0
2004	80	80.0
2005	85	85.0
2006	90	90.0
2007	95	95.0
2008	100	100.0
2009	105	105.0
2010	110	110.0
2011	115	115.0
2012	120	120.0
2013	125	125.0
2014	130	130.0
2015	135	135.0
2016	140	140.0
2017	145	145.0
2018	150	150.0
2019	155	155.0
2020	160	160.0
2021	165	165.0
2022	170	170.0
2023	175	175.0
2024	180	180.0
2025	185	185.0
2026	190	190.0
2027	195	195.0
2028	200	200.0
2029	205	205.0
2030	210	210.0
2031	215	215.0
2032	220	220.0
2033	225	225.0
2034	230	230.0
2035	235	235.0
2036	240	240.0
2037	245	245.0
2038	250	250.0
2039	255	255.0
2040	260	260.0
2041	265	265.0
2042	270	270.0
2043	275	275.0
2044	280	280.0
2045	285	285.0
2046	290	290.0
2047	295	295.0
2048	300	300.0
2049	305	305.0
2050	310	310.0
2051	315	315.0
2052	320	320.0
2053	325	325.0
2054	330	330.0
2055	335	335.0
2056	340	340.0
2057	345	345.0
2058	350	350.0
2059	355	355.0
2060	360	360.0
2061	365	365.0
2062	370	370.0
2063	375	375.0
2064	380	380.0
2065	385	385.0
2066	390	390.0
2067	395	395.0
2068	400	400.0
2069	405	405.0
2070	410	410.0
2071	415	415.0
2072	420	420.0
2073	425	425.0
2074	430	430.0
2075	435	435.0
2076	440	440.0
2077	445	445.0
2078	450	450.0
2079	455	455.0
2080	460	460.0
2081	465	465.0
2082	470	470.0
2083	475	475.0
2084	480	480.0
2085	485	485.0
2086	490	490.0
2087	495	495.0
2088	500	500.0
2089	505	505.0
2090	510	510.0
2091	515	515.0
2092	520	520.0
2093	525	525.0
2094	530	530.0
2095	535	535.0
2096	540	540.0
2097	545	545.0
2098	550	550.0
2099	555	555.0
2100		

NAME  
DANIEL BOGAIN  
ADDRESS  
10 RUE DE LA PAIX  
75001 PARIS



[illegible]



EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

Marina Del Rey  
Lease Parcel No. 53

Parcels 832 to 845 inclusive, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, recorded in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said county.

Reserving and excepting therefrom unto the County of Los Angeles easements for sanitary sewer, fire access and harbor utility purposes over those portions thereof designated on said map to be reserved by said county for such purposes.

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM  
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated \_\_\_\_\_, 20\_\_\_\_, between County of Los Angeles, a body politic and corporate ("Tenant"), and Harbor Real Estate Limited Partnership, a Delaware limited partnership ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building and certain yard area located at 13555 Fiji Way, Marina Del Rey ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on \_\_\_\_\_ ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on \_\_\_\_\_ ("Commencement Date");
- (4) The Premises contain 11,180 square feet of space; and
- (5) Basic Rent per Month is \$25,610, initially.

IN WITNESS WHEREOF, this Memorandum is executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

"Tenant"	"Landlord"
COUNTY OF LOS ANGELES, a body politic and corporate  By: _____ Name: _____ Its: _____	HARBOR REAL ESTATE LIMITED PARTNERSHIP, a Delaware limited partnership  By: Vappareto Corp., an Illinois corporation, Its General Partner  By: _____ Gregory F. Schem, President

EXHIBIT D  
HVAC STANDARDS

Landlord shall supply cooling, ventilating and heating during Normal Working Hours established by the Lease.

## EXHIBIT E

### CLEANING AND MAINTENANCE SCHEDULE

1. SEMI-ANNUALLY

The exterior of windows washed not less frequently than twice annually.

2. AS NEEDED

A. The sidewalks, driveways, parking areas and reasonable means of access and egress for the Premises should be maintained in good repair as provided in the Lease.

B. All lawns, shrubbery and foliage on the Common Areas should be maintained in good condition.

EXHIBIT F

**TENANT ESTOPPEL CERTIFICATE**

To: \_\_\_\_\_

Attn: \_\_\_\_\_

Re:    Date of Certificate: \_\_\_\_\_  
      Lease Dated: \_\_\_\_\_  
      Current Landlord: \_\_\_\_\_  
      Located at: \_\_\_\_\_  
      Premises: \_\_\_\_\_  
      Commencement Date of Term: \_\_\_\_\_  
      Expiration Date: \_\_\_\_\_  
      Current Rent: \_\_\_\_\_

County of Los Angeles ("Tenant") hereby certifies that as of the date hereof:

1.    Tenant is the present owner and holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.
2.    (a)    A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.  
      (b)    The current Rent is set forth above.  
      (c)    The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Except as specified in the Lease, Tenant has no option or right to renew, extend or cancel the Lease.  
      (d)    Except as specified in the Lease, Tenant has no option or right to lease additional space in the Premises or Building or to use any parking.  
      (e)    Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).  
      (f)    Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession, except as expressly set forth in the Lease.
3.    (a)    The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified, changed, altered or amended and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.  
      (b)    To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.  
      (c)    The interest of Tenant in the Lease has not been assigned or encumbered. Tenant is not entitled to any credit against any rent or other charge or rent

concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to tenant improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

APPROVED AS TO FORM:

MARK SALADINO  
County Counsel

By: \_\_\_\_\_  
Deputy:

EXHIBIT G

SUBORDINATION, NON-DISTURBANCE

AND ATTORNMENT AGREEMENT

AND WHEN RECORDED MAIL TO:

County of Los Angeles  
CHIEF EXECUTIVE OFFICE  
Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, California 90012

)  
)  
)  
)  
)  
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Space above for Recorder's Use

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SUBORDINATION, NON-DISTURBANCE  
AND ATTORNMENT AGREEMENT

**NOTICE: THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.**

This Subordination, Non-Disturbance and Attornment Agreement ("Agreement") is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and among COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant"), \_\_\_\_\_ ("Borrower") and \_\_\_\_\_, ("Lender").

Factual Background

A. Borrower owns certain real property more particularly described in the attached Exhibit A. The term "Property" herein means that real property together with all improvements (the "Improvements") located on it.

B. Lender has made or agreed to make a loan to Borrower. The Loan is or will be secured by a deed of trust or mortgage encumbering the Property (the "Deed of Trust").

C. Tenant and Borrower (as "Landlord") entered into a lease dated \_\_\_\_\_ (the "Lease") under which Borrower leased to Tenant a portion of the Improvements located within the Property and more particularly described in the Lease (the "Premises").

D. Tenant is willing to agree to subordinate Tenant's rights under the Lease to the lien of the Deed of Trust and to attorn to Lender on the terms and conditions of this Agreement. Tenant is willing to agree to such subordination and attornment and other conditions, provided that Lender agrees to a Non-Disturbance provision, all as set forth more fully below.

Agreement

Therefore, the parties agree as follows:

1. Subordination. The Lease shall be subject and subordinate to the lien of the Deed of Trust and to any renewals, modifications, consolidations, replacements and extensions of

the Deed of Trust to the full extent of the principal sum secured by the Deed of Trust including any interest except that if Tenant is granted any option to extend the term of the Lease, right of first offer to lease additional premises, option to purchase the Property, or right of first option to purchase the Property in the Lease such provisions shall not be affected or diminished by this subordination which is conditioned upon the agreement of Borrower and Lender in section 3 hereof.

2. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser", as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.

3. Non-Disturbance. The Transfer of the Property or any enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby, or deprive Tenant of any other property rights granted in the Lease.

4. Attornment. Subject to Section 3 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.

5. Lender Not Obligated. Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.

6. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section.

To Lender: \_\_\_\_\_  
\_\_\_\_\_

To Borrower: \_\_\_\_\_  
\_\_\_\_\_



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

7. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State.

8. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one and the same instrument.

TENANT: COUNTY OF LOS ANGELES,  
a body politic and corporate

APPROVED AS TO FORM

MARK SALADINO  
County Counsel

By: \_\_\_\_\_  
Deputy:

By: \_\_\_\_\_  
Director of Real Estate

BORROWER:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

LENDER: *[Insert name of Lender]*,  
By: \_\_\_\_\_

EXHIBIT H

**NON-DISTURBANCE  
AND ATTORNMENT AGREEMENT**

**AND WHEN RECORDED MAIL TO:** )  
 )  
**County of Los Angeles** )  
**CHIEF EXECUTIVE OFFICE** )  
**Real Estate Division** )  
**222 South Hill Street, 3<sup>RD</sup> Floor** )  
**Los Angeles, California 90012** )

Space above for Recorder's Use

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**NONDISTURBANCE  
AND ATTORNMENT AGREEMENT**

This Nondisturbance and Attornment Agreement ("Agreement") is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and among COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant"), and [*Insert name of Lender*], ("Lender").

Factual Background

A. [*Insert name of Landlord*], ("Borrower") owns certain real property more particularly described in the attached Exhibit A. The term "Property" herein means that real property together with all improvements (the "Improvements") located on it.

B. Lender has made a loan to Borrower. The Loan is secured by a deed of trust or mortgage encumbering the Property (the "Deed of Trust").

C. Tenant and Borrower (as "Landlord") intend to or have entered into a lease (the "Lease") under which Borrower leases to Tenant a portion of the Improvements located within the Property and more particularly described in the Lease (the "Premises").

D. Tenant's rights under the Lease are subordinate to the lien of the Deed of Trust. Tenant is willing to make the substantial investment in the Premises required under the Lease, provided that Lender agrees to a nondisturbance provision, all as set forth more fully below.

Agreement

Therefore, the parties agree as follows:

1. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser," as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.

2. Nondisturbance. The Transfer of the Property or enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby, or deprive Tenant of any other property rights granted pursuant to the Lease.

3. Attornment. Provided that Lender complies with Section 2 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.

4. Lender Not Obligated. Provided that Lender complies with Section 2 above, Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.

5. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section.

To Lender: \_\_\_\_\_  
\_\_\_\_\_

To Borrower: \_\_\_\_\_  
\_\_\_\_\_

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

6. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State. This Agreement is the entire agreement between the Lender and Tenant and may only be modified by a written amendment executed by Lender and Tenant.

APPROVED AS TO FORM

MARK SALADINO  
County Counsel

TENANT: COUNTY OF LOS ANGELES,  
a body politic and corporate

By: \_\_\_\_\_

Deputy County Counsel

By:

Director of Real Estate

BORROWER: [Insert name of Landlord]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

LENDER: [Insert name of Lender]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT I

**REQUEST FOR NOTICE**

**RECORDING REQUESTED BY**

**AND WHEN RECORDED MAIL TO:**

County of Los Angeles  
CHIEF EXECUTIVE OFFICE  
Real Estate Division  
222 South Hill Street, 3rd Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate

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**REQUEST FOR NOTICE**

**(UNDER SECTION 2924B CIVIL CODE)**

In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust described below:

Date of Recording of Deed of Trust

Instrument Number of Deed of Trust

Trustor

Trustee

Beneficiary

be mailed to County of Los Angeles, Chief Executive Office, Real Estate Division, 222 South Hill Street, 3rd Floor, Los Angeles, California 90012, Attention: Director of Real Estate.

"LENDER:

\_\_\_\_\_

a \_\_\_\_\_

By: \_\_\_\_\_  
SIGNEE'S NAME

Its: SIGNEE'S TITLE

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

COUNTY OF \_\_\_\_\_ ss.

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, \_\_\_\_\_  
\_\_\_\_\_ a Notary Public in and for the State of California, personally appeared \_\_\_\_\_  
\_\_\_\_\_ personally known to me (or proved on the  
basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the  
within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the  
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed  
the instrument.

WITNESS my hand and official seal

Signature \_\_\_\_\_

My commission expires \_\_\_\_\_.

## EXHIBIT J

### **COMMUNITY BUSINESS ENTERPRISE FORM**

**INSTRUCTIONS:** All Landlords shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of CBE participation. The information requested below is for statistical purposes only. On final analysis and consideration, leases will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

Firm Name	
Address	
Contact Name	
Telephone No.	
Total # of Employees	
Business Structure*	

\*Corporation, Partnership, etc.

#### MINORITY/WOMEN PARTICIPATION IN FIRM

	OWNERS	ASSOCIATE PARTNERS			
Black/African American					
Hispanic/Latin					
Asian American					
Portuguese American					
A. Indian/Alaskan					
All Others					
<b>TOTAL</b>					
Women*					

*\*Should be included in counts above and reported separately)*

#### PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

	TOTAL # OF OWNERS	% OF OWNERSHIP
Black/African American		
Hispanic/Latin American		
Asian American		
Portuguese American		
American Indian/Alaskan Native		
All Others		
<b>TOTAL</b>		
Women*		

*\*Should be included in counts above and reported separately*

CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

Is your firm currently certified as a minority owned business firm by the:

	yes	No
State of California?		
City of Los Angeles?		
Federal Government?		

WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS FORM.

	Initial
Initial here if applicable	

SIGNED:

TITLE:

DATE:



**LANDLORD'S WORK LETTER**

**For**

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

**DEPARTMENT: BEACHES AND HARBOR, FIRE AND SHERIFF, as Tenant**

**LANDLORD: HARBOR REAL ESTATE LIMITED PARTNERSHIP, a Delaware limited  
partnership**

**13555 Fiji Way  
Marina Del Rey, California**

## LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated \_\_\_\_\_, 20\_\_\_\_, executed concurrently herewith, by and between HARBOR REAL ESTATE LIMITED PARTNERSHIP, a Delaware limited partnership ("Landlord") as Landlord, and COUNTY OF LOS ANGELES ("Tenant" or "County") as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

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

- |  |   |
|--|---|
| (a) <u>Base Tenant Improvement Allowance:</u>              | Not applicable  |
| (b) <u>Tenant Improvement Allowance:</u>                   | \$1,200,000 (i.e., \$107.33 per rentable square foot of the Premises)   |
| (c) <u>Maximum Change Order Allowance:</u>                 | The cost of Change Orders approved in writing by Tenant.  |
| (d) <u>Tenant Improvement Allowance Amortization Rate:</u> | 8 % per annum   |
| (e) <u>Basic Rent Reduction per \$1,000:</u>               | Not applicable  |
| (f) <u>Tenant's Work Letter Representative:</u>            | Miguel Covarrubias or an assigned staff person of the Chief Executive Office-Real Estate Division   |
| (g) <u>Landlord's Work Letter Representative:</u>          | Greg Schem or another assigned representative of the Landlord   |
| (h) <u>Landlord's Address for Work Letter Notice:</u>      | Harbor Real Estate Limited Partnership<br>13555 Fiji Way<br>Marina Del Rey, California 90292<br>Attention: Greg Schem<br>Fax Number: (310) 821-0569 |
| (i) <u>Tenant's Address for Work Letter Notice:</u>        | Board of Supervisors<br>Kenneth Hahn Hall of Administration<br>Room 383   |

500 West Temple Street  
Los Angeles, California 90012  
Fax Number: \_\_\_\_\_

With a copy to:  
Chief Executive Office-  
Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate  
Fax Number: (213) 217-4971

(j) Addenda:

Addendum A: Base Building Improvements  
Addendum B: Tenant Improvements

## 2. **Construction of the Building.**

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

### 2.2 **Additional Costs Not Tenant Improvement Costs.**

(a) In the event that the Building as initially constructed does not comply with the requirements set forth in Addendum A hereto, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance therewith, such costs shall not be included in the calculation of Tenant Improvement Costs as defined below and Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to cause the Premises to comply with the requirements set forth in Addendum A hereto shall be at Landlord's sole cost and expense. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes"; or (ii) supervision or overhead costs of Landlord that are in excess of three percent (3%) of the other Tenant Improvement Costs (it being understood that three percent (3%) of such other Tenant Improvement Costs for Landlord's supervision and overhead may be included in Tenant Improvement Costs).

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

Engineer is/are finally approved by Tenant and written consent has been delivered to and received by Landlord.

4. **Selection of Contractor.** The Final Plans, as defined below, and a proposed construction contract approved by Tenant, shall be submitted to contractors, selected by Landlord and approved by Tenant, sufficient in number so that a minimum of three bids are received (such approvals by Tenant shall not be unreasonably withheld). Each approved contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Tenant Improvements designated on the Final Plans. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract ("Construction Contract") with Landlord consistent with the terms of the bid to construct the Tenant Improvements.

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

5.1 **Preparation of Space Plan.** Attached hereto as Addendum C is a space plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room (collectively the "Space Plan") that Tenant desires to include within the Premises.

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

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

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

requirements) and power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

5.5 Approval of Working Drawings and Engineering Drawings by Tenant. Within ten days following Tenant's receipt of the Working Drawings and Engineering Drawings (or any of them), Tenant shall deliver written notice (the "Tenant's Drawing Notice") to Landlord either approving thereof or setting forth with particularity what changes will be needed in order to cause the applicable Working Drawings and Engineering Drawings to be approved by Tenant (Tenant's failure to deliver Tenant's Drawing Notice to Landlord shall be deemed to be Tenant's approval of the applicable drawings received by Tenant). Approval by Tenant of the Working Drawings and Engineering Drawings shall not be deemed to be a representation by Tenant that the design of the Tenant Improvements is in compliance with applicable laws.

5.6 Schedule. Within 30 days after the later of the Plan Submission Date or the approval by Landlord and Tenant of the Architect and Engineer to be used, Landlord shall request the Architect to submit to Landlord and Tenant a construction schedule, subject to approval by Landlord and Tenant (which approval shall not be unreasonably withheld), estimating the dates for completion of certain project benchmarks including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, Projected Commencement Date and other similar dates. As the construction continues, Landlord shall or shall request the Architect to amend the schedule from time to time to reflect any changes to the projected dates. As the construction schedule is an estimate with various factors that are unknown and not capable of being easily calculated, it shall not be binding upon either party, but shall instead be used as a tool by each of the parties for their own respective planning.

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

6.1 Construction Budget. Attached hereto as Addendum D is a preliminary budget of the cost to construct the Tenant Improvements based upon the Space Plan (the "Preliminary Budget"). Such Preliminary Budget shall be revised into final form within ten days from the date the Contractor is selected and will be referred to herein as the "Final Construction Budget". Tenant shall not disapprove of the Final Construction Budget unless it is more than ten percent (10%) higher than both the Preliminary Budget and the Tenant Improvement Allowance. If Tenant has the right to disapprove of the Final Construction Budget, then Tenant shall have five days from the date of receipt of the Final Construction Budget to deliver written notice to Landlord whether Tenant approves or disapproves the Final Construction Budget (Tenant's failure to deliver written notice of its disapproval within such time period shall be deemed to be Tenant's approval thereof). If Tenant disapproves of the Final Construction Budget as allowed hereunder, it shall as part of the disapproval notice set forth the changes needed in order to cause the Final Construction Budget to be approved by Tenant, and the parties hereto shall meet as soon as reasonably possible and use best efforts to either redesign the Final Drawings and Engineering Drawings to cause the Tenant Improvement Costs described in the revised Final Construction Budget to be acceptable to Tenant or Tenant shall increase the Tenant Improvement Allowance so it can approve the higher Final Construction Budget. Construction of the Tenant Improvements shall not begin until such time as Tenant approves or is deemed to have approved of the Final Construction Budget. In the event Tenant disapproves the Final Construction Budget as allowed hereunder, then any delay caused by the necessity to rebid or redesign the Tenant Improvements shall be considered a Tenant Delay and the cost thereof included in the Tenant Improvement Costs. Landlord shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense (subject to Landlord's receipt of its three percent supervision and overhead fee). Except for the three percent administrative fee to Landlord as described above, there shall be no other fee to Landlord for profit, overhead or

general conditions in connection with the construction of the Tenant Improvements included in the Final Construction Budget.

6.2 Tenant Improvement Allowance. All improvements required by the Final Plans and modular furniture described in the Modular Specifications, as further described in Addendum B hereto (collectively, the "Tenant Improvements") shall be at Landlord's sole cost and expense, subject to reimbursement by Tenant as provided herein. The term "Tenant Improvement Costs" as used herein shall include all costs to provide the Tenant Improvements, without limitation, the fees and costs of the Architect and Engineer to prepare, revise and complete the Working Drawings, the Engineering Drawings, and the Final Plans, the fees and costs to obtain all applicable permits and approvals from governmental authorities for the Tenant Improvements, the costs to construct and install the Tenant Improvements (including furniture and telecommunications equipment), soft costs and any and all other costs for alterations, additions and improvements requested by Tenant that are not part of the Base Building Improvements, whether in the Final Plans and/or Change Orders. It is anticipated that the Tenant Improvement Costs may exceed the Tenant Improvement Allowance, and Tenant's Chief Executive Officer may authorize payment to Landlord of the overage. The Tenant Improvement Costs shall be paid to Landlord as provided herein.

6.3 Method of Payment. The Tenant Improvement Costs shall, at Tenant's election, either be paid to Landlord (i) in a lump sum when the Tenant Improvements are Substantially Complete, or (ii) in equal amortized monthly payments over the first 5 years of the term of the Lease at the Tenant Improvement Amortization Rate. Tenant may at any time during the Term prepay Landlord in a lump sum for all (but not for only a portion) of the Tenant Improvement Costs.

## 7. Construction of Tenant Improvements.

7.1 Tenant Improvements. The Tenant Improvements to be constructed by Landlord are initially as described more particularly on Addendum B hereto, but same shall be subject to change and supplement during the process for preparation and approval of the Working Drawings, Engineering Drawings, Final Plans and/or Change Orders.

7.2 Bids. Unless waived by Tenant in writing, the Contractor shall be chosen as provided in Section 4 hereof, after at least three bids have been solicited from responsible and qualified persons. At least three bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

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

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

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

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

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts shall be included in the Final Plans or handled pursuant to Change Order. Landlord shall consult with Tenant with respect to all such decorating services and decisions if requested by Tenant.

(c) Clean-Up and Substandard Work. As part of the Tenant Improvement Costs, Landlord will be responsible for all clean-up with respect to the Tenant Improvements (according to usual standards of work in the Building), whether in the Premises themselves or in other areas utilized by Landlord or its contractors, and agrees to reimburse Tenant for any and all expenses reasonably incurred by Tenant to perform any such clean-up if Landlord fails to do so and such failure continues for more than 30 days following written notice thereof from Tenant to Landlord, unless Landlord is then diligently proceeding with such clean-up.

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

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

8. Change Orders. Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. Only the Chief Executive Officer is authorized to approve Change Orders on behalf of Tenant. Tenant may elect to pay for Change Orders by: (a) payment in a lump sum upon Substantial Completion of the Tenant Improvements, or (b) amortization of such costs over the first 5 years of the Term of the Lease at the Tenant Improvement Amortization Rate payable in equal monthly installments over the initial Term of the Lease. Landlord shall submit to the Chief Executive Officer with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the Chief Executive Officer.

9. **Furniture System.**

9.1 Tenant shall deliver to Landlord within ten days after execution hereof, modular furniture plans and specifications (the "Modular Specifications"). Based on the Modular Specifications, Landlord and /or Landlord's Architect, shall prepare a modular furniture specifications bid package for submission to no less than three furniture vendors chosen by Tenant. Prior to submission for bids, Landlord shall review the bid package with Tenant and Tenant shall have the right to approve or disapprove the bid package. Landlord shall provide as part of the Tenant Improvement Costs the modular furniture set forth in the Modular Specifications. Tenant shall reimburse the Landlord in a lump sum or in accordance with a financed transaction entered into between Landlord and the furniture vendor acceptable to the Tenant, including, but not limited to, a lease purchase agreement, provided the outstanding balance can be no more than One Dollar (\$1) at the end of a term not to exceed the term of the Lease.

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

(a) The Personal Property shall not become part of the realty or real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage occasioned by such removal shall be repaired by Creditor. If such Personal Property is not removed upon expiration or earlier termination of the Lease, then in addition to any and all other rights of Landlord, Landlord shall have the right to remove such Personal Property and store same at Tenant's sole cost and expense.

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

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

(d) Landlord does hereby waive any right to gain possession of any of Personal Property during the term of this Lease, subject to Landlord's rights described in subsection (a) above.

10. **Tenant Improvement Costs Adjustment and Right to Audit.** Within 30 days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of Los Angeles, whichever occurs first, Landlord shall provide to Tenant a statement showing in reasonable detail all Tenant Improvement Costs and the total amount payable hereunder by Tenant to Landlord. Within 30 days after receipt of such statement by Tenant, payments by either party pursuant to the Lease and this Landlord's Work Letter shall be adjusted as appropriate, based upon such statement. Tenant shall have the right to audit these costs for a period of 24 months from the date of acceptance by Tenant of the Premises. Tenant shall provide Landlord with a copy of the audit summary, and in the event the audit shows a discrepancy in the Tenant Improvement Costs from

2398033.5

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those shown in Landlord's statement and Landlord does not object thereto, then within 30 days thereafter, one party shall refund to the other the amount of any overpayment or underpayment to reconcile the differences and all future payments shall be adjusted as appropriate based upon the audit results. If Landlord objects to Tenant's audit results, the parties shall review those results with their respective accountants and use reasonable efforts to resolve their differences.

11. **Exclusions.** The Tenant Improvement Costs shall not include any costs incurred for asbestos abatement or other items that are part of the Base Building Improvements, in that all such work shall be performed at the sole cost and expense of Landlord.

12. **Telephone/Computer Room and Equipment.** Landlord shall complete the telephone equipment room(s) including permanent power and HVAC, in compliance with the Final Plans and applicable Change Orders, if any, at least 30 days prior to the Projected Commencement Date. During this 30 day period, if Tenant elects to deliver and/or install telephone/data equipment delivered to the site for programming prior to the Commencement Date, same shall be at Tenant's sole risk (Tenant shall be responsible for theft or damage to same and shall cover same through the insurance of Tenant under the Lease).

13. **Delay.**

13.1. **Tenant Delays and Force Majeure Delays.** Except as set forth herein or in the Lease: (i) no delay in the completion of construction of the Tenant Improvements shall be considered in the determination of the Commencement Date of the Lease, other than Tenant Delays and Force Majeure Delays, and (ii) under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Tenant Improvements that are not Tenant Delays or Force Majeure Delays. Subject to the provisions of Section 13.2, the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (a) Tenant fails or refuses to give authorizations or approvals within the time periods required herein but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delays"); or (b) Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage, governmental delays in inspections, approvals or processing of applications relating to the Tenant Improvements, and/or other causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delays").

13.2. **Limitations.**

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

(b) **Mitigation.** Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date only in the event that Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make (provided that any additional cost

incurred by Landlord due to such effort shall be included in the Tenant Improvement Costs or Tenant agrees in writing to pay to such excess).

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

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

14. **Default.** Any default by either Landlord or Tenant under the terms of this Landlord's Work Letter shall constitute a default by such party under the Lease and shall entitle the other party to exercise all remedies set forth in the Lease.

15. **Tenant Remedies.** If Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration (including, without limitation, Tenant Delays and Force Majeure Delays), or if the Tenant Improvements have not been Substantially Completed within 60 days after the Projected Commencement Date (subject to extension for Tenant Delays and Force Majeure Delays), Tenant may, at its option:

14.1. Intentionally Deleted.

14.2. Upon 30 days written notice to Landlord (unless within such 30 day period Landlord begins and thereafter continues to diligently pursue obtaining such permit or Substantially Completing the Tenant Improvements, as applicable), assume the responsibility for providing the Tenant Improvements itself. If Tenant elects to provide Tenant Improvements itself, then:

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

(b). The amount of the Tenant Improvement Costs to be paid by Tenant to Landlord shall be reduced by Tenant's total expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of six percent (6%) (collectively, "Tenant's Total Expense"). The reduction schedule for the Tenant Improvement Costs shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five years and deducted from what Tenant would have otherwise been required to pay as amortization payments for the Tenant Improvement Costs under the Lease (and if that is not sufficient, then also against the rent payable under the Lease for the applicable period).

15. **Representatives.**

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

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

16. **Elevator Usage During Move-In.** Not Applicable

17. **Construction Meetings.** During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within five days of the date the Contractor is selected.

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

LANDLORD:

HARBOR REAL ESTATE LIMITED PARTNERSHIP, a Delaware  
limited partnership

By: Vappareto Corp., an Illinois corporation, Its General  
Partner

By:   
Gregory F. Schem, President

TENANT:

COUNTY OF LOS ANGELES,  
a body politic and corporate

By:   
Name: Carlos E. Marquez

Title: Deputy Director of Real Estate

Date Signed: November 26, 2014

## **ADDENDUM A To Landlord's Work Letter**

### **BASE BUILDING IMPROVEMENTS**

The Base Building Improvements shall be as follows:

- (a) The Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;
- (b) Men's and women's toilet rooms in their existing location and condition, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;
- (c) Electrical/telephone closet with not less than 400 amps;
- (d) Two 208/120 and one 480/277 volt panels connected to the Building power system;
- (e) Existing HVAC systems servicing the Premises to be in good working condition (Landlord shall not be required to eliminate freon or CFC refrigerants or otherwise convert the existing HVAC to any other system of operation);
- (f) Existing primary fire sprinkler distribution in operable condition (connection to secondary piping, distribution and sprinkler heads shall be part of the Tenant Improvements);
- (g) Existing primary fire-life safety enunciation system "backbone" and panels in operable condition (connection and distribution shall be part of the Tenant Improvements, if applicable);
- (h) Access at panels in the service core for use as part of the Tenant Improvements to distribute electrical power per the Final Plans.

## **ADDENDUM B To Landlord's Work Letter**

### **TENANT IMPROVEMENTS**

Tenant improvements shall include:

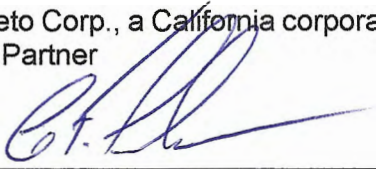
- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises;
- (c) Interior finishes of any kind within the Premises;
- (d) Interior partitions, doors and hardware within the Premises;
- (e) HVAC or air distribution ducting and devices (including, without limitation, air compressors, air handlers, and other equipment needed in addition to or in lieu of what is existing) to or within the Premises;
- (f) As applicable, Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor;
- (g) Distribution of electrical services, plumbing and sewer services and sprinklers to the Premises, and domestic hot water heater and associated hot water piping;
- (h) Any and all signs for Tenant and the power therefor;
- (i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (j) Additional and/or above standard electrical capacity;
- (k) Fiber optic access, if available;
- (l) Construction of a mezzanine as per Tenant's plans and specifications; and
- (m) Additional restrooms and alterations to existing restrooms (which are part of the Base Building Improvements provided by Landlord), including hot and cold water fixtures, sinks, toilets, showers and other fixtures and equipment, mirrors, locker room, ceilings, floors and other alterations to cause same to be ADA compliant; and
- (n) Locker room.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 as of the date and year first written above.

LANDLORD:

HARBOR REAL ESTATE LIMITED  
PARTNERSHIP, a Delaware limited  
partnership

By: Vappareto Corp., a California corporation,  
Its General Partner

By:   
\_\_\_\_\_  
Gregory F. Schem, President

TENANT:


COUNTY OF LOS ANGELES,  
a body corporate and politic

FESIA A. DAVENPORT  
Chief Executive Officer

By: \_\_\_\_\_  
John T. Cooke  
Assistant Chief Executive Officer  
Asset Management Branch

APPROVED AS TO FORM:

DAWYN R. HARRISON  
Acting County Counsel

By:   
\_\_\_\_\_  
Senior Deputy

ATTEST:

DEAN C. LOGAN  
Registrar-Recorder/County Clerk

By: \_\_\_\_\_  
Deputy

# BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

<b>CLUSTER AGENDA REVIEW DATE</b>	7/13/2022							
<b>BOARD MEETING DATE</b>	8/9/2022							
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	<input type="checkbox"/> All <input type="checkbox"/> 1 <sup>st</sup> <input type="checkbox"/> 2 <sup>nd</sup> <input type="checkbox"/> 3 <sup>rd</sup> <input type="checkbox"/> 4 <sup>th</sup> <input checked="" type="checkbox"/> 5 <sup>th</sup>							
<b>DEPARTMENT(S)</b>	Child Support Services Department							
<b>SUBJECT</b>	Approve the exercise of a 5-year option to extend the lease for the use of an existing 14,660 square foot office facility at 42281 10 <sup>th</sup> St., W. Lancaster, CA 93534							
<b>PROGRAM</b>	Case Management and Investigations							
<b>AUTHORIZES DELEGATED AUTHORITY TO DEPT</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							
<b>SOLE SOURCE CONTRACT</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why: N/A							
<b>DEADLINES/ TIME CONSTRAINTS</b>	The lease expired May 24, 2022 and is currently on month-to-month holdover with no penalty. The lease allows the County to exercise the option while in holdover.							
<b>COST &amp; FUNDING</b>	<table border="1"> <tr> <td>Total cost: \$335,985 (yr. 1 incl. utilities); \$1,830,000 (over 5-year term)</td><td>Funding source: The rental costs will be funded 100 percent from State and Federal funding sources.</td></tr> <tr> <td colspan="2">TERMS (if applicable): The proposed lease amendment is subject to annual cpi adjustments of 2.5% minimum and 4% maximum through the 5-year option term. The early termination right favoring the County remains unchanged per the original lease.</td></tr> <tr> <td colspan="2">Explanation: Sufficient funding to cover the proposed rent for the first year of the proposed lease term is included in the Fiscal Year (FY) 2022-23 Rent Expense budget and will be billed back to the CSSD. CSSD has sufficient funding in its FY 2022-23 Operating Budget to cover the proposed lease expenses for the first year. Beginning in FY 2023-24 ongoing funding for costs associated with the proposed lease will be included in the budget for CSSD.</td></tr> </table>		Total cost: \$335,985 (yr. 1 incl. utilities); \$1,830,000 (over 5-year term)	Funding source: The rental costs will be funded 100 percent from State and Federal funding sources.	TERMS (if applicable): The proposed lease amendment is subject to annual cpi adjustments of 2.5% minimum and 4% maximum through the 5-year option term. The early termination right favoring the County remains unchanged per the original lease.		Explanation: Sufficient funding to cover the proposed rent for the first year of the proposed lease term is included in the Fiscal Year (FY) 2022-23 Rent Expense budget and will be billed back to the CSSD. CSSD has sufficient funding in its FY 2022-23 Operating Budget to cover the proposed lease expenses for the first year. Beginning in FY 2023-24 ongoing funding for costs associated with the proposed lease will be included in the budget for CSSD.	
Total cost: \$335,985 (yr. 1 incl. utilities); \$1,830,000 (over 5-year term)	Funding source: The rental costs will be funded 100 percent from State and Federal funding sources.							
TERMS (if applicable): The proposed lease amendment is subject to annual cpi adjustments of 2.5% minimum and 4% maximum through the 5-year option term. The early termination right favoring the County remains unchanged per the original lease.								
Explanation: Sufficient funding to cover the proposed rent for the first year of the proposed lease term is included in the Fiscal Year (FY) 2022-23 Rent Expense budget and will be billed back to the CSSD. CSSD has sufficient funding in its FY 2022-23 Operating Budget to cover the proposed lease expenses for the first year. Beginning in FY 2023-24 ongoing funding for costs associated with the proposed lease will be included in the budget for CSSD.								
<b>PURPOSE OF REQUEST</b>	Approval of the recommended actions will authorize and continue to adequately provide necessary office space for CSSD.							
<b>BACKGROUND (include internal/external issues that may exist including any related motions)</b>	The County has leased the current location since May 2012. The lease expired as of May 24, 2022. The lease option will commence effective upon approval of the Board. The facility meets the ongoing space needs of the Department.							
<b>EQUITY INDEX OR LENS WAS UTILIZED</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:							
<b>SUPPORTS ONE OF THE NINE BOARD PRIORITIES</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please state which one(s) and explain how:							
<b>DEPARTMENTAL CONTACTS</b>	Michael Navarro CEO- Real Estate Division 213-974-4364 mnavarro@ceo.lacounty.gov							



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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

FESIA A. DAVENPORT  
Chief Executive Officer

August 9, 2022

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

Dear Supervisors:

Board of Supervisors  
HILDA L. SOLIS  
First District

HOLLY J. MITCHELL  
Second District

SHEILA KUEHL  
Third District

JANICE HAHN  
Fourth District

KATHRYN BARGER  
Fifth District

**EXERCISE A FIVE-YEAR OPTION TO EXTEND LEASE  
CHILD SUPPORT SERVICES DEPARTMENT  
42281 10<sup>TH</sup> STREET, LANCASTER  
(FIFTH DISTRICT) (3 VOTES)**

**SUBJECT**

Approval to exercise an option to extend and authority to amend the expiration date of the existing lease for a five-year term to provide the Child Support Services Department (CSSD) continued use of 14,660 square feet of office space and 80 on-site parking spaces for its Division VI Antelope Valley regional headquarters office.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed option and lease amendment to extend the expiration date are 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 exercise the first option to extend the existing lease for an additional five years (Option 1) and execute the proposed lease amendment documenting the extension with A.J. ELIOPULOS COMMERCIAL/INDUSTRIAL DEVELOPMENT, INC., a California corporation (Landlord), for approximately 14,660 square feet of office space and 80 on-site parking spaces located at 42281 10<sup>th</sup> Street, Lancaster, CA 93534, for CSSD. The estimated first year rental cost is \$335,985, which includes base rent of \$308,459 and utilities of \$27,526. The estimated total lease cost is \$1,830,000 over the five-year term. The rental and related costs will be 100 percent funded from State and federal funding sources.



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 existing lease, as amended by the proposed lease amendment, including, without limitation, exercising early termination rights and the second five-year option-to-extend (Option 2). If Option 2 is exercised, the estimated first year rental cost is approximately \$413,894, which includes base rent of \$375,287 and utilities of \$38,607. The estimated total lease cost of Option 2 would be \$2,256,000 over the five-year extended term. If both Options are exercised, the total added term to the existing lease will be another 10 years. The estimated total lease cost is approximately \$4,086,000 over the potential ten-year lease extension term.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

CSSD has occupied the subject facility since 2014 when this office was built-out for its Division VI administrative headquarters offices. CSSD provides direct service programs otherwise not provided in this area. The existing facility is readily accessible to the public and located in an office building complex near a Fifth District Supervisorial field office servicing the Antelope Valley community.

There are approximately 60 staff currently housed at this Division VI headquarters facility. Currently, there are approximately 15,000 cases under the scope of the Division, which handles early intervention for the department, reviewing every new court order to verify that it is a “right-sized” order and then availing staff to participants to ensure that they know who to contact and what needs to be done on their case each month. The office, which is located the farthest north within the County, serving participants mostly from the Antelope and Santa Clarita Valleys, sees approximately 150 participants per month.

As this is a direct service program open to the public, teleworking is under consideration for administrative purposes, but due to the investigatory and interpersonal nature required of the program, teleworking is possible on a limited basis only.

The existing lease expired on May 24, 2022, and is currently in holdover without a holdover fee. The existing lease allows the County to exercise the Option while in holdover as provided by the existing lease. Upon approval of this Option by the Board, the extended term will commence for an additional five years. CSSD has requested that the Option be exercised so that it may continue to provide case management and related services at this location serving the residents of the greater Antelope Valley region.

The existing facility is near public transportation routes including Antelope Valley Transit bus lines.

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

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal 2 - *“Foster Vibrant and Resilient Communities”* - provides that our investments in the lives of County residents are sustainable only when grounded in strong communities. We want to be the hub of a network of public-private partnering agencies supporting vibrant communities.

The proposed Option is also consistent with the Strategic Asset Management Plan Goal 2 – Strengthen Connection between Service Priorities and Asset Decisions; and Key Objective 4 – Guide Strategic Decision-Making.

The proposed Option supports the above goals and objective by continuing to provide a full-service CSSD facility for constituents in the Antelope Valley community and surrounding vicinities on a long-term basis.

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

### **FISCAL IMPACT/FINANCING**

The aggregate estimated cost associated with the proposed lease extension over the entire five-year term is \$1,830,000 as shown in Enclosure B-1 as Option 1. The rental costs will be funded 100 percent from State and federal funding sources.

In addition, authority is requested for the CEO to exercise Option 2, which will be exercised if CSSD desires to remain in this space at the end of the five-year extension term, CSSD completes the space request evaluation process and is approved by CEO real estate and budget, and an analysis has been performed to confirm the then option rent is below or within market at the time. If both Option 1 and Option 2 are exercised, the total added term to the lease will be another 10 years at an estimated total lease cost of approximately \$4,086,000.

Sufficient funding to cover the rent for the first year of the proposed extended lease term is included in the Fiscal Year (FY) 2022-23 Rent Expense budget and will be billed back to CSSD. CSSD has sufficient funding in its FY 2022-23 Operating Budget to cover the proposed rent, utilities, and operating expenses for the first year. Beginning in FY 2023-24, ongoing funding for costs associated with the proposed amendment will be part of the budget for CSSD.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In addition to the terms previously stated, by exercising the proposed Option, the County will be subject to the following:

- Upon commencement of the proposed Option amendment, the annual rental rate will increase from \$20.23 per square foot per year to a maximum of \$21.04 per square foot per year including parking. The base rent remains, subject to annual increases based on the Consumer Price Index (CPI) of 2.5 percent minimum and maximum of 4 percent per the existing lease. The CPI adjustment date shall remain unchanged per the original lease.
- The Landlord is responsible for the operating and maintenance costs of the building and the County is responsible for utilities. The County is not subject to the building's operating expense increases.
- Parking for 80 on-site spaces is included at no additional cost.
- A comparison of the existing lease and the option terms are shown on Enclosure B-2.
- The County is exercising the first of two options to extend the existing lease. Another five-year option remains upon the same terms and conditions.
- The County retains its right to terminate the lease anytime after the 84<sup>th</sup> month, per terms of the existing lease.
- Holdover upon lease expiration is permitted on the same lease terms and conditions in effect at the time of the proposed lease expiration.
- The proposed option amendment will be effective upon approval by the Board.

The Chief Executive Office (CEO) conducted a market search of available commercial space for lease to confirm the option rent set forth in the existing lease is within market range and to confirm there are no other sites that could accommodate this use requirement more economically. Based upon a review of available industry data, it has been established that the annual base rental range for a comparable lease in the area is between \$16.20 and \$24.60 per square foot, per year. The proposed base annual rental rate of \$21.04 per square foot, per year, for the extension term represents a rate that is within the market range for the area. Further, relocation to a new building would require costly new tenant improvements. Therefore, we recommend the proposed facility as the most suitable to meet the County's ongoing space requirements. The CEO has communicated with co-working office space companies and associated real estate brokerage houses about office space for the applicable programs in the Antelope Valley

area, and they have informed us that they do not have available work programs in the area to accommodate the space needs. In addition, co-working office space is not programmatically conducive or financially viable in comparison to rental costs of renewing this traditional office configuration.

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.

A seismic report is not required as this building was built in 2008 and meets current standards for the County's occupancy. The required notification letter to the City of Lancaster has been sent in accordance with Government Code section 25351.

County Counsel has reviewed the proposed Option amendment and approved it as to form. The proposed Option 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 Option amendment will allow CSSD to continue to provide an appropriate location for the program, 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 Option amendment, which involves the leasing of existing 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 Option amendment will adequately provide the necessary CSSD space and parking for this County requirement. CSSD concurs with the recommendation for the exercise of the option to extend and proposed lease amendment.

**CONCLUSION**

It is requested that the Executive Office of the Board of Supervisors, return one certified copy of the Minute Order and an adopted stamped copy of this Board letter to the CEO, Real Estate Division at 320 West Temple Street, 7th Floor, Los Angeles, CA 90012, for further processing.

Respectfully submitted,

FESIA A. DAVENPORT  
Chief Executive Officer

FAD:JMN:JTC  
JLC:MN:NH:gw

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Child Support Services

**CHILD SUPPORT SERVICES DEPARTMENT  
42281 10<sup>TH</sup> STREET, LANCASTER**

**Asset Management Principles Compliance Form<sup>1</sup>**

<b>1.</b>	<b><u>Occupancy</u></b>		<b>Yes</b>	<b>No</b>	<b>N/A</b>
	A	Does lease consolidate administrative functions?	<b>X</b>		
	B	Does lease co-locate with other functions to better serve clients?	<b>X</b>		
	C	Does this lease centralize business support functions?	<b>X</b>		
	D	Does this lease meet the guideline of 200 sq. ft of space per person? <b>Ratio is 235sf per person due to reception, meeting and conference rooms.</b>		<b>X</b>	
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline?	<b>X</b>		
	F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location?	<b>X</b>		
<b>2.</b>	<b><u>Capital</u></b>				
	A	Is it a substantial net County cost (NCC) program? <b>The rental costs are funded 100% by State and Federal funds.</b>		<b>X</b>	
	B	Is this a long-term County program?	<b>X</b>		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		<b>X</b>	
	D	If no, are there any suitable County-owned facilities available?		<b>X</b>	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			<b>X</b>
	F	Is Building Description Report attached as Enclosure C?	<b>X</b>		
	G	Was build-to-suit or capital project considered? <b>This is an extension of existing lease.</b>		<b>X</b>	
<b>3.</b>	<b><u>Portfolio Management</u></b>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	<b>X</b>		
	B	Was the space need justified?	<b>X</b>		
	C	If a renewal lease, was co-location with other County departments considered?			<b>X</b>
	D	Why was this program not co-located with other County departments?			<b>X</b>
		1. ____ The program clientele requires a "stand alone" facility.			
		2. <b><u>X</u></b> No suitable County occupied properties in project area.			
		3. ____ No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. ____ The Program is being co-located.			
	E	Is lease a full-service lease? <b>Existing modified-gross lease; County pays utilities.</b>		<b>X</b>	
	F	Has growth projection been considered in space request?	<b>X</b>		
	G	Has the Dept. of Public Works completed seismic review/approval? <sup>1</sup>	<b>X</b>		
<sup>1</sup> As approved by the Board of Supervisors 11/17/98					

## OVERVIEW OF THE PROPOSED BUDGETED LEASE AMENDMENT AND RELATED COSTS

Child Support Services Department  
42281 10th Street, W., Lancaster

### Option 1 Basic Lease Assumptions

Leased Area (sq.ft.)	14,660	
Term (months)	60	
Annual Rent Adjustment	4.00%	cpi 2.5% min w/4% cap
Base Rent	Cost Per RSF	Cost Per RSF
	Per Month - 1 <sup>st</sup> Year	Per Year - 1 <sup>st</sup> Year
	\$1.75	\$21.04

### Option 2 Basic Lease Assumptions

Leased Area (sq.ft.)	14,660	
Term (months)	60	
Annual Rent Adjustment	4.00%	cpi 2.5% min, w/4% cap
Base Rent	Cost Per RSF	Cost Per RSF
	Per Month - 1 <sup>st</sup> Year	Per Year - 1 <sup>st</sup> Year
	\$2.13	\$25.60

Option 1	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	4 <sup>th</sup> Year	5 <sup>th</sup> Year	Total 5 Year Rental Costs
Annual Base Rent Costs <sup>1</sup>	308,459	320,797	333,629	346,974	360,853	1,671,000
Utility Expenses via ISD <sup>2</sup>	27,526	29,453	31,515	33,721	36,081	159,000
<b>Total Annual Lease Costs</b>	<b>335,985</b>	<b>350,250</b>	<b>365,144</b>	<b>380,695</b>	<b>396,934</b>	<b>1,830,000</b>

Option 2	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	4 <sup>th</sup> Year	5 <sup>th</sup> Year	Total 5 Year Rental Costs
Annual Base Rent Costs <sup>1</sup>	375,287	390,299	405,911	422,147	439,033	2,033,000
Utility Expenses <sup>2</sup>	38,607	41,309	44,201	47,295	50,605	223,000
<b>Total Annual Lease Costs</b>	<b>413,894</b>	<b>431,608</b>	<b>450,111</b>	<b>469,442</b>	<b>489,638</b>	<b>2,256,000</b>

	Option 1	Option 2	Total
<b>Total Annual Lease Costs</b>	<b>1,830,000</b>	<b>2,256,000</b>	<b>4,086,000</b>

### Footnotes

<sup>1</sup> Base rent includes increases per cpi, 4% cap per annum.

<sup>2</sup> Utility costs are projected estimates subject to change based on actual consumption and utility rates with 7% annual adjustment applied to future years.

\* Calculation note: All numbers are rounded up to ensure sufficient funds available.

**COMPARISON OF THE PROPOSED LEASE TO EXISTING TENANCY  
CHILD SUPPORT SERVICES DEPARTMENT**

	<b>Existing Lease</b> <b>42281 10<sup>th</sup> Street West</b> <b>Lancaster</b>	<b>Proposed Lease</b> <b>Amendment</b> <b>42281 10<sup>th</sup> Street West</b> <b>Lancaster</b>	<b>Change</b>
Area (Square Feet)	14,660 sq. ft.	14,660 sq. ft.	None
Term (years)	10 years	5 years	+Five years
Annual Base Rent <sup>(1)</sup> (Base rent includes 80 parking spaces)	\$296,595 (\$20.23 per sq. ft. annually)	\$308,459 (\$21.04 per sq. ft. annually)	+\$11,864 (+\$0.81 annually)
Janitorial/Utilities/Maintenance <sup>(2)</sup>	\$25,725	\$27,526	+\$1,801
Rental rate annual adjustment	Annual CPI adjustments capped at 4 percent with minimum of 2.5 percent.	Annual CPI adjustments capped at 4 percent with minimum of 2.5 percent.	None

<sup>(1)</sup> This is a modified-gross lease whereby the County pays for utilities.

<sup>(2)</sup> Estimated increases of 7% annually. County pays for utilities and Landlord pays for Janitorial & Maintenance.



**CHILD SUPPORT SERVICES DEPARTMENT  
SPACE SEARCH – ANTELOPE VALLEY REGION  
42281 10<sup>th</sup> STREET WEST, LANCASTER**

Property ID	Name	Address	Ownership Type	Gross SqFt	Net Sqft	Vacant
T623	High Desert - Doctors' Offices/Library Trailer	44900 N 60th St. W Lancaster 93536	Owned	4,023	3,822	NONE
Y373	PW WWD#04 - North Administration Building	419 W Ave J Lancaster 93534	Owned	4,128	3,428	NONE
L672	RR/CC - Cty Counsel Lancaster Office	44509 16th St. Lancaster 93534	Leased	4,367	4,149	NONE
Y770	Mira Loma - Office Building	45100 N 60th St. W Lancaster 93536	Owned	4,389	3,021	NONE
T585	High Desert - Gibbons Support Annex	44900 N 60th St. W Lancaster 93536	Owned	4,818	4,457	NONE
4549	Fox Airfield - Administration Building – 1	4555 W Ave G Lancaster 93536	Owned	6,785	1,779	NONE
X232	PW Road - Palmdale Maintenance District #5 Building	38126 N Sierra Hwy Palmdale 93550	Owned	7,040	6,336	NONE
A297	Sheriff - Lancaster Administrative Office	501 W Lancaster Blvd Lancaster 93534	Permit	7,557	6,801	NONE
Y832	Mira Loma - Complex Administration Building 1	45100 N 60th St. W Lancaster 93536	Financed	8,430	5,587	NONE
A149	DMH - Adult Protective Services	2323 A E Palmdale Blvd Palmdale 93550	Leased	9,255	8,303	NONE
A459	DCFS - Administrative Lancaster	300 E Ave K-6 Lancaster 93535	Leased	11,000	10,450	NONE
A623	F.I.L.P.	1420 W Ave I Lancaster 93534	Leased	11,600	11,600	NONE
X542	PW - Waterworks North Maint Area Office	260 E Ave K-8 Lancaster 93535	Owned	12,883		NONE
X495	PW - Waterworks North Maintenance Area HQ Building	260 E Ave K-8 Lancaster 93535	Owned	13,200	11,155	NONE
4683	Probation - Antelope Valley Reg Off	43423 N Division St. Lancaster 93535	Leased	13,800	13,110	NONE
A079	Assessor - Lancaster Regional Offices	251 E Ave K-6 Lancaster 93535	Owned	15,338	13,712	NONE
10209	Antelope Valley Juvenile Program	43917 Division St. Lancaster 93535	Leased	15,500	14,725	NONE
4586	Lancaster Courthouse - Services Building	1110 W Ave J Lancaster 93534	Owned	18,488		NONE
A380	DPSS - Antelope Valley Gain Reg II Sub – Office	1050 E Palmdale Blvd Palmdale 93550	Leased	18,795	17,855	NONE
A642	DPSS - Lancaster Gr/Grow Office	335 E Ave K-10 Lancaster 93535	Leased	25,166	-	NONE
10214	DCFS REGIONAL OFFICE LANCASTER /HS	176 Holston Dr Lancaster 93535	Leased	49,000	46,550	NONE
A576	DCFS - Palmdale (SPA 1) & Palmdale Adoptions	39959 Sierra Hwy Palmdale 93550	Leased	49,500	-	NONE
X537	Sheriff - Palmdale Station	750 E Ave Q Palmdale 93550	Owned	50,186	46,307	NONE
A433	Antelope Valley Service Center - Building A	349 E Ave K-6 Lancaster 93535	Owned	51,000	33,932	NONE
L622	Parking Lot (Antelope Valley Court Public Parking)	42011 4th St. W and 421 W Ave M Lancaster 93534	CA - Superior Courts	355,450	355,450	NONE

## FACILITY LOCATION POLICY ANALYSIS

**Proposed lease:** Exercise of five-year lease option and corresponding lease amendment for CSSD – 42281 10<sup>th</sup> Street West, Lancaster – Fifth District.

**A. Establish Service Function Category – Lancaster CSSD Division VI**

**B. Determination of the Service Area –** The existing CSSD space has been occupied since 2014 in Service Area 1. The proposed lease amendment will provide CSSD with another five years of continued use of 14,660 square feet of office space and 80 on-site parking spaces included in the lease.

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

- Need for proximity to service area and population: This location meets the needs of CSSD and remains in an appropriate area.
- 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., by various public transportation routes, including Antelope Valley Transit system and is in proximity to the 14 freeway.
- Availability of affordable housing for County employees: N/A
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative buildings available to meet the department's needs. CSSD has been at this location since 2014.
- Compatibility with local land use plans: The City of Lancaster has been notified of the proposed County use which is consistent with its use and zoning for space at this location.
- Estimated acquisition/construction and ongoing operational costs: The estimated aggregate cost associated with the proposed lease over the 5-year term is approximately \$1,830,000.

**D. Analyze results and identify location alternatives**

The CEO conducted a market search of available space for lease to confirm the option rent was within market and to confirm there are no other sites that could accommodate this requirement more economically. Based upon a review of available industry data, it has been established that the annual base rental range for a comparable lease in the area is between \$16.20 and \$24.60 per square foot, per year. The base annual rental rate of \$21.04 per square foot, per year, for the proposed lease represents a rate that is within the market range for the area. Further, relocation to a new building would require extensive and costly new tenant improvements. We recommend the proposed facility 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 will provide adequate and efficient office space for CSSD consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012. There are no readily available buildings in the area that meet the department requirements.

**AMENDMENT NO. 1 TO LEASE  
42281 10th STREET WEST, LANCASTER, CALIFORNIA**

THIS AMENDMENT NO. 1 TO LEASE ("Amendment No. 1") is hereby made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2022 ("Amendment Effective Date"), by and between A.J. ELIOPULOS COMMERCIAL/INDUSTRIAL DEVELOPMENT, INC., a California corporation ("Landlord"), and COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant").

**RECITALS**

- A. WHEREAS, the parties entered into that certain lease, executed on December 20, 2011 ("Lease"), for approximately 14,660 square feet of office space located at 42281 10th Street, Lancaster, California. A copy of the Lease is attached hereto and incorporated herein by this reference as Exhibit 1.
- B. WHEREAS, the Lease had an initial term of ten (10) years. The initial term expired on May 24, 2022.
- C. WHEREAS, the Lease is currently in Holdover, as permitted under the terms of the Lease.
- D. WHEREAS, Section 4.5 of the Lease granted Tenant two (2) five-year term extension options, which option could be exercised by Tenant, at its sole and absolute discretion.
- E. WHEREAS, Tenant hereby exercises its first extension option, which will extend the term of the Lease for five additional years.
- F. WHEREAS, Landlord and Tenant desire to amend the Lease on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

**AGREEMENTS**

1. Definitions. Unless otherwise defined in this Amendment No. 1, each capitalized term used in this Amendment No. 1 has the meaning assigned to such term in the Lease. Unless otherwise indicated, all paragraph references in this Amendment No. 1 refer to paragraphs of the Lease.
2. Incorporation of Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference.
3. Lease Term. The initial term of the lease expired on May 24, 2022. Tenant elects to exercise its first extension option "First Extension Term", which first extension shall be effective as of the Amendment Effective Date therefore extending the term of the Lease for five (5) additional years on all the same terms and conditions. Landlord and Tenant agree that the First Extension Term shall expire on the fifth (5th) Anniversary of the Amendment Effective Date, which will now be the new Lease 'Termination Date' under the Lease subject to earlier termination by Tenant as provided in Section 4.4 of the Lease. Notwithstanding, nothing in this Amendment No. 1 is intended to change or modify the Basic Rent, including the Adjustment Date, as provided under Section 5 of the Lease.

4. Estoppel. Landlord hereby represents and warrants that no event of default by Tenant under the Lease exists as of the date hereof, nor has any event occurred which, with the passage of time or the giving of notice, or both, would constitute an event of default by Tenant.

5. Binding Agreement. This Amendment No. 1 constitutes the entire agreement between the parties hereto with respect to the transaction contemplated herein, and it supersedes all prior understandings or agreements between the parties relative to such Amendment No. 1. Each signatory of this Amendment No. 1 represents that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

6. Modifications. This Amendment No. 1 cannot be changed orally, and no agreement shall be effective to waive, change, modify or discharge it in whole or in part unless such agreement is in writing and is signed by the parties against whom enforcement of any such change is sought.

7. Applicable Law. This Amendment No. 1 shall be governed by and construed in accordance with the laws of the State of California.

8. Execution and Counterparts. This Amendment No. 1 and any other document necessary for the consummation of the transaction contemplated by this Amendment No. 1 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 Amendment No. 1, 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. 1 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. 1 had been delivered had been signed using a handwritten signature. Tenant and Landlord (i) agree that an electronic signature, whether digital or encrypted, of a party to this Amendment No. 1 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. 1 based on the foregoing forms of signature. If this Amendment No. 1 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.

9. Severability. Wherever possible, each provision of this Amendment No. 1 shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment No. 1 shall be prohibited by or invalid under applicable laws, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment No. 1.

10. Further Assurances. Each party agrees that it will execute and deliver such other documents and take such other action, whether prior or subsequent to the Amendment No. 1

Effective Date, as may be reasonably requested by the other party to consummate the transaction contemplated by this Amendment No. 1.

11. Full Force and Effect. Except as modified by this Amendment No. 1, all of the terms, conditions, agreements, covenants, representations, warranties and indemnities contained in the Lease remain in full force and effect. In the event of any conflict between the terms and conditions of this Amendment No. 1 and the terms and conditions of the Lease, the terms and conditions of this Amendment No. 1 shall prevail.

*[Signature Page(s) Immediately Follow]*

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 as of the date and year first written above.

LANDLORD:

A.J. ELIOPULOS  
COMMERCIAL/INDUSTRIAL  
DEVELOPMENT, INC.,  
a California Corporation

By: 

Name: ANDREW J ELIOPULOS

Title: OWNER

TENANT:

COUNTY OF LOS ANGELES,  
a body corporate and politic

FESIA A. DAVENPORT  
Chief Executive Officer

By: \_\_\_\_\_  
John T. Cooke  
Assistant Chief Executive Officer  
Asset Management Branch

APPROVED AS TO FORM:

DAWYN R. HARRISON  
Acting County Counsel

By: 

Deputy

ATTEST:

DEAN C. LOGAN  
Registrar-Recorder/County Clerk

By: \_\_\_\_\_

Deputy

**EXHIBIT 1**  
**LEASE**



# BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

<b>CLUSTER AGENDA REVIEW DATE</b>	7/13/2022	
<b>BOARD MEETING DATE</b>	7/26/2022	
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	<input checked="" type="checkbox"/> All <input type="checkbox"/> 1 <sup>st</sup> <input type="checkbox"/> 2 <sup>nd</sup> <input type="checkbox"/> 3 <sup>rd</sup> <input type="checkbox"/> 4 <sup>th</sup> <input type="checkbox"/> 5 <sup>th</sup>	
<b>DEPARTMENT(S)</b>	Department of Consumer and Business Affairs, Treasurer & Tax Collector, Registrar Recorder	
<b>SUBJECT</b>	Cannabis Tax Ordinance and Ballot Measure	
<b>PROGRAM</b>	Office of Cannabis Management	
<b>AUTHORIZES DELEGATED AUTHORITY TO DEPT</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>SOLE SOURCE CONTRACT</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:	
<b>DEADLINES/ TIME CONSTRAINTS</b>	August 9 Board approval deadline to place on November Ballot	
<b>COST &amp; FUNDING</b>	Total cost: None	Funding source: N/A
	TERMS (if applicable):	
	Explanation: If ballot measure is approved by voters, anticipated general fund revenue of \$10.360M annually from cannabis business taxes on gross receipts and cultivation.	
<b>PURPOSE OF REQUEST</b>	The Department of Consumer and Business Affairs (DCBA) is seeking Board approval to adopt the Cannabis Business Tax resolution to place a general tax measure on the November 8, 2022 election ballot, which would allow the County to tax cannabis businesses in the unincorporated areas of LA County if approved by a two-thirds vote of the County Board of Supervisors and a majority of the qualified voters voting in the election on the issue.	
<b>BACKGROUND (include internal/external issues that may exist including any related motions)</b>	On February 15, 2022, your Board directed DCBA Office of Cannabis Management (OCM) to develop an equitable commercial cannabis program. The Board also directed OCM to work with a tax consultant to report back with a proposed tax structure and fiscal analysis for commercial cannabis activities, including a potential voter measure for the November 2022 ballot.	
<b>EQUITY INDEX OR LENS WAS UTILIZED</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:	
<b>SUPPORTS ONE OF THE NINE BOARD PRIORITIES</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please state which one(s) and explain how:	
<b>DEPARTMENTAL CONTACTS</b>	Name, Title, Phone # & Email: Hyunhye Seo, Chief, Office of Cannabis Management of Department of Consumer and Business Affairs. hseo@dcba.lacounty.gov	

BOARD LETTER NOT AVAILABLE  
AT TIME OF POSTING