



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

FESIA A. DAVENPORT  
Chief Executive Officer

**DATE:** November 16, 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 – Koffi Kouassi/Anthony Baker**
2. **INFORMATIONAL ITEM(S):**
  - A) Board Letter:  
ACQUISITION OF COMPUTER EQUIPMENT TO REPLACE END-OF-LIFE  
HARDWARE FOR ONE IBM MAINFRAME SYSTEM AND ONE IBM  
POWER 10 SYSTEM, SUPPORTING COUNTYWIDE APPLICATIONS IN  
THE COUNTY'S DATA CENTER (DC1)  
ISD - Rumi Salihue, Division Manager
  - B) Board Memo:  
NOTIFICATION OF INTENT TO NEGOTIATE A SOLE SOURCE  
CONTRACT WITH CORELOGIC SOLUTIONS, LLC (CORELOGIC) FOR  
REAL ESTATE FRAUD NOTIFICATION SERVICES BY MAIL  
RR/CC - Albert Navas, Assistant RR/CC and  
Monique Blakely, Assistant RR/CC

**CONTINUED ON PAGE 2**

- C) Board Letter:  
BOND ANTICIPATION NOTES  
AUTHORIZATION AND REIMBURSEMENT RESOLUTION  
CEO/CP - Lilly Qi, Principal Analyst
- D) Board Letter:  
TEN-YEAR LEASE  
DEPARTMENT OF MENTAL HEALTH  
5860 UPLANDER WAY, CULVER CITY  
CEO/RE - Michael Navarro, Lease Section Chief
- E) Board Letter:  
TWO-YEAR LEASE  
DEPARTMENT OF PUBLIC SOCIAL SERVICES  
2255 NORTH GAREY AVENUE, POMONA  
CEO/RE - Michael Navarro, Lease Section Chief
- F) Board Letter:  
APPROVAL OF MITIGATED NEGATIVE DECLARATION AND LEASE TO  
CHARLES R. DREW UNIVERSITY OF MEDICINE AND SCIENCE FOR  
PROPOSED HEALTH PROFESSIONS EDUCATION BUILDING  
CEO/RE - Michael Rodriguez, Chief Program Specialist
- G) Board Letter:  
HARBOR-UCLA MEDICAL CENTER CAMPUS FIRST AMENDMENT TO  
THE OPTION TO LEASE AGREEMENT WITH THE LUNDQUIST  
INSTITUTE FOR BIOMEDICAL INNOVATION AT THE HARBOR-UCLA  
MEDICAL CENTER CAMPUS FOR A BIOSCIENCE TECHNOLOGY PARK  
CEO/RE - Michael Rodriguez, Chief Program Specialist

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) ISD – REQUEST APPROVAL TO EXECUTE AN OPERATING MEMORANDUM BY AND BETWEEN THE COUNTY OF LOS ANGELES AND THE PERFORMING ARTS CENTER OF LOS ANGELES COUNTY
- B) CEO/RE – FIFTEEN-YEAR LEASE, DEPARTMENT OF PUBLIC WORKS, 12440 IMPERIAL HIGHWAY, SUITE 110, NORWALK
- C) CEO/RE – FIFTEEN-YEAR LEASE , REGISTRAR-RECORDER/COUNTY CLERK, 13401 CROSSROADS PARKWAY NORTH, CITY OF INDUSTRY
- D) CEO/RE – FIVE-YEAR LEASE, SHERIFF'S DEPARTMENT 5130 CLARK AVENUE, LAKEWOOD
- E) CEO/RE – TEN-YEAR LEASE, DEPARTMENT OF CHILDREN AND FAMILY SERVICES, 5100-5110 WEST GOLDLEAF CIRCLE, LOS ANGELES

# BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

<b>CLUSTER AGENDA REVIEW DATE</b>	11/16/2022		
<b>BOARD MEETING DATE</b>	12/6/2022		
<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>	Internal Services Department (ISD)		
<b>SUBJECT</b>	Request to purchase one z15 Mainframe server and one pSeries to support critical County Applications at Data Center 1 (DC1), primary workload and Business Continuity activities.		
<b>PROGRAM</b>	N/A		
<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 existing z13S Mainframe server was purchased in the year 2017 and has completed its five (5) year useful life. The cost of the equipment maintenance has increased significantly, and IBM has withdrawn the Z13S from the market. The new IBM pSeries P10 server will replace older end-of-life systems, which have end of service life of December 31, 2020. Due to the critical nature of the County hosted applications such as Law Enforcement for Sheriff's, Probation, Court Services, Countywide Enterprise Human Resource (e-HR) system, eCAPS, request to complete purchase by end of the calendar year.		
<b>COST &amp; FUNDING</b>	Total cost:	\$2,040,000	Funding source:
	Technology Division Cost Pool – 110 & 121		
	TERMS (if applicable):		
	Explanation:		
<b>PURPOSE OF REQUEST</b>	This request is to replace one of the existing z13S Mainframe server with the new Z15 Mainframe server and to acquire one large capacity IBM pSeries 10 server to replace end-of-life systems. The new server will be used to consolidate workloads running on two (2) older IBM 9117 MMD P7 servers.		
<b>BACKGROUND (include internal/external issues that may exist including any related motions)</b>	This purchase is required to replace end of support server (Z13S) with Z15 Server – part of a two (2) cluster. The IBM Power7 Series has been withdrawn from the market and the two Power7 Series systems need to be replaced with an IBM Power10 to provide critical services to various County departments.		
<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: Rumi Salihue, Division Manager, (562) 940-3969, MSalihue@isd.lacounty.gov		





County of Los Angeles  
**INTERNAL SERVICES DEPARTMENT**

1100 North Eastern Avenue  
Los Angeles, California 90063

SELWYN HOLLINS  
Director

*"Trusted Partner and Provider of Choice"*

Telephone: (323) 267-2101  
FAX: (323) 264-7135

December 6, 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:

**ACQUISITION OF COMPUTER EQUIPMENT TO REPLACE END-OF-LIFE  
HARDWARE FOR ONE IBM MAINFRAME SYSTEM AND ONE IBM POWER 10  
SYSTEM, SUPPORTING COUNTYWIDE APPLICATIONS IN THE COUNTY'S DATA  
CENTER (DC1)  
(ALL SUPERVISORIAL DISTRICTS – 3 VOTES)**

**CIO RECOMMENDATION: APPROVE (X), APPROVE WITH MODIFICATION ( ),  
DISAPPROVE ( )**

**SUBJECT**

Request approval to purchase computer equipment to meet the technology needs of County departments.

**IT IS RECOMMENDED THAT THE BOARD:**

Authorize the Director of the Internal Services Department (ISD), as the County's Purchasing Agent, to purchase IBM computer equipment for a total capital asset expenditure not to exceed \$2,040,000 (\$949,000 + \$1,091,000) to refresh one of the Z13S servers and to replace end-of-life pSeries hardware, respectively at the County's primary Data Center (DC1). These systems support mission critical County applications.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

ISD acquires computer equipment on a periodic basis to meet the computer application needs of County departments. Board approval is required when individual equipment components exceed \$250,000.

System 1: This request is for approval to procure one IBM Z15 server frame with a capacity of 326 MIPS, as part of a two (2) node cluster, to replace one IBM Z13S server located at DC1.

The current Z13S was purchased in 2017 and has completed its five-year useful life. Also, the cost of maintenance has grown significantly, and IBM has withdrawn the Z13S model from the market. This acquisition will provide a fully supported server with substantial savings in maintenance cost. Mainframe applications owned by departments such as the Sheriff, Superior Courts, Department of Public Works, District Attorney, Probation, Department of Health Services, Treasurer Tax Collector, Auditor-Controller, and Assessor are hosted on this system. The total cost of the server will not exceed \$949,000.

System 2: This request is for approval to procure one IBM pSeries server used to consolidate the workloads running on two older IBM 9117 MMD P7 servers located at DC1.

ISD is currently running on end-of-life IBM Power7 AIX frames in the County's Data Center. Running legacy equipment poses a greater security threat since no vulnerability patches will be released. It is additionally cost effective to purchase new equipment due to consolidation, performance and security on the newer platform that can support more workloads than its legacy counterpart. The annual cost of maintenance is also less expensive because IBM charges a premium to maintain older models. The total cost of the new server will not exceed \$1,091,000.

### **IMPLEMENTATION OF STRATEGIC PLANNING GOALS**

The recommended action supports the County Strategic Plan Goal III.2.3, Prioritize and Implement Technology Initiatives that Enhance Service Delivery and Increase Efficiency to support implementation of technological enhancements and acquisitions that increase efficiency (e.g., infrastructure, software, hardware, applications) including replacement of legacy systems and Strategy III.3, Pursue Operational Effectiveness. The acquisition of these computer equipment is necessary to meet the information technology requirements of the departments served by ISD and supports the County strategic goal for Organizational Effectiveness.

### **FISCAL IMPACT/FINANCING**

ISD has funding for the IBM Z15 and pSeries P10 servers acquisition cost of \$2,040,000 in its Fiscal Year 2022-23 Adopted Budget. ISD will recover all these costs through existing billing charges to customer departments. There will be no change in the billing or cost to customers departments. All costs have been planned, budgeted, and approved for the respective hardware refreshes.

No additional net County cost is required for these acquisitions.

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

On October 16, 2001, the Board approved the classification categories for fixed assets (now referred to as capital assets) and new requirements for major capital assets purchases requiring County departments to obtain Board approval to purchase ordinance equipment with a unit cost of \$250,000 or greater prior to submitting their requisition to the County's Purchasing Agent.

In compliance with Board Policy 6.020 "Chief Information Office Board Letter Approval", the Office of the Chief Information Officer (OCIO) reviewed the information technology (IT) components of this request and recommends approval. The OCIO determined this recommended action does not include any new IT items that would necessitate a formal CIO Analysis.

### **CONTRACTING PROCESS**

These procurement falls under the statutory authority of the County's Purchasing Agent and will be accomplished in accordance with the County's Purchasing Policies and Procedures. These brand specific solicitation will be competitively solicited among authorized IBM resellers and awarded to the lowest responsible and responsive bidder. The new IBM Z & pSeries are needed to replace existing IBM Z13S and P7 servers which operate as a cluster/match and inter-member servers.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

System 1: The Z13S servers have been withdrawn from the market and the annual maintenance for these legacy servers has increased significantly. Replacement of the server is required to support nine (9) County departments. These nine departments have sixteen (16) business-critical applications running on the Mainframe. Some of the critical applications, such as the County Warrant System (CWS), Automated Jail Information system (AJIS), Adult Probation System (APS), Trail Courts Information System (TCIS), Secured/Unsecured Tax Roll System (STRS), Prosecutor Information Management System (PIMS), Medical Eligibility System and Property Database System, will be heavily impacted in the event of a hardware failure.

System 2: The IBM Power7 Series has been withdrawn from the market and the two Power7 Series systems need to be replaced with an IBM Power10 to provide critical services to various County departments such as: Countywide Enterprise Content Management (ECM) for providing electronic document related services; Countywide Enterprise Human Resource (e-HR) system, eCAPS Financials and Budget Prep; ISAB Consolidated Criminal Recording System (CCHRS), Proactive Interface Exchange (PIX), and DNA Offenders Tracking System (DOTS).

Approval of the recommended purchases will allow the County to continue providing hosting services for critical applications without interruption

**CONCLUSION**

Upon your Board's approval, the Executive Office, Board of Supervisors, is requested to return one adopted stamped Board letter to ISD as well as two original signed contracts.

Respectfully submitted,

Reviewed By:

SELWYN HOLLINS  
Director

PETER LOO  
Acting Chief Information Officer

SH:BC:RS

K:ITSAdmin/BoardLetters/2022/IBM Z15 Server and pSeries.12.6.22

c: Executive Office, Board of Supervisors  
Chief Executive Officer  
Chief Information Officer  
IT Board Deputies  
County Counsel

# BOARD LETTER/MEMO CLUSTER FACT SHEET

☐ Board Letter

☒ Board Memo

☐ Other

<b>CLUSTER AGENDA REVIEW DATE</b>	11/16/2022	
<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>	Registrar-Recorder/County Clerk (RR/CC)	
<b>SUBJECT</b>	NOTIFICATION OF INTENT TO NEGOTIATE A SOLE SOURCE CONTRACT WITH CORELOGIC SOLUTIONS, LLC (CORELOGIC) FOR REAL ESTATE FRAUD NOTIFICATION SERVICES BY MAIL	
<b>PROGRAM</b>	The Real Estate Fraud Notification Program	
<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 If Yes, please explain why: 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. It is in the best economic interest of the County.	
<b>DEADLINES/ TIME CONSTRAINTS</b>	April 24, 2023 (Expiration of current contract – Contract #15-005)	
<b>COST &amp; FUNDING</b>	Total cost increase: \$0	Funding source: Fully funded by \$7 filing fee paid by customer.
	TERMS (if applicable): N/A	
	Explanation: The existing FY 22-23 ongoing budget for RR/CC includes \$2,200,000 in appropriation and revenue for fraud notification services. Actual expenditures are driven by the number of qualifying documents that are recorded.	
<b>PURPOSE OF REQUEST</b>	The Department of Registrar-Recorder/County Clerk (RR/CC) intends to negotiate a sole source contract with its current contractor, CoreLogic, for real estate fraud notification services.	
<b>BACKGROUND (include internal/external issues that may exist including any related motions)</b>	The RR/CC is responsible for recording real estate documents affecting a homeowner's property ownership in the County. The RR/CC is required to mail fraud notification packets to homeowners or occupants after recordation of real estate documents. The Fraud Notification program and the efforts by RR/CC through CoreLogic's notifications services, continues to provide homeowners and occupants with vital, timely information regarding their real property records. These notification mailings are helping to provide notice of property chain of title changes and protect constituents from real estate foreclosure, eviction and fraud, schemes and scams.	
<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:  Albert Navas, Assistant RR/CC, (562) 462-2652, ANavas@rrcc.lacounty.gov  Monique Blakely, Assistant RR/CC, (562) 462-2073, MBlakely@rrcc.lacounty.gov	



## LOS ANGELES COUNTY REGISTRAR-RECORDER/COUNTY CLERK

DEAN C. LOGAN

Registrar-Recorder/County Clerk

November 16, 2022

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

Fesia Davenport, Chief Executive Officer

FROM: Dean C. Logan, Registrar-Recorder/County Clerk

### **NOTIFICATION OF INTENT TO NEGOTIATE A SOLE SOURCE CONTRACT WITH CORELOGIC SOLUTIONS, LLC (CORELOGIC) FOR REAL ESTATE FRAUD NOTIFICATION SERVICES BY MAIL**

This is to inform your Board of the Registrar-Recorder/County Clerk's (RR/CC) intent to negotiate a sole source contract with its current contractor, CoreLogic, for real estate fraud notification services. CoreLogic, RR/CC, Treasurer and Tax Collector (TTC), Assessor and the Department of Consumer and Business Affairs (DCBA) have created specialized processes such as early draw-off reporting, data collection, and specific system programming allowing specialized integration between CoreLogic and County databases to gather information seamlessly, particularly the most recent tax address and homeowner information. We anticipate the sole source agreement will reduce operating expenses to administer the real estate fraud notification program.

### **BACKGROUND**

The RR/CC is responsible for recording five (5) types of real estate documents affecting a homeowner's property ownership in Los Angeles County: (1) Deeds; (2) Quitclaim Deeds; (3) Deeds of Trust; (4) Notices of Default and (5) Notices of Sale. Pursuant to and in accordance with Government Code §27297.6(a)(1)A and §27297.6 (a)(1)B the RR/CC is required to mail fraud notification packets to homeowners or occupants after recordation of one of the aforementioned real estate documents. The notification packet sent via United States Postal Services first-class mail contains a letter printed in both English and Spanish which includes contact information for the DCBA, the entity offering technical assistance, investigative and support services, and an enclosed copy

of the 1<sup>st</sup> page of the recorded document. In addition to the partnership with DCBA, the fraud notification services also require the RR/CC to collaborate with the Los Angeles County Assessor and TTC to ensure property owner contact information is valid by utilizing Assessor parcel numbers and TTC tax records. The Fraud Notification program and the efforts by RR/CC and DCBA through CoreLogic's notifications services, continues to provide homeowners and occupants with vital, timely information regarding their real property records. These notification mailings are helping to provide notice of property chain of title changes and protect constituents from real estate foreclosure, eviction and fraud, schemes and scams.

The current contract with CoreLogic was executed on October 25, 2015, after a Request for Proposals was issued and garnered two bids, both of which were processed through the evaluation and selection process. CoreLogic was the highest-ranking Proposer. CoreLogic continued maintaining an above average level of service without issue throughout the life of the agreement. On October 25, 2022, the RR/CC entered into its final six-month extension term with CoreLogic under its current contract - Contract #15-005. Contract #15-005 is set to expire on April 24, 2023.

The current established processes and systems in place support maintaining compliance with current legislation through the year 2028 at which time legislation will be reassessed and Los Angeles County will be required to report data to the Senate Committee on Judiciary and the Assembly Committee on Local Government encompassing 2013-2028. The discontinuance and interruption of this contract will require the reestablishment of these efforts with a new vendor and the county facilities resulting in significant IT programmable hours to get IT systems from various County departments in sync.

### **FISCAL IMPACT**

The fraud notification program is fully funded by a \$7 filing fee and does not require any Net County Cost (NCC). The existing FY 22-23 ongoing budget for the RR/CC includes \$2,200,000 in appropriation and revenue for real estate fraud notification services. Actual expenditures are driven by the number of qualifying documents that are recorded. The \$7 fee has remained constant since the inception of the program.

Government Code Section §27387 allows the RR/CC to collect a fraud notification mailing fee from a party recording a Deed, Quitclaim Deed, Deed of Trust, Notice of Default, or Notice of Sale. The RR/CC is responsible for the collection of said fee and will distribute the fee to cover the cost of mailing services first, followed by RR/CC's administrative cost, and the remaining balance will be allocated to DCBA to cover the cost of providing the information, counseling or assistance to owners or occupants in response to the mail notification services. Fee distribution shall be based on covering the contractual mailing cost prior to subsequent distributions. The fee shall not exceed the mailing cost of the notice specified in Section 27297.6 and the actual cost to provide information, counseling, or assistance to a person who receives the notice, not to exceed seven dollars (\$7).

## **CLOSING**

In accordance with Board Policy 5.100, the RR/CC must provide a four-week Board notification to enter into sole source negotiations. We will proceed to enter into negotiations with CoreLogic after the four-week notification period unless otherwise directed. The negotiated Agreement with CoreLogic is expected to be presented at the Operations Cluster Meeting no later than March 29, 2023.

If you have any questions, please contact Albert Navas, Assistant Registrar-Recorder/County Clerk, at (562) 462-2652.

DCL:JG:AN  
NH:VW:cp

c: Chief Executive Office  
Executive Office, Board of Supervisors  
Board Deputies  
County Counsel



# BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

<b>CLUSTER AGENDA REVIEW DATE</b>	11/16/2022	
<b>BOARD MEETING DATE</b>	12/6/2022	
<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>	Chief Executive Office	
<b>SUBJECT</b>	Annual LAC-CAL Bond Anticipation Notes Board Letter (FY 2022-23)	
<b>PROGRAM</b>	Los Angeles County Capital Asset Leasing (LAC-CAL) Equipment Program	
<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>	N/A	
<b>COST &amp; FUNDING</b>	Total cost: \$33,000,000	Funding source: Bond Anticipation Notes (BANs) financing
	TERMS (if applicable): The term of the equipment financing will be consistent with the estimated useful life of the assets being financed (between three to five years).	
	Explanation: Upon the Board's approval, BANs will be issued to provide interim financing for equipment acquisition. The Auditor-Controller collects monthly payments from the participating County departments, which are used to pay the debt service on outstanding BANs and future debt securities issued to refinance the BANs. Funding for equipment financing payments due in FY 2022-23 has been included in the FY 2022-23 Final Adopted Budget.	
<b>PURPOSE OF REQUEST</b>	Recommend approving the issuance of short-term BANs in an aggregate amount not-to-exceed \$33,000,000 to finance the acquisition of various equipment through the LAC-CAL Equipment Program in FY 2022-23; and adopting the Resolution of the Board of Supervisors of the County of Los Angeles declaring its intention to reimburse certain capital expenditures from the proceeds of tax-exempt obligations.	
<b>BACKGROUND (include internal/external issues that may exist including any related motions)</b>	This is a routine annual board letter seeking the Board's approval on equipment financing through the LAC-CAL Equipment Program. Each year this program finances major equipment purchases such as vehicles, machinery, medical equipment, and computers for County departments.	
<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: Lilly Qi, Principal Analyst, (213) 893-2476, Lqi@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

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

December 6, 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:

## **BOND ANTICIPATION NOTES AUTHORIZATION AND REIMBURSEMENT RESOLUTION ALL DISTRICTS (3 VOTES)**

### **SUBJECT**

These actions will provide for interim financing of equipment acquisitions for various County departments and enable the County to maximize reimbursement for costs related to the financing of this equipment.

### **IT IS RECOMMENDED THAT THE BOARD:**

1. Approve the issuance of short-term Bond Anticipation Notes (BANs) in an aggregate amount not-to-exceed \$33,000,000 to finance the acquisitions of various equipment through the Los Angeles County Capital Asset Leasing Corporation (LAC-CAL).
2. Adopt the Resolution of the Board of Supervisors (Board) of the County of Los Angeles declaring its intention to reimburse certain capital expenditures from the proceeds of tax-exempt obligations (2022-23 Equipment Bond Anticipation Notes Program).

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

Approval of the recommended actions will authorize the issuance of short-term BANs to provide interim financing of equipment acquisitions for County departments and enable the County to maximize reimbursement for costs related to the financing of this equipment in accordance with federal tax regulations.

This routine Board letter is submitted annually to seek Board approval on the LAC-CAL equipment program acquisition.

#### BANs Authorization for Equipment Acquisitions

The recommended actions will authorize the issuance of BANs in an aggregate amount not-to-exceed \$33,000,000 to provide interim financing for equipment acquisitions by various County departments. The summary of the \$33,000,000 in authorized equipment purchases using the LAC-CAL Equipment Program is attached to the Reimbursement Resolution recommended for approval as part of this action.

The BANs will be issued by LAC-CAL and purchased as an investment by the County Treasury Pool in an amount sufficient to acquire and deliver the identified equipment. Subsequently, the BANs will be refinanced through the issuance of intermediate term lease-revenue bonds or other debt securities. Proceeds from the sale of the debt securities will be used to redeem the outstanding BANs from the Treasury Pool.

Due to procurement or delivery delays, authorized LAC-CAL equipment acquisitions occasionally are received in the fiscal year following the one in which they were initiated. The BANs authorization may be carried over into a subsequent fiscal year to fund these acquisitions.

#### Reimbursement Resolution

In addition to the approval of the BANs issuance for equipment acquisitions, we are requesting that the Board execute the enclosed Reimbursement Resolution, which has been approved by County Counsel. The Reimbursement Resolution is required by federal tax regulations to enable the County to be reimbursed for prior capital expenditures from the future issuance of tax-exempt obligations and will enable the County to maximize reimbursement for costs related to the financing of equipment for various County departments.

#### Federal Tax Requirements

The current regulations governing the reimbursement of expenditures from tax-exempt obligations are found in Treasury Regulation 1.150-2. In order to ensure the continued recovery of allowable expenditures related to equipment acquisitions, the regulations require the Board to adopt an official intent in the form of the Reimbursement Resolution, which states the following:

- The Board's intention to finance capital expenditures related to equipment acquisitions through the issuance of tax-exempt obligations;

- A general description of the proposed project for which the original expenditures are paid;
- The maximum principal amount of obligations expected to be issued for the project; and
- Identification of the expected source(s) of funds from which the original expenditures are paid.

The enclosed Reimbursement Resolution complies with federal tax regulations and will allow for maximum reimbursement of County expenditures for equipment from the future sale of tax-exempt obligations. A description of the proposed equipment is attached to the Reimbursement Resolution for your review.

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

The proposed recommendations support the Board-approved County Strategic Plan Strategy III.3- Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability by maximizing and leveraging resources to provide cost-effective financing for the County's equipment acquisitions.

### **FISCAL IMPACT/FINANCING**

Approval of the recommended actions will enable the County to issue BANs to provide interim financing for equipment acquisitions and maximize reimbursement of County expenditures for equipment from the future sale of tax-exempt obligations. The term of the equipment financing will match the estimated useful life of the assets being financed (between three to five years). The Auditor-Controller collects monthly payments from County departments participating in the LAC-CAL Equipment Program, which are used to pay the debt service on outstanding BANs and future debt securities issued to refinance the BANs. Funding for equipment financing payments due in FY 2022-23 has been included in the FY 2022-23 Final Adopted Budget.

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

The enclosed Reimbursement Resolution has been approved by County Counsel.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The recommended actions will ensure continuation of the long-standing practice of using the LAC-CAL Equipment Program to provide cost-effective financing for the County's capital equipment needs.

The Honorable Board of Supervisors  
December 6, 2022  
Page 4

**CONCLUSION**

Upon approval of the recommendations, please forward an adopted copy of this Board letter and an executed copy of the Reimbursement Resolution to the Chief Executive Office, Capital Programs Division.

Respectfully submitted,

FESIA A. DAVENPORT  
Chief Executive Officer

FAD:JMN:JTC  
VBM:JY:LQ:ns

Enclosure

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Treasurer and Tax Collector

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE  
COUNTY OF LOS ANGELES DECLARING ITS INTENTION TO  
REIMBURSE CERTAIN CAPITAL EXPENDITURES FROM THE  
PROCEEDS OF TAX-EXEMPT OBLIGATIONS  
(2022-23 EQUIPMENT BANs PROGRAM)

WHEREAS, from time to time the County of Los Angeles (the “County”) desires and intends to undertake the purchase of tangible personal property having a useful life of three years or more (the “Equipment”), as set forth in the schedule attached hereto; and

WHEREAS, no funds of the County or of any other entity which is a part of the controlled group of which the County is a part (the “Controlled Group”), as such term is defined in Section 1.150-1 of the United States Treasury Regulations under the Internal Revenue Code of 1986, as amended (the “Treasury Regulations”) are, or are reasonably expected to be, allocated, reserved or otherwise set aside in the County’s budget or in the Controlled Group’s budget on a long-term basis to pay the costs of the Equipment; and

WHEREAS, the costs of the Equipment will initially be paid from the proceeds of Bond Anticipation Notes (“BANs”) issued by the Los Angeles County Capital Asset Leasing Corporation (“LAC-CAL”) and purchased by the Los Angeles County Treasury Pool; and

WHEREAS, the costs of the Equipment paid with the proceeds of the BANs are expenditures of a type which are properly chargeable to a capital account under general federal income tax principles in connection with the Equipment, and

WHEREAS, the County expects to issue tax-exempt obligations (“Obligations”) to reimburse the capital expenditures of the County with respect to the Equipment which were paid with the proceeds of the BANs; and

WHEREAS, upon issuance of the Obligations, the County will: (1) evidence the reimbursement allocation with an entry in the books or records which it maintains with respect to the Obligations, (2) identify in such entry the actual prior expenditure being reimbursed or the fund from which the expenditure was paid, and (3) be relieved of any restrictions under the relevant legal documents and applicable state law with respect to the amount received as reimbursement as a result of the reimbursement allocation; and

WHEREAS, this Resolution will be reasonably available for public inspection within a reasonable period of time after its date of adoption and in the manner governing the public availability of records of other official acts of the County Board of Supervisors; and

WHEREAS, this Resolution is intended to be a “declaration of official intent” in accordance with Treasury Regulation Section 1.150-2;

NOW, THEREFORE, this Board does find, resolve, determine and order that in accordance with Treasury Regulation Section 1.150-2, the County declares its intention to issue Obligations to finance the Equipment in an amount not to exceed \$33,000,000, the proceeds of which will be used to reimburse the County for capital expenditures paid for the Equipment prior to the issuance of said Obligations.

The foregoing resolution was on the \_\_\_\_\_ day of \_\_\_\_\_, 2022  
adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the  
governing body of all other special assessment and taxing districts, agencies and  
authorities for which said Board so acts.

CELIA ZAVALA, Executive Officer-Clerk  
of the Board of Supervisors of the County  
of Los Angeles

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

APPROVED AS TO FORM:

DAWYN R. HARRISON  
ACTING COUNTY COUNSEL

By \_\_\_\_\_  
Senior Deputy County Counsel



SCHEDULE ATTACHMENT  
TO  
RESOLUTION OF THE BOARD OF SUPERVISORS OF THE  
COUNTY OF LOS ANGELES DECLARING ITS INTENTION TO  
REIMBURSE CERTAIN CAPITAL EXPENDITURES FROM THE  
PROCEEDS OF TAX-EXEMPT OBLIGATIONS  
(2022-23 EQUIPMENT BANs PROGRAM)

**LOS ANGELES COUNTY CAPITAL ASSET LEASING (LAC-CAL)  
EQUIPMENT PROGRAM ACQUISITION  
Summary of Authorized Transactions/Financing Uses by Department - All Funds**

<b>Department</b>	<b>Equipment Category</b>	<b>Anticipated 2022-23 Acquisitions</b>
Beaches and Harbors	Agriculture and Landscape Equipment	\$ 2,003,000
Beaches and Harbors	Vehicles & Transportation Equipment	251,000
Beaches and Harbors	Watercraft/Vessel/Barges/Tugs	110,000
Sheriff Department	Vehicles & Transportation Equipment	30,636,000
Total General Fund		<u>\$ 33,000,000</u>
<b>Total Financing</b>		<b>\$ 33,000,000</b>

The equipment identified on this page reflects County equipment requirements to be financed through the LAC-CAL Equipment Program in Fiscal Year 2022-23. The Board has not allocated, reserved, or otherwise set aside any funds in the County's 2022-23 Adopted Budget to purchase the equipment identified above.

It is officially the intention of the Board that the acquisition of such equipment be initially funded through the issuance of Bond Anticipation Notes (BANs) or another short-term financing mechanism. The BANs will be issued through the LAC-CAL Equipment Program and purchased as an investment by the County Treasury Pool in an amount sufficient to acquire and deliver the identified equipment. Any such costs, which are initially funded by BANs, will be properly capitalized under general federal income tax principles.

Further, the Board expects the outstanding BANs to be redeemed and the County Treasury Pool to be reimbursed, through the issuance of tax-exempt, intermediate-term lease revenue bonds, certificates of participation, or through leases with third-party lessors. The amounts specified above represent the maximum principal amounts of such intermediate-term obligations to be issued for the specified equipment.

These official intentions of the Board with respect to the LAC-CAL Equipment Program have been specified in accordance with U.S. Treasury Regulation 1.150-2.

# BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

<b>CLUSTER AGENDA REVIEW DATE</b>	11/16/2022							
<b>BOARD MEETING DATE</b>	12/6/2022							
<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>	Mental Health							
<b>SUBJECT</b>	Approve a new 10-year lease for 25,199 square feet of clinic space and 84 onsite parking spaces at 5860 Uplander Way, Culver City							
<b>PROGRAM</b>	West Los Angeles Mental Health Center							
<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 terms of the deal will change if we do not meet Board approval on December 6, 2022							
<b>COST &amp; FUNDING</b>	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Total cost: \$19,440,000 over 10 years</td><td style="width: 50%;">Funding source: The rental costs will be funded through DMH's operating budget, with no impact to net County cost.</td></tr> <tr> <td colspan="2">TERMS (if applicable): The proposed new lease will have an annual lease cost of \$1,088,597 plus Low Voltage costs, wherein the landlord will be responsible for payment of operating expenses, repair and maintenance to the building, with exception of utilities to be paid by the County. The Landlord will contribute \$2,015,920 towards the Tenant Improvement Buildout, and County will borrow up to \$2,393,905 Additional TIs. Request authorization of Notes through the Note Program to allow DMH to pay TIs lump sum to the landlord and finance these through the Note program.</td></tr> <tr> <td colspan="2">Explanation: DMH has sufficient funding in its FY 2022-23 operating budget to cover the proposed lease costs and Low Voltage items for the first year. Beginning in FY 2023-24, ongoing funding for costs associated with the proposed lease will be part of the budget for DMH until lease termination.</td></tr> </table>		Total cost: \$19,440,000 over 10 years	Funding source: The rental costs will be funded through DMH's operating budget, with no impact to net County cost.	TERMS (if applicable): The proposed new lease will have an annual lease cost of \$1,088,597 plus Low Voltage costs, wherein the landlord will be responsible for payment of operating expenses, repair and maintenance to the building, with exception of utilities to be paid by the County. The Landlord will contribute \$2,015,920 towards the Tenant Improvement Buildout, and County will borrow up to \$2,393,905 Additional TIs. Request authorization of Notes through the Note Program to allow DMH to pay TIs lump sum to the landlord and finance these through the Note program.		Explanation: DMH has sufficient funding in its FY 2022-23 operating budget to cover the proposed lease costs and Low Voltage items for the first year. Beginning in FY 2023-24, ongoing funding for costs associated with the proposed lease will be part of the budget for DMH until lease termination.	
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Explanation: DMH has sufficient funding in its FY 2022-23 operating budget to cover the proposed lease costs and Low Voltage items for the first year. Beginning in FY 2023-24, ongoing funding for costs associated with the proposed lease will be part of the budget for DMH until lease termination.								
<b>PURPOSE OF REQUEST</b>	Approval of the recommended actions will authorize and provide the necessary clinic space needs for DMH.							
<b>BACKGROUND (include internal/external issues that may exist including any related motions)</b>	The DMH program is currently operating out of the County-owned Edmund D. Edelman building. The site has deferred maintenance and in need of refurbishment. The new location adequately meets the needs of the program and will allow continued operations in the West Los Angeles area, in a more efficient building.							
<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: Michael Navarro, Lease Section Chief, 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

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

December 6, 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 LEASE  
DEPARTMENT OF MENTAL HEALTH  
5860 UPLANDER WAY, CULVER CITY  
(SECOND DISTRICT) (3 VOTES)**

**SUBJECT**

Approval of a proposed new ten-year lease for 25,199 square feet of clinic space, and approximately 84 on-site parking spaces for the Department of Mental Health (DMH) Edelman Mental Health Center and authorization of the issuance of taxable commercial paper notes (Notes) through the County Capital Asset Leasing Corporation Lease Revenue Note Program (Note Program) to provide financing for the tenant improvement (TI) costs.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed lease 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. Find that the issuance of Notes through the Note Program in order to finance TI costs is not subject to CEQA because they are activities that are excluded from the definition of a project for the reasons stated in this Board letter and in the record of the project.

3. Authorize the Chief Executive Officer, or her designee, to execute the proposed lease with Nampco, LLC, a Limited Liability Corporation (Landlord), for approximately 25,199 square feet of clinic space in a single-tenant building, and approximately 84 on-site parking spaces located at 5860 Uplander Way, Culver City 90230. This proposes a lease for a term of ten years. The estimated maximum first year base rental cost is \$ 1,088,597 which does not include costs for utilities, janitorial, and security. The estimated total lease cost over the ten-year term is \$19,440,000. The costs will be funded through DMH's operating budget and there will be no impact on net County cost.
4. Authorize the Chief Executive Officer, or her designee, to reimburse the Landlord up to \$2,393,905 for the County's TI contribution, if paid in lump sum or \$2,946,878 if amortized over five years at 8.5 percent interest per annum.
5. To finance the County's TI contribution, establish TI Project No. 57957 for the proposed lease at 5860 Uplander Way, Culver City, CA.
6. Authorize the issuance of Notes through the Note Program in the amount not to exceed \$2,755,000 for the TI costs. Also, approve an amount not to exceed \$100,000 to be funded by the benefiting department, for interest due to the Landlord until County payment is received.
7. Authorize the Director of DMH to contract with and direct the Internal Services Department (ISD), in coordination with the Chief Executive Officer, or her designee, for the acquisition and installation of telephone, data, and low-voltage systems and vendor installation (Low Voltage Items) at a total cost not to exceed \$1,299,113, if paid in a lump sum, or \$1,528,691 if amortized over five years at 8 percent interest per annum. The cost for the Low Voltage Items is in addition to the rental costs and the County's TI contribution payable to the Landlord.
8. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the terms of the proposed lease, and to take actions necessary and appropriate to implement the terms of the proposed lease, including, without limitation, two options to renew the Lease for an additional period of 60 months each, upon further Board approval.

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

The proposed new site at 5860 Uplander Way, Culver City is intended to provide DMH with a new Edelman Mental Health Center (EMHC) to replace the current location at the County-owned Edmund D. Edelman Building located at 11080 West Olympic Boulevard in West Los Angeles. The Edelman building is a mature building that was determined to have deferred maintenance issues, with damages and disrepair to major building systems, such as the roof, HVAC systems, and other systems, per reports by independent

consulting firms. Due to the forementioned, in 2014, DMH submitted a request to move the EMHC to another facility. During the site search, various sites were considered but were not able to accommodate the program or found resistance from landlords due to NIMBY issues, resulted in taking many years to identify a viable facility for the relocation of the EMHC.

The Edelman building has never been conducive to the type of work and services provided at EMHC. The building has functional limitations with the space layout, it is multi-level with many corridors that limit the type of services that can be rendered to clients. The base building cannot be reconstructed to the point of being able to properly function as a clinic. There is also insufficient parking at the site, placing limitations on a program that has experienced growth, limiting access to both staff and their clients.

The Edelman building will be repurposed to house various field-based staff. The building will be refurbished with minimal construction and costs to DMH. This re-adaptation of use and backfill of the space, will provide office space to DMH at minimal cost for their various field-based programs that are under expansion such as Promotores, Homeless Outreach Mobile Engagement, Full Service Partnership and Psychiatric Mobile Response Teams. The Edelman building will also be available for DMH and County training, as it is equipped with a 43-seat theater auditorium. Some of the programs will be able to occupy the space right away or within a few weeks after the EMHC staff relocate to the new proposed lease site. This relocation of staff will eliminate overcrowding in the Edelman building as the renovation process takes place in phases, one floor at a time.

The EMHC provides direct public facing services and also administrative services. There will be approximately 110 staff located in the building. The EMHC offers clinical services, a full-service partnership program and have administrative providers for their adult and older adult clients. The new proposed clinic location is centrally located in the Culver City area, approximately five miles from the current facility and will serve clients residing in the Service Area 5, serving West Los Angeles, Culver City, Santa Monica and neighboring parts of the West Los Angeles County region. It also provides a cost effective and below market solution to ensure these essential DMH services are maintained in this service area. The new one-story clinic facility will increase operational efficiencies. The clinic is easily accessible to the 90 and 405 freeways and is located near several public transportation routes in Culver City, including the Light Rail Station/Metro E Line (Expo) at 8817 Washington Bl, Los Angeles, CA 90232.

We have provided for TIs to be funded either by the Landlord or through the Note Program, and will select the lower cost option at the time TIs must be paid. Based on current rates, the Note program is currently estimated to save the County approximately \$192,523 in borrowing costs, exclusive of insurance costs and interest to the Landlord, if any.

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

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

The proposed lease is 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 lease supports the above goals and objective with a facility that provides proper accommodations for clinic space in a conveniently located facility, with adequate space for employees, collaborators, and clients. Further, the proposed lease will advance the Board’s directive to DMH to improve the delivery of services to Culver City, West Los Angeles communities and surrounding areas.

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

### **FISCAL IMPACT/FINANCING**

The aggregate cost associated with the proposed lease over the entire term is \$19,440,000 as shown on Enclosure B. The costs, including repayment of the Notes, if applicable, are funded with DMH’s operating budget , and there will be no impact on net county cost.

Traditionally, the County borrows the TI dollars from the landlord at interest rates in the range of 7 to 8 percent. The Note Program serves as an alternative funding mechanism to finance the TI costs in place of the TI funding provided by the landlord. For budgetary and planning purposes, the County assumes an interest of 6 percent for the Note Program. However, the interest rate of the Notes will be based on the market conditions at the time of issuance. It is anticipated that DMH can borrow the TI dollars at a lower rate than that offered by the Landlord, and thereby achieve a cost savings.

The Notes will be issued to fund TI costs after completion of the TI project, DMH takes occupancy of the leased space, and reconciliation of project expenditures. After the landlord is reimbursed for the TIs, DMH would begin to repay the Note costs, which include principal, interest, administrative fees, and insurance. The Notes will have a final repayment date not to exceed five years from the date of issuance. Annually, the Chief Executive Office (CEO) will coordinate with DMH to determine the amount of available cash to repay all or a portion of the outstanding Notes, and incorporate the planned redemptions in the budget no later than May 15<sup>th</sup> of each year, in order for redemption of the outstanding Notes to be completed by June 30<sup>th</sup> of each year.

Should the Note Program be used to pay TIs, sufficient funds would be appropriated through the budget process in the TI project number under J50 to allow for the lump sum payment to the Landlord. Sufficient funds for the proposed lease and County TI reimbursement costs, including repayment amounts for the Note Program or repayment to the Landlord, as applicable, would be appropriated in the Rent Expense Budget and will be billed back to DMH.

Subject to the lease terms, there may be interest due to the Landlord until the County payment is received in full. Since this interest cost is not eligible to be financed under the Note Program, this interest cost will be paid by the Rent Expense Budget and the costs will be disbursed to DMH.

DMH has sufficient funding in its Fiscal Year (FY) 2022-23 operating budget to cover the proposed rent, County TI costs, and Low Voltage Items for the first year. Beginning in FY 2023-24, ongoing funding for costs associated with the proposed lease will be part of the budget for DMH. The costs for Low Voltage Items will be paid by DMH directly to ISD and are not part of the proposed lease costs.

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

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

- Base rent includes parking at no additional cost and is subject to 3 percent fixed annual increases.
- Total TI costs are expected to be \$4,409,825. The Landlord will provide \$2,015,920 (\$80 per square foot) base TI allowance.
- The County will reimburse the Landlord up to \$2,393,905 (\$95 per square foot) as the County's lump sum TI contribution. If the Landlord advances the County's TI contribution, this amount will be amortized over five years with interest at 8.5 percent for a fully amortized amount not to exceed \$2,946,878.
- The County will pay up to \$1,299,113 for the lump sum cost of the Low Voltage Items. If DMH elects to pay in installments, this amount will be amortized over five years with interest at 8 percent for a fully amortized amount not to exceed \$1,528,691.
- The Landlord is responsible for the operating and maintenance costs of the building and the County is responsible for utilities (electricity, gas, water & sewer charges), security, and janitorial costs. The County is not subject to the building's operating expense increases.

- A ten-year initial term with two options to extend the lease for an additional five years each with 180 days' notice, at fair market rent. If all options are exercised, the total term of the proposed lease would be twenty years.
- The County does not have the right to terminate the proposed lease early due to Landlord's investment in the base TIs and improvements to its base building, Landlord needs the longer term to recoup its investment.
- Holdover at the proposed lease expiration is permitted on the same terms and conditions except the monthly base rent during the first month of the holdover period through the next ninety days will increase by 10 percent of the base rent at the time of the proposed lease expiration. Starting on the 91<sup>st</sup> day of holdover, the monthly base rent will increase by 25 percent of the base rent at the time of the proposed lease expiration.
- The proposed lease will be effective upon approval by the Board and full execution of the proposed lease, but the term and rent will commence upon the first day of the month following thirty days after the date of completion of the tenant improvements by the Landlord and acceptance of the premises by the County.
- The proposed lease was submitted for review to the Board's appointed Real Estate Management Commission on October 26, 2022, and was unanimously approved.

The CEO issued a flyer soliciting proposals for available space from landlords, brokers, and other owner representatives, for this space need, through the Board's Executive Office website and Real Estate's County website. None of the responses received were suitable for DMH's needs. The County's real estate broker, Cresa, conducted a thorough market search of available clinic space for lease within the general area of the current clinic facility 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 \$54.00 and \$66.00 per square foot, per year. The starting base annual rental rate of \$43.20 per square foot, per year for the proposed lease represents a rate that is below the market range for the area. We were unable to identify any sites that could accommodate this requirement more economically. We recommend the proposed facility as the most suitable to meet the County's space requirements.

DMH programs and clinic use are not compatible multi-tenant office users, therefore co-working office space was not considered as an alternative.

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



The Department of Public Works has inspected the facility and found it suitable for County occupancy. Construction of the TIs will be completed in compliance with relevant building and construction laws and regulations, including the Americans with Disabilities Act. The required notification letter to the City of Culver City has been sent in accordance with Government Code section 25351.

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

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

The Note Program is a short-term financing program utilized by the County to provide the initial funding mechanism for construction and capital improvement projects. The Notes issued through the Note Program are short-term variable rate debt instruments and the interest rate is reflective of the market conditions at the time of issuance. Upon project completion and after occupancy of the leased spaces and reconciliation of project expenditures, Notes will be issued to remit for the TI costs.

The Note Program process involves the County making a lump sum payment to the Landlord upon reconciliation of the final TI costs by use of a special fund, designated as J50. The J50 fund has been established to capture the TI expenditures exclusively related to the TIs funded by the Notes.

### **ENVIRONMENTAL DOCUMENTATION**

This project is exempt from CEQA, as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and section 15301 of the State CEQA Guidelines (Existing Facilities). The proposed lease, which involves the leasing of existing office space with minor TIs 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.

Using the Note Program to finance the TIs is not subject to CEQA because they are activities that are excluded from the definition of a project by section 21065 of the Public Resources Code and section 15378 of the State CEQA Guidelines. The proposed action to establish TI project numbers and authorize the issuance of short-term Notes is organizational and an administrative activity of government that will not result in indirect or direct physical changes to the environment pursuant to section 15378(b)(5). The projects to which the recommended organizational and/or administrative actions apply have previously been approved by the Board and necessary CEQA findings for each project were made at the time of approval. There are no changes proposed to the projects as a result of the currently recommended actions, which would necessitate further findings under CEQA.

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

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

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

#### **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:MAN:FC:gb

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel

The Honorable Board of Supervisors  
December 6, 2022  
Page 9

Auditor-Controller  
Mental Health  
Internal Services

**DEPARTMENT OF MENTAL HEALTH  
5860 UPLANDER WAY, CULVER CITY**

**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? <sup>2</sup>		<b>X</b>	
	B	Does lease co-locate with other functions to better serve clients? <sup>2</sup>		<b>X</b>	
	C	Does this lease centralize business support functions? <sup>2</sup>		<b>X</b>	
	D	Does this lease meet the guideline of 200 sq. ft of space per person? <b>Approximately 229 sq.ft. per person (based on 110 staff).</b>		<b>X</b>	
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? <b>Approximately 3.3 per 1000 sq. ft. on-site.</b>		<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? 25% net County cost.		<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 enclosed as Enclosure C?	<b>X</b>		
	G	Was build-to-suit or capital project considered? <sup>2</sup>		<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?			<b>X</b>
		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. ____ The Program is being co-located.			
	E	Is lease a full-service lease? No, utilities, janitorial, and security are separate charges.		<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					

OVERVIEW OF THE PROPOSED BUDGETED LEASE COSTS

5860 Uplander Way, Culver City  
Department of Mental Health

Leased Area (sq.ft.)	25,199	
Term (months)	120	
Annual Rent Adjustment	3%	
	<b>Cost Per RSF Per Month</b>	<b>Cost Per RSF Per Year</b>
Base Rent	\$3.60	\$43.20
TI Allowance (Reimbursable) (\$95 SF)	<b>Lump Sum Cost</b>	<b>Amortized Cost @ 8.5% , 5 Yrs</b>
	\$2,393,905	\$2,946,878
LV (TESMA Labor & Materials)	<b>Lump Sum Cost</b>	<b>Amortized Cost @ 8.0%, 5 Yrs</b>
	\$1,299,113	\$1,528,691

	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 Costs <sup>(1)</sup>	\$1,088,597	\$1,121,255	\$1,154,892	\$1,189,539	\$1,225,225	\$1,261,982	\$1,299,842	\$1,338,837	\$1,379,002	\$1,420,372	\$12,480,000
Tenant Improvement Costs <sup>(2)</sup>	\$589,376	\$589,376	\$589,376	\$589,376	\$589,376						\$2,947,000
Total Costs Paid to the Landlord	\$1,677,972	\$1,710,630	\$1,744,268	\$1,778,915	\$1,814,601	\$1,261,982	\$1,299,842	\$1,338,837	\$1,379,002	\$1,420,372	\$15,427,000
Utilities Costs <sup>(3)</sup>	\$109,540	\$116,770	\$124,489	\$132,730	\$141,530	\$150,927	\$160,962	\$171,679	\$183,124	\$195,348	\$1,488,000
Janitorial Costs <sup>(4)</sup>	\$62,594	\$68,854	\$75,739	\$83,313	\$91,644	\$100,809	\$110,890	\$121,979	\$134,176	\$147,594	\$998,000
Low Voltage Costs (TESMA) <sup>(5)</sup>	\$497,029	\$257,916	\$257,916	\$257,916	\$257,916	\$0	\$0	\$0	\$0	\$0	\$1,529,000
Total Annual Lease Costs	\$2,347,135	\$2,154,169	\$2,202,411	\$2,252,873	\$2,305,691	\$1,513,718	\$1,571,693	\$1,632,494	\$1,696,303	\$1,763,314	\$19,440,000

Footnotes

<sup>(1)</sup> The Base Rent is subject to fixed three percent (3%) increases per annum.

<sup>(2)</sup> The Landlord will provide an additional reimbursable tenant improvement costs of \$95 per rentable square feet of the Premises. The TI amount will be amortized at 8.5% over 5 years (pmts = \$49,114.63/month or \$589,375.56/year .

<sup>(3)</sup> The utilities costs are to be paid by the County (direct to the utility companies). Expenses projected based upon utility costs at other County leased facilities. Added ISD administration overhead of 3.5% to utility costs.

Estimated electricity rate of \$0.30 per sf per month with increases of 7% per year; Estimated water charges at \$0.02 per sf per month, with 3% increases per year. Estimated gas at \$0.03 per sf per month, with 5% increases per year.

<sup>(4)</sup> The janitorial costs are to be paid by the County. These were projected based upon historical expenses at other DMH and DHS facilities. Starting at \$0.20, with 10% increases per year. Added ISD overhead of 3.5% to costs.

Note: Security costs are an operational costs, under a separate contract and will not be included with the Lease project costs.

<sup>(5)</sup> Low Voltage costs total \$1,299,112.60; ISD Labor costs (\$198,978.60) & Tech support (\$40,134) are paid Lump sum in year 1. The TESMA contract is \$1,060,000 financed over 5 years at 8%, Monthly payments=\$21,492.98/mo. or \$257,915.76/year

The Amortized LV costs total = the principal (\$1,060,000)+ interest (\$229,578.68) + ISD Labor (\$198,979) + Tech Support (\$40,134)

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

**DEPARTMENT OF MENTAL HEALTH  
SPACE SEARCH – 5 MILE RADIUS  
5860 UPLANDER WAY, CULVER CITY**

Property ID	Name	Address	Ownership Type	Gross SqFt	Net SQFT	Vacant
6330	Inglewood Courthouse	1 E Regent St. Inglewood 90301	Superior Courts	140,674	89,483	NONE
X301	Los Angeles Airport Courthouse	11701 S La Cienega Blvd Los Angeles 90045	Superior Courts	292,000	157,380	NONE
A071	PH - West District Office	6101 W Centinela Ave Culver City 90230	Leased	8,912	8,466	NONE
A378	DPSS - Airport/Westside Gain Region I Office	5200 W Century Blvd Westchester 90045	Leased	50,147	47,640	NONE
A437	DCFS - Wateridge (SPA 6)	5100 W Goldleaf Cir Building C Los Angeles 90056	Leased	52,370	46,086	NONE
B006	Fire - Prevention Bureau - West Metro Office	6167 Bristol Pkwy Culver City 90230	Leased	3,426	3,255	NONE
A242	DPSS - Medical Inglewood Office/Public Health	9800 S La Cienega Blvd Inglewood 90301	Leased	59,069	56,116	NONE
A448	DMH - Culver City Mental Health Services	11303 W Washington Blvd Culver City 90066	Leased	15,980	15,181	NONE
5933	PH - Curtis Tucker Public Health Center	123 W Manchester Blvd Inglewood 90301	Owned	28,734	16,828	NONE
6304	Probation - Crenshaw Area Office	3606 W Exposition Blvd Los Angeles 90016	Owned	19,112	14,020	NONE
13	PW Road - Div #233/333/433 Yard Office	5530 W 83rd St. Westchester 90045	Owned	2,400	2,160	NONE
3776	Culver City Courthouse	4130 Overland Ave Culver City 90230	Owned	21,568	11,155	NONE

## **FACILITY LOCATION POLICY ANALYSIS**

**Proposed lease:** Ten-year lease agreement for the Department of Mental Health – 5860 Uplander Way, Culver City, Second Supervisorial District.

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

**B. Determination of the Service Area** – The proposed lease will provide a ten-year lease for a DMH Clinic within Service Planning Area 5.

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

- Need for proximity to service area and population: Continuing need for existing operation in the greater SPA 5 region for continuing need of DMH programs.
- Need for proximity to existing County facilities: Close to several other County departments including DPSS, Sheriff, Fire, and DCFS.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is easily accessible to the 90 and 405 freeways and adequately served by local bus and rail transit services in Culver City.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative existing County buildings available to meet DMH's needs.
- Compatibility with local land use plans: The City of Culver City has been notified of the proposed County use which is consistent with its use and zoning for office space at this location.

- Estimated acquisition/construction and ongoing operational costs: The first-year annual base rent of \$1,088,597 or \$ 3.60 per square foot per month, including parking, plus the County's tenant improvements contribution in year one not to exceed \$589,376, plus utility costs estimated at \$109,540, plus estimated janitorial costs of \$62,594 and approximately \$497,029 in low voltage costs, total an estimated \$2,347,135 in the first year of the proposed lease.

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

Based upon the space services needs of DMH, the County's real estate broker, Cresa, conducted a thorough market search of available clinic space for lease within the general area of the current clinic facility 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 office lease in the area is between \$54.00 and \$66.00 per square foot, per year. The base annual rental rate of \$43.20 per square foot, per year for the proposed clinic lease represents a rate that is below the market range for the area.

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

The proposed lease will provide adequate and efficient clinic space accommodations for 110 DMH employees and clients consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012.



**COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE**

**LEASE AGREEMENT**

**COUNTY OF LOS ANGELES - Tenant**

**NAMPCO, LLC– Landlord**

**5860 UPLANDER WAY**

**CULVER CITY, CALIFORNIA**

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## **EXHIBITS**

- Exhibit A – Floor Plan of the Premises
- Exhibit B – Commencement Date Memorandum and Confirmation of Lease Terms
- Exhibit C – Heating, Ventilation, and Air Conditioning Standards
- Exhibit D – Cleaning and Maintenance Schedule
- Exhibit E – Subordination, Non-disturbance and Attornment Agreement
- Exhibit F – Tenant Estoppel Certificate
- Exhibit G – Community Business Enterprises Form
- Exhibit H – Memorandum of Lease Terms
- Exhibit I – Landlord's Work Letter

## **ADDENDUM NO. 1 – Additional Terms to Lease Agreement**

COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

This LEASE AGREEMENT ("Lease") is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2022 between NAMPCO, LLC, a California limited liability company ("Landlord"), and COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant" or "County").

Landlord and Tenant agree:

**1. BASIC LEASE INFORMATION**

**1.1 Terms**

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

(a) Landlord's Address for Notices:	Nampco, LLC 914 Galloway Street Pacific Palisades, CA 90272 Attn: Mr. Alan Levey Email: aslevey0531@gmail.com
(b) Tenant's Address for Notices:	County of Los Angeles Chief Executive Office - Real Estate Division 320 West Temple Street, 7th Floor Los Angeles, CA 90012 Attention: Director of Real Estate  With a copy to:  County of Los Angeles Office of the County Counsel 648 Kenneth Hahn Hall of Administration 500 West Temple Street, Suite 648 Los Angeles, CA 90012-2713 Attention: Property Division
(c) Premises:	Approximately 25,199 rentable square feet, the entire Building (defined below), as shown on <u>Exhibit A</u> attached hereto.

(d) Building:	The Building located at 5860 Uplander Way, Culver City, California, which is currently assessed by the County Assessor as APN 4134-005-010 (collectively, the "Property");
(e) Term:	Ten (10) years, the first (1 <sup>st</sup> ) day of the month following thirty (30) days after the date of Tenant's Acceptance of the Premises, as defined in <u>Section 4.1</u> (the "Commencement Date"), and terminating at midnight on the day before the tenth (10 <sup>th</sup> ) annual anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. 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 Extension Term for which an option has been validly exercised.
(f) Estimated Commencement Date:	August 15, 2023. The Estimated Commencement Date shall be extended by one (1) day for every day after October 31, 2022 that elapses prior to Board of Supervisors approval and this Lease becoming binding upon the parties.
(g) Irrevocable Offer Expiration Date: (see <u>Section 33</u> )	None.
(h) Base Rent:	\$3.60 per rentable square foot per month on a Modified Gross basis (i.e. \$90,716.40 per month or \$1,088,596.80 for the first (1 <sup>st</sup> ) year.
(i) Early Termination (see <u>Section 4.4</u> )	None.
(j) Rentable Square Feet in the Premises:	25,199 rentable square feet
(k) Initial Departmental Use:	General office and clinic use for the Department of Mental Health, subject to <u>Section 6</u> .

(l) Parking Spaces:	The entire surface parking lot, comprising approximately eighty-four (84) unreserved parking spaces, subject to change if required due to construction and ADA compliance, upon terms and conditions provided in <u>Section 21.1</u> .
(m) Tenant's Hours of Operation:	6 a.m. to 8 p.m. Monday through Friday, and 9 a.m. to 2 p.m. on Saturdays
(n) Asbestos Report:	A report dated March 25, 2022 prepared by Barr & Clark, a licensed California Asbestos contractor.
(o) Seismic Report	A report dated June 29, 2022 prepared by the Department of Public Works.
(p) Disabled Access Survey	A report dated March 26, 2022 prepared by Building Principles.

## 1.2 Defined Terms Relating to Landlord's Work Letter

(a) Landlord's TI Allowance:	\$2,015,920 (which is based upon the rate of \$80 per rentable square foot).
(b) Tenant's TI Contribution:	\$2,393,905 (which is based upon the rate of \$95 per rentable square foot).
(c) Tenant's TI Contribution Amortization Rate and Change Authorization Amortization Rate:	Fixed eight and one half percent (8 1/2%) per annum, amortized over five (5) years.
(d) Estimated Monthly Payments Attributable to Total TI Costs in Excess of Landlord's TI Allowance	\$49,114.63 per month (over 60 months), ending within the first five (5) years of the Original Term.
(e) Tenant's Work Letter Representative:	<u>Vedad Hasanovic</u> and/or an assigned staff member of Tenant.
(f) Landlord's Work Letter Representative:	<u>Alan Levey</u> and/or an assigned staff member of Landlord.



(g) Landlord's Address for Work Letter Notices:	Nampco, LLC 914 Galloway Street Pacific Palisades, CA 90272 Attn: Mr. Alan Levey
(h) Tenant's Address for Work Letter Notices:	County of Los Angeles Chief Executive Office - Real Estate Division 320 West Temple Street, 7th Floor Los Angeles, CA 90012 Attention: Director of Real Estate
1.3 <u>Exhibits to Lease</u>	Exhibit A - Floor Plan of Premises Exhibit B - Commencement Date Memorandum and Confirmation of Lease Terms Exhibit C - HVAC Standards Exhibit D - Cleaning and Maintenance Schedule Exhibit E - Subordination, Non-Disturbance and Attornment Agreement Exhibit F - Tenant Estoppel Certificate Exhibit G - Community Business Enterprises Form Exhibit H - Memorandum of Lease Exhibit I - Landlord's Work Letter
1.4 <u>Addendum No. 1</u>  (Executed concurrently with this Lease and incorporated herein by this reference):	Additional Terms to Lease Agreement

## 2. **PREMISES**

### 2.1 Lease of 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 1.1 and depicted on Exhibit A attached hereto.

### 2.2 Measurement of Premises

Tenant shall have the right no later than thirty (30) days following the Commencement Date to field-measure and verify the exact footage of the Premises and/or the Building. All measurements shall be taken in accordance with the methods of measuring rentable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-2010, as promulgated by the Building Owners and Management Association ("BOMA") International, except that no penthouse mechanical room space shall be included

in the measurement. Should this measurement be less than the square footage stated above, then Tenant shall have the right to adjust such square footage and reduce the Base Rent in Section 1.1 accomplished by the mutual execution of an amendment to this Lease. Landlord acknowledges the space has been marketed at the above-indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no increase made to the Base Rent if the measured square footage exceeds the amount represented by Landlord.

3. **COMMON AREAS – INTENTIONALLY OMITTED. – NOTE SINGLE TENANT BUILDING**

4. **COMMENCEMENT AND EXPIRATION DATES**

4.1 Term

The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within thirty (30) days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing a Commencement Date Memorandum and Confirmation of Lease Terms in the form attached hereto as Exhibit B. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Tenant Improvements and the Premises are Substantially Complete, Tenant has inspected the Premises no later than thirty (30) days after "Substantial Completion" (defined below), and Tenant has verified and confirmed, no later than thirty (30) days after Substantial Completion the Tenant Improvements and the Premises have been Substantially Completed. The terms "Substantial Completion" or "Substantially Complete" as used in this Lease shall mean compliance with all of the following:

- (a) 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;
- (b) Landlord has sufficiently completed all the Tenant Improvements required to be performed by Landlord in accordance with Landlord's Work Letter (if any), including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), as evidenced by Landlord's receipt of a temporary certificate of occupancy, as provided in Section 4.1(c) below, such that Tenant can conduct normal business operations from the Premises;
- (c) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for the Premises, or a signed inspection card for the Tenant Improvements; and
- (d) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease.

- (e) If Landlord is responsible for the installation of telecommunications systems, then such systems shall be installed (Tenant is responsible for telecommunications service from utility provider).

#### 4.2 Termination Right

Provided that Landlord is permitted to provide Plan Check Submittal Drawings to bidders and award contracts based thereon, if the Commencement Date has not occurred within two hundred seventy (270) days after the Estimated Commencement Date, subject to Tenant Delays or Force Majeure Delays, as provided in Landlord's Work Letter executed concurrently herewith and attached hereto as Exhibit I and incorporated herein by reference, then 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 rights or obligations to one another hereunder. If Landlord must provide drawings (rather than Plan Check Submitted Drawings) to bidders and award permit contracts based thereon, the two hundred seventy (270) day period in this Section 4.2 shall be extended by eighty four (84) days to three hundred thirty (330) days.

#### 4.3 Early Entry

Provided that Tenant does not interfere with or delay Landlord's Work, Tenant shall be entitled to enter the Premises not less than thirty (30) days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures, and equipment in the Premises. Such early entry shall be subject to all provisions hereof, but shall not advance the Termination Date, and Tenant shall not pay Base Rent nor any other charges for such early entry period.

#### 4.4 Early Termination - INTENTIONALLY OMITTED.

#### 4.5 Lease Expiration Notice.

No later than twelve (12) months, nor earlier than eighteen (18) months, prior to the expiration of the Lease Term, Landlord shall provide a written notice to Tenant notifying Tenant of the Termination Date.

### 5. **RENT**

#### 5.1 Base Rent

Tenant shall pay Landlord the Base Rent stated in Section 1.1 during the Term hereof within fifteen (15) days after (a) the Commencement Date, and (b) on the first (1<sup>st</sup>) day of each calendar month thereafter, during the Term, provided that at least fifteen (15) business days prior to the Commencement Date, Landlord must provide the Auditor of the County of Los Angeles with the following information: (i) name and address of Landlord or other party to whom Base Rent should be paid, (ii) Landlord's federal tax ID number; (iii) name of contact person and contact information (including phone number) for Landlord; (iv) a completed IRS form W-9, and (v) evidence of insurance in compliance with Section 20.2. If Landlord fails to timely provide the information required pursuant to this Section 5.1, or to provide

updates for any changed information, then Tenant shall not be required to pay Base Rent due for the first (1<sup>st</sup>) month of the Term to Landlord until fifteen (15) business days after Landlord provides such information. Base Rent for any partial calendar month during the Term shall be prorated in proportion to the number of days during the Term within such calendar month.

## 5.2 Base Rent Adjustments

From and after the first (1<sup>st</sup>) Anniversary of the Commencement Date, on the first (1<sup>st</sup>) day of the first (1<sup>st</sup>) full calendar month thereafter (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Base Rent shall be increased by three percent (3%) of the Base Rent payable in the immediately preceding month. Thus, the monthly installment of Base Rent shall be as follows;

<i>Year of Term</i>	<i>Monthly Installment of Base Rent</i>	<i>Rate per Rentable Square Foot</i>
1	\$90,716.40	\$3.60
2	\$93,437.89	\$3.71
3	\$96,241.03	\$3.82
4	\$99,128.26	\$3.93
5	\$102,102.11	\$4.05
6	\$105,165.17	\$4.17
7	\$108,320.13	\$4.30
8	\$111,569.73	\$4.43
9	\$114,916.82	\$4.56
10	\$118,364.33	\$4.70

## 6. USES

Landlord agrees that the demised Premises, together with all appurtenances thereto, shall be used by the Tenant for the government department and uses set forth in Section 1.1, any other County Department the County designates, any other governmental purposes operated by such County Departments, during Tenant's Hours of Operation, after Tenant's Hours of Operation, and on weekends and holidays.

## 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

ninety (90) days written notice from Landlord (or thirty (30) days written notice from Tenant's chief executive officer or his/her designee), and subject to all of the terms, covenants and conditions of this Lease. The monthly installment of Base Rent, commencing on the first (1<sup>st</sup>) month of holdover, shall be increased to one hundred and ten percent (110%) of the Base Rent payable for the month immediately preceding the expiration of the Term of this Lease for a period of ninety (90) days, and thereafter shall be increased to one hundred twenty-five percent (125%) of the Base Rent payable for the month immediately preceding the expiration of the Term 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 but not limited to the Americans with Disabilities Act ("ADA"), except if 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**

### **9.1 Damage**

If 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 to a complete architectural unit of the comparable, condition and character that existed immediately prior to such casualty within two hundred twenty-five (225) days after the date of damage, then Landlord shall, 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 unusable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly 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 leasable again using standard working methods. Base Rent shall abate from the date of damage to the extent that the Premises are damaged by casualty and rendered unusable by Tenant.

### **9.2 Tenant Termination Right**

If 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 comparable, condition and character that existed immediately prior to such casualty within two hundred twenty-five (225) days of damage (subject to Force Majeure Delays and any delays caused by Tenant), then Landlord and Tenant shall each have the right to terminate this Lease by giving written notice to the other within ten (10) days after Tenant's receipt of written notice from Landlord or its agents specifying such time

period of repair; and this Lease shall terminate and the Base Rent shall be abated from the date of damage that rendered the Premises unusable. If Landlord does not terminate or if Tenant does not elect to terminate this Lease, then Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided that insurance proceeds are available to repair the damages.

### 9.3 Damage In Last Year

Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, then either Landlord or Tenant may terminate this Lease by giving written notice to the other not more than thirty (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 thirty (30) days after such written notice of termination.

### 9.4 Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section 9, and Landlord thereafter fails to diligently prosecute said repair and restoration work to completion, as determined by Tenant in its reasonable discretion, then Tenant may, at its sole election:

- (a) Declare a default hereunder, or
- (b) Perform or cause to be performed the restoration work and deduct the cost thereof, plus interest thereon at ten percent (10%) per annum, from the next installment(s) of Base Rent due as a charge against the Landlord.

## 10. REPAIRS AND MAINTENANCE

### 10.1 Landlord Representations

- (a) Landlord represents to Tenant that, as of the Commencement Date:
  - i. The electrical, heating, ventilating, and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems comply with all current laws, codes and ordinances, including, but not limited to, the Americans with Disabilities Act ("ADA"), and are in good working order and condition;
  - ii. The Building and the Premises are not in violation of any covenants, conditions, restrictions and insurance underwriter's requirements;
  - iii. To Landlord's knowledge, the Premises, the Building and the Common Areas are free of the presence of Hazardous Materials

(as hereinafter defined) in violation of applicable laws, subject to the Asbestos Report in Section 1.1(n); and

iv. Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation excluding customary approval conditions to the final inspection card or temporary certificate of occupancy.

(b) Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report (as defined in Section 1.1) that 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 identified in the Asbestos Report to the extent required by law and provide Tenant with an updated asbestos report from a licensed California Asbestos contractor to that effect.

(c) CASp Inspection:

In accordance with California Civil Code Section 1938, Landlord hereby states that the Premises:  
*[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.

- (d) Landlord agrees to indemnify and hold harmless Tenant from all damages, costs, and expenses, which result from a material breach of Landlord's representations contained in this Section 10.1.

## 10.2 Landlord Obligations

- (a) Landlord shall keep and maintain in good condition and repair 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, foundations, roof, concealed plumbing, stairways, and concealed electrical systems;
  - ii. mechanical (including HVAC), electrical, plumbing and fire/life systems serving the Building;
  - iii. Intentionally Omitted; and
  - iv. exterior windows of the Building.
- (b) Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises (excluding any damage caused by Tenant or by Tenant's agents, employees, invitees or visitors), and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to, or replacements of:
  - i. the floor covering (if such floor covering is carpeting it shall be replaced as needed, but not less often than after five (5) years of use). Tenant shall be responsible for taking any actions reasonably necessary to cooperate with Landlord and to permit Landlord's vendor to have access in order to perform the work.;



- ii. interior partitions;
- iii. doors, door frames and hardware;
- iv. the interior side of demising walls (which shall be repainted as needed but not less often than every five (5) years). Tenant shall be responsible for taking any actions reasonably necessary to cooperate with Landlord and to permit Landlord's vendor to have access in order to perform the work;
- v. signage;
- vi. emergency exit signage and battery replacement;
- vii. HVAC equipment dedicated to the mechanical rooms housing Tenant's computer servers and related equipment; and
- viii. Light fixtures, bulbs, tubes and ballasts.

(c) Intentionally Omitted.

### 10.3 Tenant Obligations

Subject to Section 20.5 hereof, Tenant shall also be responsible for (i) the cost of repairing any area of the Property damaged by Tenant or by Tenant's agents, employees, invitees or visitors, and (ii) the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall:

- (a) be made and performed by contractors or mechanics approved by Landlord, which consent shall not be unreasonably withheld, conditioned or delayed;
- (b) be at least equal in quality, value and utility to the original work or installation; and
- (c) be in accordance with all applicable laws.

### 10.4 Tenant's Right to Repair

- (a) 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 which requires the action of Landlord with respect to repair and/or maintenance that Landlord is required to perform under this Lease, and if Landlord fails to provide such action within a reasonable period of time given the circumstances after the giving of such notice, but in any event not later than five (5) business days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required 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). 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 thirty (30) days after written notice and Landlord's receipt of evidence of cost actually incurred, then Tenant shall be entitled to deduct from Base Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section shall be in addition to the remedies provided in Section 15.

- (b) Notwithstanding any provisions of this Lease to the contrary, Tenant, acting through the County's Chief Executive Office, may request that the Landlord perform, supply and administer any repairs, maintenance, building services and/or alterations that are the responsibility of the Tenant, not to exceed \$5,000, as part of a separate purchase order issued by the County on Tenant's behalf. Any improvements by Landlord shall be subject to (i) the Work Letter provisions regarding selection and bidding of contractors, Landlord-Tenant coordination and audit rights, and Tenant's remedies found in said Work Letter; and (ii) compliance with County Internal Services Department Purchasing Policy and Procedure No. A-0300, effective November 22, 2016, delivered to Landlord and incorporated by reference herein. This Section shall not apply to any Tenant Improvements as defined in Section 24.

## **11. SERVICES AND UTILITIES**

### **11.1 Services**

- (a) Heating, Ventilation and Air Conditioning (HVAC)

Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Tenant's Hours of Operations in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in Exhibit C attached hereto. In addition, Landlord shall furnish, at Tenant's sole cost, HVAC at all times (i.e., twenty-four (24) hours per day, seven (7) days per week, three hundred sixty-five (365) days per year) to the mechanical rooms housing Tenant's computer servers and related equipment.

- (b) Electricity

Landlord shall furnish to the Premises the amount of electric current provided for in the Landlord's Work Letter (if applicable) but in any event

not less than seven (7) watts of electric current (connected load) per square foot of rentable square feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or sub-panels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises. However, Tenant shall be solely responsible for contracting directly with the utility provider for electrical services for the Premises.

- (c) Elevators – INTENTIONALLY OMITTED. [NOTE: THIS IS A SINGLE-STORY BUILDING WITH NO ELEVATOR]

- (d) Water

Landlord shall make available in the Premises warm and cold water for normal lavatory and kitchen purposes and potable water for drinking purposes, all of which shall meet applicable government standards. However, Tenant shall be solely responsible for contracting directly with the utility provider for water services for the Premises.

- (e) Janitorial

Tenant shall be solely responsible for their own janitorial services for the Premises.

- (f) Access

Tenant's employees and agents shall have access to the Building, Premises 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. – NOTE THIS IS A SINGLE TENANT BUILDING

- (g) Pest Control

Landlord shall provide normal pest control services to the Premises per the specifications set forth in Exhibit D attached hereto.

- (h) Security

Tenant will be solely responsible for their own security services for the Premises.

## 11.2 Utilities

Tenant shall be solely responsible for contracting directly with any applicable utility services, including for the use of the sewer, effluent treatment (when and if imposed by any governmental authority), all water, sprinkler standby charges, electricity, gas, heating, all power and lighting. Landlord agrees to pay, when due, normal municipal charges for trash removal service (excluding above standard trash charges due to Tenant's particular use or special requirements), fire/life safety systems, charges associated with the HVAC, and other utility rents and

charges accruing or payable in connection with the Premises during the Term of this Lease or any renewal, extension, or holdover thereof, whether the same are pro-rated or measured by separate meters. In the event Landlord fails or refuses to pay any or all of such charges when due, Tenant may give Landlord ten (10) calendar days prior written notice and thereafter pay directly such charges and deduct the payments from the next installments of rent due as a charge against the Landlord.

## **12. TAXES**

Landlord, at its sole cost and expense, shall pay, prior to delinquency, all real property taxes, assessments and special assessments which may be levied or assessed against the Premises or the Building during the term of this Lease or any renewal or holdover period thereof.

In the event Landlord fails or refuses to pay any or all taxes or assessments when due, Tenant may, at its sole discretion, give Landlord thirty (30) calendar days prior written notice and thereafter pay such taxes and assessments and deduct the payments from the next installments of rent due as a charge against the Landlord.

## **13. LANDLORD ACCESS**

Tenant shall permit Landlord and its agents to enter the Premises during Tenant's Hours of Operations upon prior written notice for the purpose of inspecting the Premises and for any other reasonable purposes. If Landlord temporarily closes any portion of the Building or Premises, Base Rent shall be prorated based upon the percentage of the Premises or the Building rendered unusable 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 and notify Tenant immediately thereafter.

## **14. TENANT DEFAULT**

### **14.1 Default**

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

- (a) the failure by Tenant to make any payment of Base 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 the failure continues for a period of ten (10) days, except with respect to the first (1<sup>st</sup>) late payment in a twelve (12) month period, such failure by Tenant shall not be a default unless Tenant fails to pay the same within ten (10) days after written notice to Tenant;
- (b) 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 thirty (30) days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than thirty (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 thirty (30)-day period and thereafter diligently prosecutes such cure to completion.

14.2 Termination; Landlord Remedies

Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, upon the occurrence of any Default by Tenant, Landlord shall have such other rights and remedies as may be provided by law.

14.3 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.

**15. LANDLORD DEFAULT**

15.1 Remedies

In addition to the provisions for Landlord's default provided by Sections 9.4, 10.4, 19, 21.2 and 32.3, 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 thirty (30) days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10.4); provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably be cured within such thirty (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:

- (a) to remedy such default or breach and deduct the costs thereof (including but not limited to attorney' fees) plus interest at the rate of ten percent (10%) per annum from the installments of Base Rent next falling due;
- (b) to pursue the remedy of specific performance;
- (c) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Base Rent next coming due; and/or
- (d) to terminate this Lease.

### 15.2 Waiver

Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services to the extent Landlord is required to provide the same under this Lease, or to perform any other obligations to the extent specifically prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

### 15.3 Emergency

Notwithstanding the foregoing cure period, Tenant may cure any default 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. In such cases, Tenant may perform the necessary work through its Internal Services Department and deduct the cost of said work from the Base Rent next due.

## 16. **ASSIGNMENT AND SUBLETTING**

### 16.1 Assignment and Subletting

Tenant shall not assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent; which shall not be unreasonably withheld, conditioned, or delayed. No such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.

### 16.2 Sale

If Landlord sells or conveys the Property, then all liabilities and obligations of Landlord accruing under this Lease after the sale or conveyance shall be binding upon the new owner, and the transferor shall be released from all liability under this Lease accruing subsequent to such sale or conveyance, provided that the transferee assumes Landlord's remaining obligations hereunder in writing. Nothing in this Section 16.2 shall be deemed to release Landlord's successor in interest from responsibility for any condition (including but not limited to deferred maintenance) existing on the date of transfer.

Upon any sale or transfer of the Property by Landlord, Landlord shall endeavor to provide thirty (30) business days prior written notice of said sale or transfer to Tenant. In addition, Landlord shall provide the following information to Tenant, at Tenant's Address for Notice (set forth in Section 1.1 hereof), as a condition of Tenant's obligation to pay Base Rent to the new owner:

- (a) A letter from the Landlord confirming that the Property was transferred to the new owner, along with written evidence of the transfer of the Property (e.g., a recorded deed).

- (b) A signed letter from the new owner including the following information:
  - i. Name and address of new owner or other party to whom Base Rent should be paid
  - ii. Federal tax ID number for new owner
  - iii. Name of contact person and contact information (including phone number) for new owner
  - iv. Proof of insurance
- (c) A W-9 form for new owner.

Tenant shall not be obligated to pay any rental amounts to any party other than the Landlord named herein until such time as all the requirements of this Section 16.2 are satisfied.

## **17. ALTERATIONS AND ADDITIONS**

### **17.1 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. If Landlord fails to respond in writing within thirty (30) days after Tenant's request, then Landlord shall be deemed to have approved the requested Alterations. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria:

- (a) complies with all laws;
- (b) is not visible from the exterior of the Premises or Building;
- (c) will not materially affect the systems or structure of the Building; and
- (d) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building.

### **17.2 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.

## **18. CONDEMNATION**

### **18.1 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.

#### 18.2 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").

#### 18.3 Partial Taking

If any portion, but not all, of the Premises or the Common Areas 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 thirty (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 thirty (30) days nor later than ninety (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 termination date designated by Tenant. If Tenant does not so notify Landlord within thirty (30) days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated in proportion to the degree to which Tenant's use of the Premises and the Common Areas is impaired by such Condemnation.

#### 18.4 Restoration

Notwithstanding the preceding paragraph, if, within thirty (30) days after the Determination Date, Landlord notifies Tenant that Landlord, at its sole cost, will add to the remaining Premises and/or the Common Areas so that the Premises and the space available for parking, will be substantially the same (as reasonably determined by Tenant) 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 ninety (90) days after Landlord so notifies Tenant, then this Lease shall continue in effect. In such event, all obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.



18.5 Award

The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises. Tenant shall be entitled to any awards for relocation benefits or goodwill belonging to Tenant.

18.6 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.

**19. INDEMNIFICATION**

19.1 Landlord's Indemnity

The Landlord shall indemnify, defend and hold harmless the Tenant from and against any and all liability, loss, injury or damage including (but not limited to) demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from or connected with the Landlord's gross negligence or willful misconduct.

19.2 Tenant's Indemnity

The Tenant shall indemnify, defend and hold harmless the Landlord, from and against any and all liability, loss, injury or damage, including (but not limited to) demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees) arising from or connected with the Tenant's repair, maintenance and other acts and omissions arising from and/or relating to the Tenant's use of the Premises, Tenant's indemnity of Landlord shall specifically include any and all claims made by Tenant's employees for personal injury or property damage, from any cause whatsoever.

**20. INSURANCE: During the term of this Lease, the following insurance requirements will be in effect:Waiver**

Both the Tenant and Landlord each agree to release the other and waive their rights of recovery against the other for damage to their respective property arising from perils insured in the Causes-of-Loss Special Form (ISO form CP 10 30).

20.2 General Insurance Provisions – Landlord Requirements

Without limiting the Landlord's indemnification of Tenant and during the term of this Lease, and until all of its obligations pursuant to this Lease have been met, Landlord shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in this Lease. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Landlord pursuant to this Lease. The Tenant in no way warrants that the Required Insurance

is sufficient to protect the Landlord for liabilities which may arise from or relate to this Lease.

(a) Evidence of Coverage and Notice to Tenant

- i. Certificate(s) of insurance coverage ("Certificate") satisfactory to Tenant, and a copy of an Additional Insured endorsement confirming that Tenant and its Agents (defined below) has been given insured status under the Landlord's General Liability policy, shall be delivered to Tenant at the address shown below and provided prior to the start day of this Lease.
- ii. Renewal Certificates shall be provided to Tenant not less than 10 days prior to Landlord's policy expiration dates. The Tenant reserves the right to obtain complete, certified copies of any required Landlord insurance policies at any time.
- iii. Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Lease by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Landlord identified in this Lease. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding twenty-five thousand (\$25,000.00) dollars, and list any Tenant-required endorsement forms.
- iv. Neither the Tenant's failure to obtain, nor the Tenant's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Landlord, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.
- v. Certificates and copies of any required endorsements, and/or notices of cancellation shall be delivered to:

County of Los Angeles  
Chief Executive Office - Real Estate Division  
320 West Temple Street, 7th Floor  
Los Angeles, CA 90012  
Attention: Director of Real Estate

Landlord also shall promptly notify Tenant of any third party claim or suit filed against Landlord which arises from or relates to this Lease, and could result in the filing of a claim or lawsuit against Landlord and/or Tenant.

(b) Additional Insured Status and Scope of Coverage

The Tenant, which is the County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively, "Tenant and its Agents"), shall be provided additional insured status under Landlord's General Liability policy with respect to liability arising from or connected with the Landlord's acts, errors, and omissions arising from and/or relating to the Landlord's operations on and/or its ownership of the premises. Tenant's additional insured status shall apply with respect to liability and defense of suits arising out of the Landlord's acts or omissions, whether such liability is attributable to the Landlord or to the Tenant. The full policy limits and scope of protection also shall apply to the Tenant as an additional insured, even if they exceed the Tenant's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

(c) Cancellation of or Changes in Insurance

Landlord shall provide the Tenant with, or Landlord's insurance policies shall contain a provision that the Tenant shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to the Tenant at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Lease, in the sole discretion of the Tenant, upon which the Tenant may suspend or terminate this Lease.

(d) Failure to Maintain Insurance

Landlord's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Lease, upon which County immediately may withhold payments due to Landlord, and/or suspend or terminate this Lease. County, at its sole discretion, may obtain damages from Landlord resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to Landlord, deduct the premium cost from sums due to Landlord or pursue Landlord reimbursement.

(e) Insurer Financial Ratings

Insurance is to be provided by an insurance company authorized to do business in California and acceptable to the Tenant, with an A.M. Best rating of not less than A:VII, unless otherwise approved by the Tenant.

(f) Landlord's Insurance Shall Be Primary

Landlord's insurance policies, with respect to any claims related to this Lease, shall be primary with respect to all other sources of coverage available to Tenant. Any Landlord maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Tenant coverage.

(g) Waiver of Subrogation

To the fullest extent permitted by law, the Landlord hereby waives its and its insurer(s) rights of recovery against Tenant under all required insurance policies for any loss arising from or related to this Lease. The Landlord shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.

(h) Deductibles and Self-Insured Retentions ("SIRs")

Landlord's policies shall not obligate the Tenant to pay any portion of any Landlord deductible or SIR. The Tenant retains the right to require Landlord to reduce or eliminate policy deductibles and SIRs as respects the Tenant, or to provide a bond guaranteeing Landlord's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

(i) Claims Made Coverage

If any part of the Required Insurance is written on claims made basis, any policy retroactive date shall precede the start date of this Lease. Landlord understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Lease expiration, termination or cancellation.

(j) Application of Excess Liability Coverage

Landlord may use a combination of primary and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

(k) Separation of Insureds

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

(l) Tenant Review and Approval of Insurance Requirements

The Tenant reserves the right to review and adjust the Required Insurance provisions, conditioned upon Tenant's determination of changes in risk exposures.

20.3 Insurance Coverage Types And Limits

- (a) Tenant Requirements: During the term of this Lease, Tenant shall maintain a program of insurance coverage as described below:

- i. Commercial General Liability Insurance, providing scope of coverage equivalent to ISO policy form CG 00 01, naming Landlord and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$ 2 million
Products/Completed Operations Aggregate:	\$ 1 million
Personal and Advertising Injury:	\$ 1 million
Each Occurrence:	\$ 1 million

Tenant, at its sole option, may satisfy all or any part of this insurance requirement through use of a program of self insurance (self-funding of its liabilities). Certificate evidencing coverage or letter evidencing self-funding will be provided to Landlord after execution of this Lease at Landlord's request.

20.4 Landlord Requirements: During the term of this Lease, Landlord shall provide and maintain the following programs of insurance coverage:

- (a) Commercial General Liability Insurance, providing scope of coverage equivalent to ISO policy form CG 00 01, naming Tenant and Tenant's Agents as an additional insured, with limits of not less than:

General Aggregate:	\$ 10 million
Products/Completed Operations Aggregate:	\$ 10 million
Personal and Advertising Injury:	\$ 5 million
Each Occurrence:	\$ 5 million

- (b) Commercial Property Insurance. Such insurance shall:

- i. Provide coverage for Tenant's property and any improvements and betterments to the Premises; this coverage shall be at least as broad as that provided by the Causes-of-Loss Special Form (ISO form CP 10 30), excluding earthquake and including flood and ordinance or law coverage.
- ii. Be written for the full replacement cost of the Property, with a deductible no greater than \$250,000 or 5% of the Property value, whichever is less. Insurance proceeds shall be payable to the Landlord and Tenant, as their interests may appear.

## 21. PARKING

### 21.1 Tenant's Rights

Tenant shall have the right to use the entire surface parking lot (as set forth in Section 1.1) serving the Building, without charge, for the Term of this Lease. Tenant shall be entitled to full in/out privileges at all times. 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. Tenant acknowledges that all unreserved parking spaces are 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 Tenant and other tenants, occupants, licensees, invitees and permittees of the Building. Landlord, at its sole expense, shall provide Tenant with at least one (1) parking access card or key fob for each reserved or unreserved parking space set forth in Section 1.1, if applicable.

## 21.2 Remedies

Landlord acknowledges that it is a material term of this Lease that Tenant receives all of the parking spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the parking spaces (more than 50% of the parking spaces) required above are not available to Tenant for a period of thirty (30) consecutive days (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation) subject to temporary closures or relocation for repairs, required by law, and any other causes beyond Landlord's control, then Tenant may lease replacement parking spaces at an alternate facility in the vicinity of the Premises and deduct from the Base Rent thereafter accruing hereunder an amount each month equal to the prevailing cost of an unreserved parking space in a surface lot in the vicinity of the Premises times the number of replacement spaces leased by Tenant.

- a. Intentionally Omitted.
- b. Intentionally Omitted. [NOTE: PARKING IS FREE]

## 22. ENVIRONMENTAL MATTERS

### 22.1 Hazardous Materials

Tenant shall not cause nor permit, nor allow any of Tenant's employees agents, customers, visitors, invitees, licensee, contractor, assignees or subtenants to cause or permit, any 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, except for routine office and janitorial supplies 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, the Premises, the Building or the Common Areas.

#### **22.2 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, fines, 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 other violation of laws relating to Hazardous Materials other than those caused 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. This indemnity shall not include any claims made by Tenant's employees for personal injury or property damage from any cause whatsoever. 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 constitute a material default under this Lease.

#### **23. ESTOPPEL CERTIFICATES**

Tenant shall, within thirty (30) days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Exhibit F attached hereto (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 in the Premises or a holder of any mortgage upon Landlord's interest in the Premises.

#### **24. TENANT IMPROVEMENTS**

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

#### **25. 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.

## **26. SUBORDINATION AND MORTGAGES**

### **26.1 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 Exhibit E attached hereto (which is attached as a guideline only and shall be subject to negotiation with the applicable lender) 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 (or option to purchase or right of first offer to purchase, if applicable), included herein.

### **26.2 Existing Deeds of Trust – INTENTIONALLY OMITTED. [NOTE: THERE IS NO LOAN ON THE PROPERTY]**

### **26.3 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 and requests copies of any notice of default that Tenant serves upon Landlord, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee or beneficiary a copy of any notice of default that Tenant serves upon Landlord which could permit Tenant to terminate this Lease, along with an additional thirty (30) days within which to cure such default.

## **27. 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).

## **28. SIGNAGE**

Tenant shall be allowed building standard signage on the directory, if any, located in the ground floor lobby of the Building and elevator lobbies of the floors of the Premises and suite signage, all of which shall be at Tenant's sole expense. Tenant shall have the right to install, at Tenant's sole cost and expense, up to two (2) lines per 1,000 rentable square feet of the Premises on the Building's directory board (if any) in the main lobby of the Building. Tenant shall be permitted at Tenant's sole cost, to install signs at the Premises that conform with any and all applicable laws and ordinances, provided that Tenant removes such signs upon the expiration or earlier termination of this Lease and repairs any damage caused by such removal.

Tenant shall be permitted to install, at its sole cost and expense, signage at main entrance doors and monument signage, in accordance with Building standards, and subject to applicable laws and Landlord's consent which shall not be unreasonably withheld,



conditioned, or delayed. Tenant may utilize the remaining portion, if any, of the Tenant Improvement Allowance for signage costs.

**29. QUIET ENJOYMENT**

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

**30. GENERAL**

**30.1 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.

**30.2 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.

**30.3 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 other than Colliers International Greater Los Angeles, Inc. ("Colliers"), the Landlord's Broker, and CRESA Los Angeles ("CRESA"), the Tenant's Broker, as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation. Landlord and Tenant agree that the Landlord shall be solely responsible for the payment of any brokerage commission to either Colliers and or CRESA, and that Tenant shall have no responsibility therefor. CRESA shall receive from Landlord or Landlord's broker, a commission payment, as set forth in a separate written agreement between Landlord and Landlord's broker.

**30.4 Entire Agreement**

This Lease (including all exhibits hereto and the Landlord's Work Letter) 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.

30.5 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.

30.6 Notices

The parties shall give all notices in writing by (i) personal delivery, (ii) national-recognized, next-day courier service, or (iii) first-class registered or certified mail, postage prepaid, to the Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1.1. Without limiting the generality of the foregoing, Landlord's notices to Tenant shall not be effective if they are delivered to the Premises or to another address that is not set forth in Section 1.1(b) hereof. Any notice given under this Lease shall be deemed effective upon the date of delivery (whether accepted or refused), which, for certified mail and courier service, shall be established by U.S. Post Office return receipt or the courier's proof of delivery, respectively.

30.7 Governing Law and Venue

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.

30.8 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.

30.9 Time of Essence

Time is of the essence for the performance of all of the obligations specified hereunder.

30.10 Consent

Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) business days after written reminder notice is delivered to Landlord, together with all necessary information.

30.11 Community Business Enterprises

Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Exhibit G attached hereto.

### 30.12 Memorandum of Lease

If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Exhibit H attached hereto, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

### 30.13 Counterparts; Electronic Signatures

This Lease and any other documents necessary for the consummation of the transaction contemplated by this Lease may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically. An electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Lease and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Lease had been delivered had been signed using a handwritten signature. Landlord and Tenant (i) agree that an electronic signature, whether digital or encrypted, of a party to this Lease is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intended to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv) hereby waive any defenses to the enforcement of the terms of this Lease based on the foregoing forms of signature. If this Lease has been executed by electronic signature, all parties executing this document are expressly consenting under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("E-SIGN") and California Uniform Electronic Transactions Act ("UETA")(Cal. Civ. Code § 1633.1, et seq.), that a signature by fax, email or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

## 31. AUTHORITY

Only the County's Board of Supervisors ("Board of Supervisors") has the authority, by formally approving and/or executing this Lease, to bind Tenant to the terms included herein. 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 Tenant. Tenant shall not reimburse Landlord for any expenses which

exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Office of the County (the "Chief Executive Office") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Base Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an early termination notice or otherwise, 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.

## **32. ACKNOWLEDGEMENT BY LANDLORD**

Landlord acknowledges that it is aware of the following provisions:

### **32.1 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.

### **32.2 Solicitation of Consideration**

It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent who has had any involvement in the procurement, negotiation, consummation, administration or management of a lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.

Landlord hereby represents and warrants that it has not provided, and will not provide, any financial benefits to any County official, employee or agent who has had any involvement in the procurement, negotiation, consummation, administration or management of this Lease. Landlord hereby agrees that if it violates any of the terms of this Section 32.2, then the County may declare this Lease null and void, and the County reserves the right to exercise any and all other remedies available under applicable law.

### **32.3 Landlord Assignment**

- (a) 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 Base Rent directly to

an assignee or transferee, but only if the conditions set forth in this Section are met.

- (b) 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, as security for the Landlord's obligation to repay any monetary obligation, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.
- (c) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the Tenant. Notwithstanding the foregoing, the Tenant hereby acknowledges and agrees that Landlord shall have the right to encumber the Property with CMBS (commercial mortgage backed securities) financing or other traditional real estate financing. However, Landlord may not encumber the Property through any type of bond financing vehicle, including but not limited to certificate of participation financing.
- (d) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the Tenant may impose damages in an amount equal to the greater of \$500,000 or 10% of the aggregate principal portion of all rental payments payable by the Tenant during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the Tenant may exercise or pursue any other right or remedy it may have under this Lease or applicable law.
- (e) Landlord shall give Tenant written notice and a copy of each and every assignment, transfer, hypothecation or encumbrance of Landlord's interest in this Lease and any instrument relating thereto (including, but not limited to, instruments providing for the payment of Base Rent directly to an assignee or transferee) at least thirty (30) days prior to the effective date thereof.
- (f) Landlord shall not furnish any information concerning Tenant or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the Tenant) to any person or entity, except with Tenant's prior written consent. Landlord shall indemnify, defend and hold Tenant 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 of this Section 32.3.

- (g) The provisions of this Section 32.3 shall be binding upon and applicable to the parties hereto and their respective successors and assigns. 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.

32.4 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.)

32.5 COVID-19 Vaccinations of County Contractor Personnel.

- (a) At Landlord's sole cost, Landlord shall comply with Chapter 2.212 (COVID-19 Vaccinations of County Contractor Personnel) of County Code Title 2 - Administration, Division 4. All employees of Landlord and persons working on its behalf, including but not limited to, subcontractors of any tier (collectively, "Landlord Personnel"), must be fully vaccinated against the novel coronavirus 2019 ("COVID-19") prior to (1) interacting in person with County employees, interns, volunteers, and commissioners ("County workforce members"), (2) working on County owned or controlled property

while performing services under this Lease, and/or (3) coming into contact with the public while performing services under this Lease (collectively, "In-Person Services").

- (b) Landlord Personnel are considered "fully vaccinated" against COVID-19 two (2) weeks or more after they have received (1) the second dose in a 2-dose COVID-19 vaccine series (e.g. Pfizer-BioNTech or Moderna), (2) a single-dose COVID-19 vaccine (e.g. Johnson and Johnson [J&J]/Janssen), or (3) the final dose of any COVID-19 vaccine authorized by the World Health Organization ("WHO").
- (c) Prior to assigning Landlord Personnel to perform In-Person Services, Landlord shall obtain proof that such Landlord Personnel have been fully vaccinated by confirming Landlord Personnel is vaccinated through any of the following documentation: (1) official COVID-19 Vaccination Record Card (issued by the Department of Health and Human Services, CDC or WHO Yellow Card), which includes the name of the person vaccinated, type of vaccine provided, and date of the last dose administered ("Vaccination Record Card"); (2) copy (including a photographic copy) of a Vaccination Record Card; (3) Documentation of vaccination from a licensed medical provider; (4) a digital record that includes a quick response ("QR") code that when scanned by a SMART HealthCard reader displays to the reader client name, date of birth, vaccine dates, and vaccine type, and the QR code confirms the vaccine record as an official record of the State of California; or (5) documentation of vaccination from Landlord who follow the CDPH vaccination records guidelines and standards. Landlord shall also provide written notice to County before the start of work under this Lease that its Landlord Personnel are in compliance with the requirements of this section. Landlord shall retain such proof of vaccination for the document retention period set forth in this Lease, and must provide such records to the County for audit purposes, when required by County.
- (d) Landlord shall evaluate any medical or sincerely held religious exemption request of its Landlord Personnel, as required by law. If Landlord has determined that Landlord Personnel is exempt pursuant to a medical or sincerely held religious reason, the Landlord must also maintain records of the Landlord Personnel's testing results. The Landlord must provide such records to the County for audit purposes, when required by County. The unvaccinated exempt Landlord Personnel must meet the following requirements prior to (1) interacting in person with County workforce members, (2) working on County owned or controlled property while performing services under this Lease, and/or (3) coming into contact with the public while performing services under this Lease:
  - (i) Test for COVID-19 with either a polymerase chain reaction (PCR) or antigen test has an Emergency Use Authorization (EUA) by the FDA or is operating per the Laboratory Developed Test requirements by the U.S. Centers for Medicare and Medicaid Services. Testing must occur at least weekly, or more frequently as required by County or other applicable law, regulation or order.

(ii) Wear a mask that is consistent with CDC recommendations at all times while on County controlled or owned property, and while engaging with members of the public and County workforce members.

(iii) Engage in proper physical distancing, as determined by the applicable County department that the Lease is with.

(e) In addition to complying with the requirements of this section, Landlord shall also comply with all other applicable local, departmental, State, and federal laws, regulations and requirements for COVID-19.

(f) Landlord's obligation to comply with the terms of this Section 32.5 shall commence on the Commencement Date. Landlord shall not be obligated to comply with the terms of this Section 32.5 while Landlord is preparing the vacant Building for Tenant's occupancy.

### **33. INTENTIONALLY DELETED**

### **34. OPTION TO EXTEND**

#### **34.1 Option Terms.**

Provided that no material Default has occurred and is continuing under the Lease at the time the option is exercised, Tenant shall have two (2) options to renew this Lease for an additional period of sixty (60) months each (respectively, the "First Extension Term" and the "Second Extension Term", and collectively, the "Extension Term(s)").

#### **34.2 Exercise of Option.**

Tenant must exercise its options to extend this Lease by:

(a) giving Landlord written notice of its intention to do so (its "Notice of Intent") no later than one hundred eighty (180) days, nor earlier than three hundred sixty-five (365) days, prior to the end of the initial Term, or the First Extension Term, as applicable, and

(b) after Market Rental Value has been determined as provided below, and after the Board of Supervisors has approved the exercise of the option to renew, by giving written notice of its election to exercise such option. It is understood that Tenant will not exercise its option until after the Board of Supervisors has approved doing so, which will not be prior to the determination of the Market Rental Value, as provided below. If the Board of Supervisors has not approved the exercise of such option prior to ninety (90) days after the expiration of the Term of this Lease as then in effect, this Lease shall terminate on the scheduled expiration date as if the applicable option had not been exercised.

#### **34.3 Terms and Conditions of the Extension Terms.**

The Extension Terms shall be on all the terms and conditions of this Lease, except that the Base Rent during Extension Terms shall be equal to Fair Market Rental Value for the Premises as of the commencement of the applicable Extension Term



("Adjusted Market Rental Value") to be determined as set forth below, and Landlord shall have no additional obligation for free rent, leasehold improvements or for any other tenant inducements for the Extension Terms.

#### 34.4 Agreement on Base Rent.

Landlord and Tenant shall have ninety (90) days after Landlord receives the Notice of Intent in which to agree on the Base Rent during the applicable Extension Term. Base Rent during the Extension Term(s) shall be the Adjusted Market Rental Value of the Premises calculated as of the date Tenant gives its Notice of Intent with respect to its first and second options to extend, respectively.

#### 34.5 Market Rental Value.

The term "Market Rental Value" shall be the rental rate for renewal transactions that comparable Premises in the market in which the Premises is located would command for approximately the same term as the Extension Term on the open market at the commencement date of the Extension Term, pursuant to transactions completed in the twelve (12) month period prior to the commencement date of the Extension Term, as determined jointly by Landlord and Tenant. For purposes hereof, the term "comparable Premises" shall mean premises in a Building similar in size and location to the Building, excluding any improvements installed by Tenant, at its sole cost, within the Premises of the Building. In determining the Market Rental Value, appropriate consideration shall be given to Tenant's creditworthiness, conditions imposed on Landlord by Tenant, the annual amount per rentable square foot that Landlord has accepted in current transactions between non-affiliated parties from new, non-expansion and non-equity tenants for comparable premises for general office use for a comparable period of time, the annual rental rates per square foot, rental increases, the standard of measurement by which the rentable square footage is measured, the ratio of rentable square feet to usable square feet, presence or absence of pass throughs for taxes, insurance maintenance and other costs, the type of escalation clause (e.g., whether increases in additional rent are determined on a net or gross basis, and if gross, whether such increases are determined according to a base year or a base dollar amount expense stop), parking rights and obligations, signage rights, abatement provisions reflecting free rent and/or no rent (excluding any abatement during the period of construction or subsequent to the commencement date as to the space in question), brokerage commissions, if any, which would be payable by Landlord in similar transactions, length of the lease term, size and location of the Building being leased, and other general applicable conditions of tenancy for such comparable transactions.

#### 34.6 Opinions.

Landlord shall submit its opinion of Market Rental Value to Tenant within fifteen (15) days after Landlord's receipt of the Notice of Intent, and Tenant shall respond thereto within ten (10) days thereafter by either (a) accepting Landlord's opinion of Market Rental Value (in which case, such Market Rental Value shall be used to determine Base Rent during the Extension Term) or (b) submitting Tenant's opinion of Market Rental Value. If Landlord and Tenant cannot agree upon the Market Rental Value of the Premises within fifteen (15) days thereafter, then

Landlord and Tenant within five (5) days shall each submit to each other their final written statement of Market Rental Value ("Final Statement"). Within ten (10) days thereafter Landlord and Tenant shall together appoint one real estate appraiser (who shall be a Member of the American Institute of Real Estate Appraisers) (or, if both Landlord and Tenant agree, a certified property manager with ten (10) years' experience) who will determine whether Landlord's or Tenant's Final Statement of Market Rental Value is the closest to the actual (in such appraiser's opinion) Market Rental Value of the Premises. If Landlord and Tenant cannot mutually agree upon an appraiser within said ten (10) day period, Tenant may apply to the Presiding Judge of the Superior Court for Los Angeles County, requesting said Judge to appoint the M.A.I. qualified appraiser. The appraiser so appointed shall promptly determine whether Landlord's or Tenant's Final Statement of Market Rental Value is the closest to the actual (in such appraisers' opinion) Market Rental Value of the Premises, and such Final Statement of Market Rental Value shall be the Market Rental Value used in determining Base Rent during the Extension Term. The fees and expenses of the appraiser shall be borne equally by Landlord and Tenant. The appraiser appointed or selected pursuant to this Section shall have at least ten (10) years' experience appraising commercial properties in Los Angeles County.


34.7 Amendment of Lease.

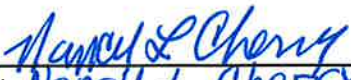
Immediately after the Board of Supervisors approves the exercise of any option granted pursuant to this Section 34, and such option is exercised, Landlord and Tenant shall execute an amendment to this Lease setting forth the new Base Rent in effect.

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

LANDLORD:

NAMPCO LLC, a California limited liability company

By:   
Name: ALAN S. LEVEY  
Title: OWNER / MANAGER

By:   
Name: Nancy L. Cherry  
Title: owner / manager

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

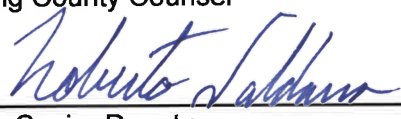
ATTEST:

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

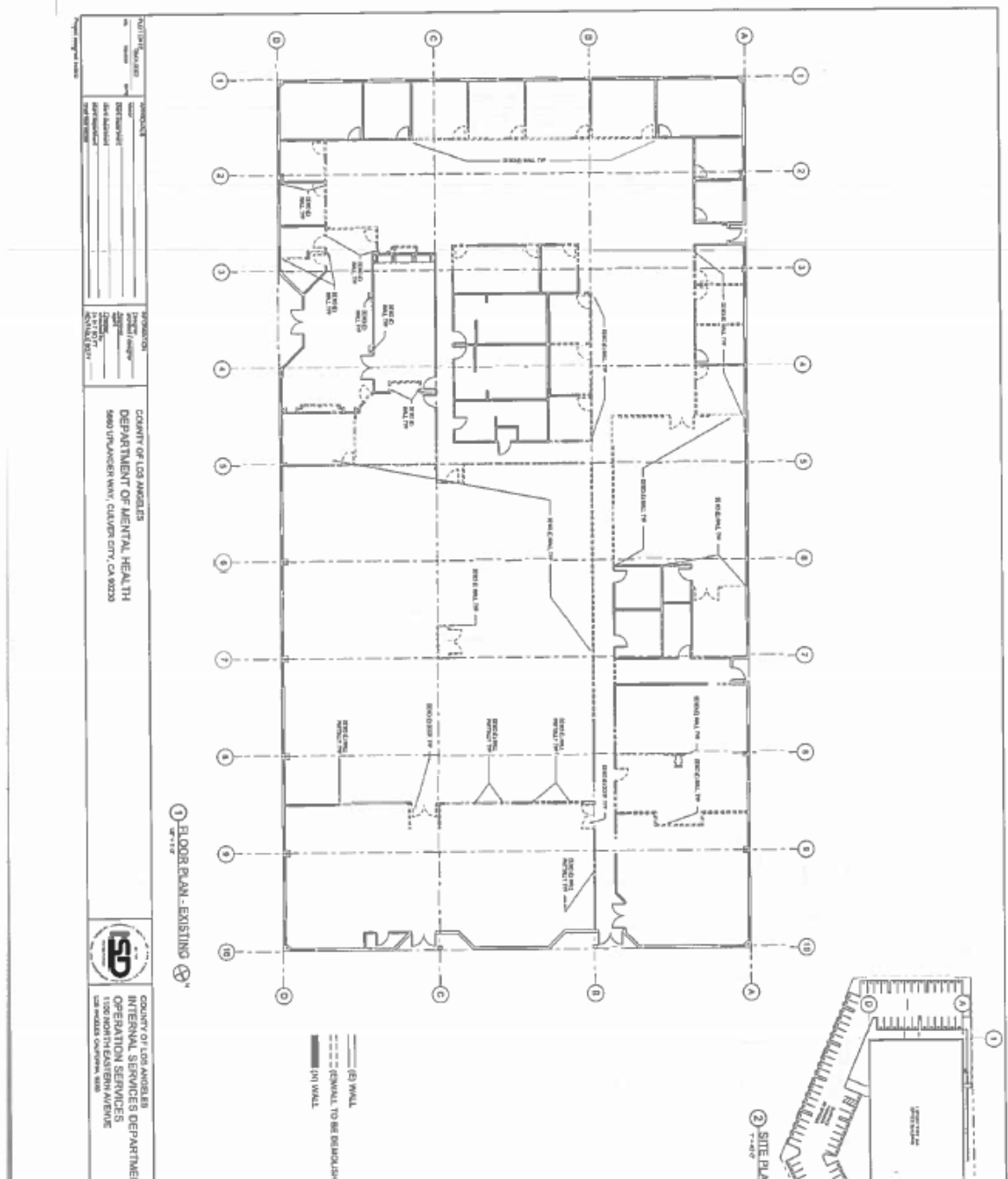
By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON  
Acting County Counsel

By:   
Senior Deputy

(1) PRIVATE OFFICES  
 (2) CONFERENCE ROOM (ROOM #11)  
 (3) SMALL CONFERENCE ROOM (ROOM #41)  
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**EXHIBIT B**

**COMMENCEMENT DATE MEMORANDUM  
AND CONFIRMATION OF LEASE TERMS**

Reference is made to that certain Lease Agreement ("Lease") dated \_\_\_\_\_, 20\_\_, between County of Los Angeles, a body corporate and politic ("Tenant"), and \_\_\_\_\_, a \_\_\_\_\_ ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at \_\_\_\_\_ ("Premises"),

Landlord and Tenant hereby acknowledge as follow:

- 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 \_\_\_\_\_ rentable square feet of space; and
- 5) Landlord has paid a commission in the amount of \$\_\_\_\_\_ to Tenant's broker pursuant to Section 30.3 of the Lease.

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

Tenant:

COUNTY OF LOS ANGELES,  
a body corporate and politic

Landlord:

\_\_\_\_\_,  
a \_\_\_\_\_

By:

Name \_\_\_\_\_  
Its \_\_\_\_\_

By:

Name \_\_\_\_\_  
Its \_\_\_\_\_

## **EXHIBIT C**

### **HEATING, VENTILATION AND AIR CONDITIONING**

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Tenant's Hours of Operation established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable/net square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications. As part of the Base Building Improvements, Landlord shall provide the package HVAC units in good working order with a capacity to meet the specifications set forth in this Exhibit C. However, all costs of distribution, reconfiguring the existing system (within the Premises), zoning, controls, VAV boxes and drops and related work will be deemed Tenant Improvements and paid out of Landlord's TI Allowance or Tenant's TI Contribution, as applicable.

## EXHIBIT D

### [LANDLORD OBLIGATION ITEMS ARE NOTED – REMAINING ITEMS ARE TO BE PERFORMED BY JANITORIAL CREW RETAINED BY TENANT - CLEANING AND MAINTENANCE SCHEDULE]

#### A. DAILY (Monday through Friday)

1. Carpets vacuumed.
2. Composition floors dust-mopped.
3. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
4. Waste baskets, other trash receptacles emptied.
5. Chairs and waste baskets returned to proper position.
6. Fingerprints removed from glass doors and partitions.
7. Drinking fountains cleaned, sanitized and polished.
8. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
9. Bulb and tube replacements, as required. **(LANDLORD RESPONSIBILITY)**
10. Emergency exit signage and egress battery replacement (if applicable)
11. Graffiti expunged as needed within two working days after notice by Tenant **(LANDLORD RESPONSIBILITY)**
12. Floors washed as needed.
13. Standard kitchen/lunchroom/restroom supplies replenished, including, but, not limited to, paper supplies and soap.
14. Exclusive day porter service -Not Applicable.

#### B. WEEKLY

1. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
2. Window sills, ledges and wood paneling and molding dusted.

#### C. MONTHLY

1. Floors washed and waxed in uncarpeted office area.
2. High-reach areas, door frames and tops of partitions dusted.



3. Upholstered furniture vacuumed, plastic and leather furniture wiped
4. Picture moldings and frames dusted.
5. Wall vents and ceiling vents vacuumed.
6. Carpet professionally spot cleaned as required to remove stains.
7. HVAC chiller water checked for bacteria, water conditioned as necessary.  
**(LANDLORD RESPONSIBILITY)**

D. QUARTERLY

1. Light fixtures cleaned and dusted, but not less frequently than quarterly.
2. Wood furniture polished.
3. Draperies or mini-blinds cleaned as required, but not less frequently than quarterly.
4. HVAC units serviced for preventative maintenance purposes, all filters changed.  
**(LANDLORD RESPONSIBILITY)**

E. SEMI-ANNUALLY

1. Windows washed as required inside and outside but not less frequently than twice annually. **(LANDLORD RESPONSIBILITY).**
2. All painted wall and door surfaces washed and stains removed.
3. All walls treated with vinyl covering washed and stains removed.

F. ANNUALLY

1. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.
2. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.
3. Touch-up paint all interior painted surfaces in a color and finish to match existing.  
**(LANDLORD RESPONSIBILITY)** If the interior painted surfaces requires repainting, Tenant shall be responsible for relocating its furniture, fixtures and equipment at Tenant's sole cost and expense, and for taking any other actions reasonably necessary to cooperate with Landlord and to permit Landlord's vendor to have access in order to perform the work.

G. AS NEEDED

1. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times. **(LANDLORD RESPONSIBILITY)**
2. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition, except for damage caused by Tenant or by Tenant's agents, employees, invitees or visitors. **(LANDLORD RESPONSIBILITY)**
3. Interior and exterior pest control inspections and normal treatments are to be determined by a licensed exterminator. **(LANDLORD RESPONSIBILITY, EXCEPT FOR TREATMENT OF INFESTATIONS)**
4. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning:
  - i. heavy traffic areas cleaned as needed, with a minimum frequency of bi-monthly [six (6) times per year];
  - ii. moderate traffic areas cleaned as needed, with a minimum of once every six (6) months [two (2) times per year]; and
  - iii. clean light traffic areas a minimum of once per year.

Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets. Notwithstanding the foregoing, Landlord has no obligation to repair damage caused by Tenant or by Tenant's agents, employees, invitees or visitors, including, without limitation, holes in walls, scrapes, or other damage due to misuse. If the floor covering requires cleaning, Tenant shall be take actions reasonably necessary to cooperate with Landlord.

5. Except for damage caused by Tenant, all walls repainted and wall coverings replaced throughout the Premises. In connection with such work, Tenant shall take actions reasonably necessary to cooperate with Landlord and to permit Landlord's vendor to have access in order to perform the work. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence") except for touch-up paint as provided in Paragraph F.3. of this Exhibit D. The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute an Occurrence for the purpose of determining the frequency of this work. **(LANDLORD RESPONSIBILITY)**
6. All HVAC ducts cleaned as needed, but no less than every five (5) years.

H. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

**Tenant will be responsible for the janitorial services within the interior of the premises, and all other maintenance and cleaning except for items specifically noted as the Landlord's responsibility.**

**EXHIBIT E**

**INTENTIONALLY OMITTED – NOTE – THERE IS NO LOAN ON THE PROPERTY  
FUTURE LENDERS WILL PROVIDE THEIR SNDA FORMS, HOWEVER TENANT TO USE  
THE COUNTY'S STANDARD SNDA TEMPLATE OR VARIATION THEREOF**

## EXHIBIT F

### TENANT ESTOPPEL CERTIFICATE

To: [Insert name of party to rely on document]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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, to its actual knowledge, as of the date hereof:

1.     Tenant is the present 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.

      (d)    Except as specified in the Lease, Tenant has no option or right to renew, extend or cancel the Lease.

      (e)    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.

      (f)    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).

      (g)    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, except as set forth in Exhibit A, 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) Tenant's interest in the Lease has not been assigned or encumbered.

(d) 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.

(e) No rental payments have been made more than one (1) 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, except: \_\_\_\_\_.

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

COUNTY OF LOS ANGELES,  
a body corporate and politic

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

# EXHIBIT G

## 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 MBE/WBE participation. The information requested below is for statistical purposes only. The final analysis and consideration of the lease will be determined without regard to race, creed, color or gender. (Categories listed below are based on those described in 49 CFR Section 23.5)

I. Minority/Women Participation in Firm (Partners, Associate Partners, Managers, Staff, etc.)						
1. Firm Name: _____			3. Contact Person/Telephone Number: _____			
2. Address: _____						
			4. Total number of employees in the firm: _____			
5. Provide the number of all minority employees and women in each category.	Owners, Partners and Associate Partners		Managers		Staff	
	All O,P & AP	Women	All Managers	Women	All Staff	Women
Black/African American						
Hispanic/Latin American						
Asian American						
Portuguese American						
American Indian/Alaskan Native						
All Others						

II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM		
1. Type of Business Structure: (Corporation, Partnership, Sole Proprietorship, Etc.) _____		
2. Total Number of Ownership/Partners, Etc.: _____		III. MINORITY/WOMEN-OWNED FIRM CERTIFICATION
3. Provide the percentage of ownership in each	All Employee	Women
Black/African American		
Hispanic/Latin American		
Asian American		
Portuguese American		
American Indian/Alaskan Native		
All Others		

Section D. OPTION TO PROVIDE REQUESTED INFORMATION		
<input checked="" type="checkbox"/> We do not wish to provide the information required in this form.		
Firm Name: <u>NAMPCO LLC</u>		
Signature/Title: <u>[Signature] owner/manager</u>		
Date: <u>August 23, 2022</u>		

## EXHIBIT H

### MEMORANDUM OF LEASE

#### RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

County of Los Angeles  
Chief Executive Office  
Real Estate Division  
320 W. Temple Street, 7th Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code Section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code Section 11922.

---

#### MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between \_\_\_\_\_, a \_\_\_\_\_ (the "Landlord"), and the COUNTY OF LOS ANGELES, a public body corporate and politic, duly organized and existing under the laws of the State of California (the "Tenant"), who agree as follows:

Landlord and Tenant have entered into an unrecorded lease dated \_\_\_\_\_, 20\_\_\_\_ (the "Lease") of certain real property located in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, for a term commencing on \_\_\_\_\_, 20\_\_\_\_, and ending on a date \_\_\_\_\_ years after the commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in the Lease.

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.



Dated: \_\_\_\_\_, 20\_\_.

LANDLORD:

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

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

TENANT:

COUNTY OF LOS ANGELES,  
a body corporate and politic

FESIA A. DAVENPORT  
Chief Executive Officer

By: \_\_\_\_\_  
John T. Cooke, Assistant CEO  
Asset Management Branch

ATTEST:

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

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

APPROVED AS TO FORM:

DAWYN R. HARRISON  
Acting County Counsel

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

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

COUNTY OF \_\_\_\_\_

)  
) SS.  
)

On \_\_\_\_\_, before me,

\_\_\_\_\_ Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared \_\_\_\_\_,

Name of Signer(s)

who proved to me 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature (Seal)

**EXHIBIT I**

**LANDLORD'S WORK LETTER**

**LANDLORD'S WORK LETTER**

**For**

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

**COUNTY OF LOS ANGELES, as Tenant**

**and**

**NAMPCO, LLC, as Landlord**

**Property Address:**

**5860 UPLANDER WAY, CULVER CITY, CA**

This Work Letter supplements the Lease Agreement (the "Lease") dated \_\_\_\_\_, 2022, executed concurrently herewith, by and between NAMPCO, LLC, as Landlord, and COUNTY OF LOS ANGELES, a body corporate and politic, 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>Total TI Costs</u>   | \$4,409,825 (i.e., \$175 per rentable square foot of the Premises)   |
| (i) <u>Landlord's TI Allowance</u>  | \$2,015,920 (i.e., \$80 per rentable square foot of the Premises)  |
| (ii) <u>Tenant's TI Contribution</u>  | \$2,393,905 (i.e., \$95 per rentable square foot of the Premises)  |
| (b) <u>TI Amortization Rate and Change Authorization Amortization Rate:</u> | Fixed eight and one half percent (8 1/2%) per annum, amortized over a five (5) year period.  |
| (c) <u>Tenant's Work Letter Representative</u>                              | Vedad Hasanovic or an assigned staff person of the Chief Executive Office-Real Estate Division   |
| (d) <u>Landlord's Work Letter Representative</u>                            | Alan Levey or an assigned staff person of the Landlord   |
| (e) <u>Landlord's Address for Work Letter Notices</u>                       | NAMPCO, LLC<br>914 Galloway Street<br>Pacific Palisades, CA 90272<br>Attn: Mr. Alan Levey<br>Email: aslevey0531@gmail.com  |
| (f) <u>Tenant's Address for Work Letter Notices</u>                         | County of Los Angeles<br>Chief Executive Office - Real Estate Division<br>320 West Temple Street, 7th Floor<br>Los Angeles, CA 90012<br>Attention: Director of Real Estate |
| (g) <u>Addenda</u>  | Addendum A: Base Building Improvements<br>Addendum B: Tenant Improvements<br>Addendum C: Form of Preliminary and Final TI Cost Summary                                     |

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

2.1 Base Building Improvements. Landlord has constructed or shall construct the base building improvements described on Addendum A hereto (the "Base Building Improvements") as a part of the Building. If 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) and any such changes or additions shall be added to and specifically described in Addendum B hereto.

## **2.2 Additional Costs Not Total TI Costs.**

- (a) If the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the Americans with Disabilities Act of 1990 (ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred if the Building had been in compliance with such codes, then such costs shall not be included in the calculation of Total TI Costs (as defined below), and Tenant shall have no financial responsibility for such costs.
- (b) Landlord must identify all noncompliant code related items utilizing an independent third-party expert at Landlord's sole cost and expense. Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or to make existing building systems, including but not limited to electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. Total TI 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", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, or (v) supervision or overhead costs of Landlord.
- (c) Landlord shall be solely responsible for all costs and expenses necessary to increase and / or maintain permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses.
- (d) Upon Substantial Completion, Tenant, at its sole cost and expense, shall have the right to field-measure and verify the exact footage of the Premises and/or the Building and deliver said measurement to Landlord. Should this measurement be less than the square footage stated above, then Tenant shall have the right to adjust such square footage and reduce the Base Rent in Section 1.1 of the Lease accomplished by the mutual execution of an amendment to the Lease. Landlord acknowledges the space has been marketed at the Lease indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no increase made to the Base Rent if the measured square footage exceeds the amount represented by Landlord. All measurements shall be taken in

accordance with the methods of measuring rentable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-2010, as promulgated by the Building Owners and Management Association ("BOMA") International, except that no penthouse mechanical room space shall be included in the measurement.

- 2.3 Base Building Plans. Landlord has delivered to Tenant complete and accurate "as built" plans and specifications for the Building in an AutoCAD 2015 (or later version) and Adobe PDF electronic format via USB flash drive and set-up of a web-based download link. If Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, then any delay caused thereby shall not be a Tenant Delay (as defined below), but shall be deemed to be a delay caused by Landlord, and Landlord shall pay for any increased costs caused by such delay.
- 2.4 Survey. Where 'as-built' plans are missing, Landlord must perform a survey of existing space, which shall include existing floor plans and mechanical, electrical, and plumbing systems. The survey shall be at Landlord's sole cost and expense. Landlord shall submit such survey to the Tenant such that the initial Space Plan (as defined in Section 5.1) can be modified to conform to the existing conditions.
3. **Selection of Architect**. Landlord shall not proceed with any bid solicitation for architectural services until final space plan is furnished to the Landlord. Once Landlord receives the final space plan, Landlord shall promptly solicit at least three (3) proposals from qualified licensed architects familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings (as defined below). Landlord shall select an architect, subject to Tenant's acceptance, which shall not be unreasonably withheld, and which acceptance (or rejection for reasonable reasons) shall be granted within five (5) calendar days after Landlord has submitted the name of the selected architect to Tenant, together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until Tenant accepts an architect (the "Architect"), and Tenant's written acceptance has been delivered to and received by Landlord.
4. **Selection of Contractor**. The Final Plans (as defined below) and a proposed construction contract accepted by Tenant shall be submitted to a sufficient number of qualified contractors, selected by Landlord, so that a minimum of three (3) bids are received. Each contractor shall be requested to submit a sealed fixed price contract bid price (on an American Institute of Architects (AIA) form) to construct the Tenant Improvements depicted on the Final Plans. Landlord shall select the most qualified bidder offering the lowest price after adjustments for inconsistent assumptions, and Landlord shall submit all bids, along with Landlord's recommendation, to Tenant for Tenant's review and acceptance. Following Tenant's acceptance, Landlord shall enter into a construction contract (the "Construction Contract") with the lowest qualified bidder (the "Contractor") to construct the Tenant Improvements, consistent with the terms of the accepted bid. Any Contractor and any Landlord out-of-pocket project management fees incurred in

connection with the bidding process, construction and coordination with Tenant shall be deducted from the Landlord's TI Allowance.

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

- 5.1 Preparation of Space Plan. Concurrently with the execution of this Lease, Tenant shall submit to Landlord specifications for the Premises, which shall include a space plan, and when available, low voltage and furniture plans and shall depict, without limitation, all demising walls, corridors, entrances, exits, doors, and 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").
- 5.2 Preparation and Review of Working Drawings. Within thirty (30) days after the date the Space Plan is submitted to Landlord (the "Plan Submission Date"), Landlord shall instruct the Architect to commence preparation of working drawings (the "Working Drawings"), which shall (a) be consistent with the Space Plan and the Preliminary TI Cost Summary (as defined below), (b) be compatible with the design, construction and equipment of the Building, (c) comply with all applicable laws, (d) be capable of physical measurement and construction, (e) contain all information required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and (f) include 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 provided that a schedule to submit the Working Drawings is provided to, and approved by, the Tenant. Landlord shall provide Tenant the Working Drawings, or such portion thereof as has been submitted, for Tenant's review and acceptance. Landlord shall be solely responsible for ensuring that the Working Drawings fully comply with all applicable building codes and cover any expenses the result from the errors, omissions or inconsistencies in the Architect's Instruments of Service.
- 5.3 Preparation and Review of Engineering Drawings. Landlord shall cause the Architect to coordinate with the Engineer and to integrate all engineering drawings prepared by the Engineer, including but not limited to complete mechanical, electrical, and plumbing plans ("Engineering Drawings"), 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 and acceptance.
- 5.4 Integration of Working Drawings and Engineering Drawings into Final Plans. After Tenant has accepted the Engineering Drawings, Landlord shall cause the Architect to integrate the accepted Working Drawings with the accepted Engineering Drawings (collectively "Final Plans") and deliver the Final Plans to Tenant for Tenant's review in an AutoCAD 2015 (or later version) and Adobe PDF electronic format via USB flash drive and set-up a web-based download link. 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), power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements. Landlord's review of the Space Plan, Working Drawings, Engineering Drawings, and Final Plans shall be at Landlord's sole cost and expense.

- 5.5 Tenant's Plan Review and Acceptance. Tenant shall accept or reject the Working Drawings, the Engineering Drawings and the Final Plans within ten (10) business days after Tenant receives the applicable plans and drawings from Landlord. If Tenant rejects any such plans or drawings, then Tenant shall notify Landlord thereof, specifying in detail the reason for such rejection, in which case Landlord shall revise the applicable plans or drawings and deliver revised plans or drawings to Tenant within fourteen (14) calendar days after receipt of Tenant's rejection notice. This procedure shall be repeated until the applicable plans are accepted by Tenant. If, after such procedure, the parties cannot agree on the Working Drawings, the Engineering Drawings or the Final Plans, then Tenant may elect to terminate the Lease and this Work Letter by delivering a written termination notice to Landlord, whereupon all monies previously paid to Landlord shall be promptly refunded to Tenant, and the parties shall have no further obligations under the Lease and the Work Letter.
- 5.6 Schedule. Within twenty-one (21) calendar days of the Plan Submission Date, Landlord shall submit to Tenant a detailed baseline construction schedule, subject to acceptance by Tenant, which shall not be unreasonably withheld, setting forth the completion dates of certain project milestones, 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 the Construction Contract, construction commencement date, interim schedule milestone dates, and the date of Substantial Completion. The schedule shall be apportioned by construction activity and include time required for the completion of each portion of the work. As the construction continues, Landlord shall amend the construction schedule at least once each month to reflect any changes to the projected dates, and Landlord shall promptly submit the revised construction schedules to Tenant. If the amended construction schedule identifies delays to the project's critical path, the Landlord shall provide a recovery schedule and/or request for a contract time extension.
- 5.7 Submittals. The Landlord shall submit to Tenant any Shop Drawings (as specified in Addendum D), Product Data Sheets / Samples or similar submittals required by the Final Plans in coordination with the construction schedule and with reasonable promptness (Tenant will in any event have ten (10) days to review), so as not to cause any delay in the construction of the Tenant Improvements. The purpose of Shop Drawings, Product Data, Samples and similar submittals is to demonstrate the way by which the Contractor proposes to construct a design concept expressed in the Final Plans. "Shop Drawings" include drawings, diagrams, schedules and other data specially prepared by the Contractor or a subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Tenant Improvements. "Product Data Sheets / Samples" include illustrations, summary performance

charts, instructions, brochures, diagrams, manufacturer specifications and other information furnished by the Landlord to illustrate materials or equipment for some portion of the Tenant Improvements. "Samples" are physical examples that illustrate materials, equipment or workmanship for some portion of the Tenant Improvements. The Contractor shall construct no portion of the Tenant Improvements for which the Final Plans require submittal and review of Shop Drawings, Product Data, Samples or similar submittals until the respective submittal has been reviewed and accepted by the Architect.

**6. Landlord's TI Cost Summary and Payment of Total TI Costs.**

6.1 Cost Summary. Within seven (7) calendar days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary cost summary for the Tenant Improvements in a format similar to Addendum C attached hereto (the "Preliminary TI Cost Summary"), which must not exceed the sum of Landlord's TI Allowance and Tenant's TI Contribution. If there is an excess, Tenant will agree to modify the plans and cooperate with Landlord in value engineering to meet the budget. The Preliminary TI Cost Summary shall be revised into final form within ten (10) days after the date that the Contractor is selected and will be referred to herein as the "Final TI Cost Summary". Tenant shall have fourteen (14) calendar days after the date of receipt of the Final TI Cost Summary to accept or reject the Final TI Cost Summary, including but not limited to any Contractor overhead, profit and/or general conditions costs included therein; provided, however, that any proposed increase to Tenant's TI Contribution shown on the Final TI Cost Summary shall not be effective unless approved in a separate written agreement executed by Landlord and Tenant. Tenant's failure to accept or reject the Final TI Cost Summary in writing within such period shall be deemed to be rejected. Construction of the Tenant Improvements shall not begin until Tenant accepts the Final TI Cost Summary in writing. If Tenant rejects the Final TI Cost Summary due to matters related to cost and the Final TI Cost Summary is ten percent (10%) or more higher in cost than projected in the Preliminary TI Cost Summary, then, at Tenant's request, Landlord shall cause the Architect and the Engineer to redesign the Tenant Improvements, at Landlord's sole expense with respect only to architectural and engineering fees for the redesign, to comply with the Preliminary TI Cost Summary, and any delay caused by the necessity to rebid or redesign the Tenant Improvements shall be considered a Tenant Delay. If Tenant rejects the Preliminary TI Cost Summary or the Final TI Cost Summary, the parties shall promptly confer to resolve all issues relating thereto. If the cost of the Tenant Improvements exceeds the Landlord's TI Allowance, Tenant shall be responsible for the excess as part of Tenant's TI Contribution and any excess shall be repaid by Tenant over five (5) years with interest at eight and one half percent (8 1/2%) per annum.

6.2 Landlord's TI Allowance and Tenant's TI Contribution. All improvements required by the Final Plans, as further described in Addendum B hereto, and any and all modular furniture described in the Modular Specifications (as defined below) shall be referred to herein, collectively, as "Tenant Improvements" or "TI." Costs of Tenant Improvements shall include costs for furniture, soft costs, and any other costs approved in writing by Tenant (collectively "Total TI Costs"), all of which must not exceed the sum of Landlord's TI Allowance, Tenant's TI Contribution, and the cost of any Change Authorizations (as defined below) that are approved in writing

by both parties. Tenant shall be solely responsible for any delay or increased cost in completing the Tenant Improvements. Except as otherwise provided herein, all Total TI Costs shall be paid by Landlord and deducted from Landlord's TI Allowance. If the Total TI Costs exceed Landlord's TI Allowance, then Tenant may authorize Landlord to pay the overage. Thereafter, Tenant shall pay such overage to Landlord as provided in Section 6.3 below.

- 6.3 Method of Payment. Tenant shall be obligated to pay Landlord that portion of Tenant's TI Contribution used to pay for any Total TI Costs in excess of Landlord's TI Allowance. Such payment shall be made in equal monthly payments, amortized over the initial sixty (60) months of the term of the Lease at the TI Amortization Rate. Tenant may, at any time during the Term, prepay all or any portion of the Total TI Costs in excess of the Landlord's TI Allowance and pay any remaining amount in equal monthly payments, amortized over the initial sixty (60) months of the term of the Lease at the TI Amortization Rate. In no event shall Landlord be obligated to pay or advance any amounts in excess of Tenant's TI Contribution, and if the Total TI Costs exceed the sum of Landlord's TI Allowance and Tenant's TI Contribution, Tenant shall be obligated to pay such excess to Landlord within sixty (60) days following Tenant's receipt of an invoice from Landlord and such payment may not be amortized as described in this Section 6.3.
- 6.4 No Base Rent Credit for Unused Portions of Landlord's TI Allowance. If the Total TI Costs are less than the Landlord's TI Allowance, then Tenant shall not be entitled to of any unused portion of the Landlord's TI Allowance.

## **7. Construction of Tenant Improvements.**

- 7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto.
- 7.2 Bids. Unless waived by Tenant in writing, any major contractors, subcontractors and material suppliers providing labor and/or materials for the Tenant Improvements shall be selected only after a minimum of three (3) bids have been solicited from responsible and qualified persons. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. Landlord shall also obtain a minimum of three (3) bids from responsible and qualified bidders for the purchase and installation of Tenant's office furniture system, if applicable, in accordance with Section 9.1 below.
- 7.3 Permits. Landlord shall obtain the approval of all applicable governmental authorities and all permits required for the Tenant Improvements, promptly after Tenant's acceptance of the Final Plans.
- 7.4 Commencement of Construction. Landlord shall commence construction of the Tenant Improvements after Tenant's acceptance of the Contractor pursuant to Section 4 hereof and receipt of permits. Contractor shall obtain the building permit for the Tenant Improvements prior to the commencement of construction. Thereafter, Landlord shall diligently proceed to construct and complete all Tenant

Improvements in a good and workmanlike manner, subject only to any cessation that may be caused by Tenant Delays or Force Majeure Delays (as defined below).

7.5 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 in compliance with California Civil Code Section 8444.
- (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, flooring and base, and any other decor selection efforts required by Tenant, shall be provided by Landlord, at Landlord's expense, in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions. Tenant to use reasonable efforts to select finishes that meet the budget. If Tenant selects finishes that cause the cost to exceed the budget, any excess costs shall be paid by Tenant at the Change Authorization Rate (7% interest over 5 years) above.
- (c) Warranties. Landlord warrants that the Tenant Improvements shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of Substantial Completion (as defined in the Lease). Landlord shall require each contractor and subcontractor to provide warranties of like duration in all construction contracts relating to the Tenant Improvements and, upon Tenant's request, Landlord shall assign to Tenant any such warranties relating to the Tenant Improvements. Patent defects in the Tenant Improvements shall be brought to Landlord's attention promptly. Latent or hidden defects in the Tenant Improvements shall be brought to Landlord's attention promptly upon Tenant's becoming aware of such defects. Landlord, at Landlord's sole cost and expense, shall promptly cause such defects to be repaired following receipt of notice thereof, and Tenant shall have the same rights with respect thereto as set forth herein for all other punch-list items.
- (d) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises or in other areas utilized by Landlord or its contractors, and Landlord agrees to reimburse Tenant for any and all expenses incurred by Tenant by reason of substandard work performed by Landlord's contractor or contractors (as reasonably determined by Tenant according to the usual standards of work in the Building) or as a result of inadequate clean-up.
- (e) Compliance with Laws. The Tenant Improvements shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy upon Substantial Completion. Without limiting the generality of the foregoing, construction of the Tenant Improvements shall comply with all applicable laws and regulations, including but not limited to the provisions of the California Labor Code

relating to the payment of prevailing wages on public works projects, unless the work is otherwise exempt therefrom pursuant to the California Labor Code. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly wage rate and details pertinent thereto for each craft, classification, or type of workman or mechanic needed for the construction of the Tenant 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. Notwithstanding the foregoing or any language to the contrary contained herein, the payment of prevailing wages according to the current prevailing wage scale and compliance with applicable prevailing wage statutes shall be required where there is a Tenant's TI Contribution made towards the Total TI Costs of the Tenant Improvements to be performed.

- (f) Access During Construction. Provided that Tenant does not interfere with or delay work being performed by Landlord or its agents or contractors, Tenant shall have the right to conduct site visits to observe progress of the Tenant Improvements during the course of construction. Additionally, pursuant to Section 4.3 of the Lease, provided that Tenant does not interfere with or delay construction, Tenant shall be entitled to enter the Premises at least thirty (30) calendar days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises, at Tenant's sole cost. Landlord and Tenant shall use reasonable good faith efforts to coordinate the work of their respective contractors to achieve timely completion of the Tenant Improvements and Tenant's installation work.

- 7.6 Completion/Close Out. The Premises shall not be considered Substantially Complete until Landlord has received a temporary certificate of occupancy for the Premises or a signed inspection card for the Tenant Improvements, subject only to the completion of minor punch-list items that will not interfere with Tenant's use and occupancy of the Premises for Tenant's permitted and intended use under the Lease. Upon Substantial Completion of the Tenant Improvements, Landlord shall notify Tenant in writing and, within fourteen (14) calendar days of Tenant's receipt of such notice, Landlord and Tenant shall conduct a "walk-through" inspection of the Premises and prepare a punch-list of known or apparent deficiencies or incomplete work required to be corrected or completed by Landlord. Landlord, at Landlord's sole cost and expense, shall cause all punch-list items to be repaired or completed as soon as possible, but in no event later than thirty (30) days following the walk-through inspection. If Landlord fails to commence to complete any of the punch-list items within such 30-day period, then Tenant, upon fifteen (15) days prior notice to Landlord, in addition to its other rights and remedies under the Lease, after giving ten (10) days written notice to Landlord, shall have the right, but not the obligation, to cause such punch-list items to be completed, with the cost thereof plus ten percent (10%) for Tenant's overhead and supervision to be deducted from the next installment(s) of rent or other amounts payable by Tenant under the Lease.

- 7.7 Conformed Plans. Within sixty (60) days after Substantial Completion of the Tenant Improvements and Landlord's 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 in an AutoCAD 2015 (or later version) format, along with one complete set of plans and specifications Adobe PDF electronic format via USB flash drive and set up of a web-based download link.

8. **Requests for Change.** Tenant and Landlord may request changes, additions, deletions or substitutions in the Final Plans (each, a "Request for Change"), provided that the requesting party must submit a written request to the other party and that Requests for Change will not be effective unless approved in writing by both Tenant and Landlord (a "Change Authorization"). Only the County's Chief Executive Officer or his/her designee is authorized to execute Change Authorizations on behalf of Tenant provided that the failure to respond within five (5) days shall constitute a Tenant Delay. If Tenant requests any changes or substitutions to the Tenant Improvements after the Final Plans and the Final TI Cost Summary have been accepted ("Tenant-Requested Changes"), then any additional costs related thereto in excess of Landlord's TI Allowance shall be paid by Tenant, provided that Tenant executes a written Change Authorization prior to the performance of the applicable work. Tenant shall be obligated to pay Landlord for the Tenant Request for Change as part of Tenant's portion of Tenant's TI Contribution used to pay for any Total TI Costs in excess of Landlord's TI Allowance as defined in Section 6.3. Landlord shall be solely responsible for the cost of any Change Authorizations or other Requests for Change that are not Tenant-Requested Changes or approved by the Chief Executive Officer or his/her designee. Landlord shall submit to the Chief Executive Officer or his/her designee with each Request for Change: (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Authorizations previously executed, and (iii) an estimate of the number of days by which the construction time will be increased or shortened if the Request for Change is approved. Each Change Authorization must be signed and dated by tenant department, Landlord and the Chief Executive Officer or his/her designee in order to be effective.

9. **Furniture System.**

- 9.1 Tenant shall deliver to Landlord within fourteen (14) calendar days after the date of full execution of this Work Letter, 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 (3) furniture vendors. The bid package shall be broken down into separate line items for material, delivery, and sales tax, and each furniture item shall be broken down by unit price, quantities, description and specification. Prior to submission for bids, Landlord shall review the bid package with Tenant, and Tenant shall have the right to accept or reject the bid package. Landlord shall order the modular furniture set forth in the Modular Specifications and install the same within the Premises, all of which shall be a part of the Tenant's TI Contribution, payable as provided in Section 6.2 and Section 6.3 hereof. Tenant's acceptance of any bid package shall not be deemed to be a

representation by Tenant as to the adequacy or correctness of any specifications contained therein.

9.2 Alternatively, Tenant may elect to finance the cost of modular furniture through lease-purchase financing with a third-party lender ("Creditor"). If Tenant elects to enter into a lease-purchase financing of any furniture or telecommunications equipment (individually or collectively, "Personal Property") through a Creditor, Landlord expressly agrees as follows:

- (a) The Personal Property shall not become part of the real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage to the Building or the Premises caused by such removal shall be repaired by Creditor.
- (b) Landlord must receive written notice from Creditor of any plan by Creditor to remove the Personal Property from the Building.
- (c) This Section 9.2 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 hereby waives any right to gain possession of any of Personal Property during the term of the Lease.

10. **Total TI Costs Adjustment and Right to Audit.** Within seven (7) calendar days of the issuance of a Certificate of Occupancy for the Premises or a final sign-off by the County of Los Angeles, whichever occurs first, Landlord shall provide to Tenant a statement showing (a) all Total TI Costs in reasonable detail and sorted into the same line items as the Final TI Cost Summary, and (b) the amount of Total TI Costs that is in excess of Landlord's TI Allowance and payable hereunder by Tenant to Landlord. Upon approval of such statement by Tenant, payments by either party pursuant to the Lease and this Work Letter shall be adjusted as appropriate based upon such statement. Tenant shall have the right to audit the Total TI Costs at any time after the date of Tenant's Acceptance of the Premises. If the audit shows that Tenant is entitled to a reduction in payments made by Tenant to the Landlord pursuant to this Work Letter, then Tenant shall provide Landlord with a copy of the audit summary, and inform Landlord if Tenant wants Landlord to pay Tenant the amount of any over-payment made by Tenant within thirty (30) calendar days or if Tenant will apply such amount as a credit against the next installment(s) of Base Rent due under the Lease, and any future payments owed by Tenant shall be adjusted as appropriate based upon the audit results. Landlord shall require the Contractor to include audit provisions in all subcontracts which allow Tenant to audit the subcontractors' books and records with respect to the Tenant Improvements.

11. **Telephone/Computer Room and Equipment.** Landlord shall complete the telephone equipment room(s), including permanent power and HVAC, in compliance with the Space Plan, Low-Voltage Plan and specifications provided by Tenant, at least thirty (30) calendar days prior to the Estimated Commencement Date. During this thirty (30) day period, the Landlord shall be



responsible for the security and protection of any telephone/data equipment delivered to the site prior to the Estimated Commencement Date.

12. **Delay.** Tenant Delays and Force Majeure Delays. Except as set forth in this Section 12, Tenant shall not be charged as a result of any delay in the construction of Tenant Improvements. Subject to the provisions of Section 12.2, the Estimated 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 Delay(s)"); (b) Substantial Completion of the Tenant Improvements is delayed by pandemic, supply chain disruptions, delays by government authorities in excess of typical response times, lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)"); or (c) Tenant fails to timely deliver the Space Plans.

#### 12.2 Limitations.

- (a) **Notice.** No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless, within seventy-two (72) hours of the event giving rise to such claim, Landlord provides Tenant with written notice in compliance with the Lease 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, commencing as of the date Tenant received such notice from Landlord.
- (b) **Mitigation.** Tenant Delays and Force Majeure Delays shall delay the Estimated Commencement Date only if Substantial Completion of the Tenant Improvements is delayed.
- (c) **Concurrent Delays.** Tenant Delays and Force Majeure Delays shall be recognized hereunder only if they are not concurrent with any other Tenant Delay or Force Majeure Delay that is effective hereunder. For example, if fourteen (14) calendar days of Tenant Delays and six (6) calendar days of Force Majeure Delays occur during the same fourteen (14) calendar day period, then the Estimated Commencement Date would be extended by only fourteen (14) calendar days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, then the Estimated Commencement Date would be extended by twenty (20) calendar days.
- (d) **Change Authorizations.** Landlord may not claim that a Tenant-Requested Change was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the executed Change Authorization and affects the Critical Path of the Construction Schedule.



- (e) Work Scope Precedence. In case of conflicts or discrepancies between or among this Landlord Work Letter, plans, and specifications, plans shall supersede specifications for quantity, specifications shall supersede plans for quality, and this Landlord Work Letter shall supersede both plans and specifications.

**13. Tenant Remedies.** Tenant Improvements have not been completed within three hundred sixty-five (365) calendar days after the Estimated Commencement Date (subject to Force Majeure and any Tenant Delays), then Tenant may, at its option:

- 13.1 Cancel the Lease upon thirty (30) calendar days' written notice to Landlord; or
- 13.2 Upon thirty (30) calendar days' written notice to Landlord, assume the responsibility for constructing and/or completing the Tenant Improvements itself. If Tenant elects to construct or complete the 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; and
  - (b) Base Rent shall be reduced by Tenant's total expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for Tenant's administrative costs, and including interest at the rate of six percent (6%) per annum ("Tenant's Total Expense"). The rent reduction schedule 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 (5) years and deducted from the Base Rent payable under the Lease.

Any default by Landlord under the terms of this Work Letter shall constitute a Landlord Default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

**14. Representatives.**

- 14.1 Tenant Representative. Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this 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 Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.
- 14.2 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 Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to

this Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.

15. **Intentionally Omitted.** NO ELEVATOR – SINGLE STORY BUILDING
16. **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 that is mutually convenient. An initial construction meeting shall be held within seven (7) calendar days after the date the Contractor is selected. Contractor shall provide minutes of each construction meeting to Tenant within a reasonable time thereafter, but not later than three (3) calendar days after the date of the construction meeting.
17. **Delivery.** Delivery of all plans and drawings referred to in this Work Letter shall be either by commercial messenger service, personal hand delivery or Landlord can set up a web-based download, unless otherwise agreed by Landlord and Tenant.
18. **Miscellaneous.** This Landlord Work Letter sets forth the entire understanding and agreement between the Parties with respect to the subject matter of this Landlord Work Letter. This Landlord Work Letter may be amended only in a writing signed by both Parties. Any notice to a party for a breach of this Landlord Work Letter must be delivered in writing per the terms as set forth in Section 30.6 of the Lease. This Landlord Work Letter shall be construed as if jointly drafted by the parties. This Landlord Work Letter will not be effective unless and until signed by both Parties. Neither party may assign this Landlord Work Letter or its rights or obligations hereunder without the other party's prior written consent. This Landlord Work Letter will be binding upon, enforceable by and inure to the benefit of the Parties and each of their successors and permitted assigns. Provisions contained in this Landlord Work Letter shall prevail in case of conflict over the terms of the Lease. This Landlord Work Letter is hereby incorporated into and made part of the Lease. All the terms and conditions of the Lease remain in full force and effect, except as expressly indicated otherwise in this Landlord Work Letter. This Landlord Work Letter will become effective as of the Effective Date and shall continue in effect, except to the extent it is amended or terminated in accordance with terms of the Lease.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Work Letter as of the dates set forth below.

LANDLORD:  
NAMPCO, LLC,  
a California limited liability company

By: 

Name: ALAN S. LEVEY

Title: OWNER/MANAGER

Date Signed: AUGUST 23, 2022

By: 

Name: Nancy L. Cherry

Title: owner/manager

Date Signed: AUGUST 23, 2022

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

FESIA A. DAVENPORT  
CHIEF EXECUTIVE OFFICER

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

John T. Cooke  
Assistant Chief Executive Officer

Date Signed: \_\_\_\_\_

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

### **BASE BUILDING IMPROVEMENTS**

Landlord has constructed (or will construct) the Building to include the following:

- (a) the Building shell and exterior, including perimeter window systems and mullions in good condition. If building has not been constructed or is still under construction, no tenant improvements work shall commence until building has been signed off by the City having jurisdiction and Certificate of Occupancy has been received.
- (b) Must also include including mechanical, electrical, sprinkler, plumbing, Fire life safety, heating, air conditioning, ventilation and structural systems made available for modification by the Tenant for distribution;
- (c) Existing toilet rooms per code, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;
- (d) INTENTIONALLY OMITTED;
- (e) public stairways;
- (f) INTENTIONALLY OMITTED;
- (g) parking facilities;
- (h) INTENTIONALLY OMITTED;
- (i) INTENTIONALLY OMITTED;
- (j) exterior plazas and landscaping;
- (k) loading dock and/or area;
- (l) INTENTIONALLY OMITTED;
- (m) electrical/telephone closet with not less than seven (7) watts per square foot of rentable area of normal power in the floor electrical closet;
- (n) INTENTIONALLY OMITTED;
- (o) two (2) 208/120 and one (1) 480/277 Volt (VAC) panels connected to the Building power system;
- (p) mechanical equipment room with ducted mechanical exhaust system;
- (q) concrete floors with troweled finish ready for tenants floor finish, level to specified tolerances and designed to support a minimum live load of fifty (50) pounds per square foot and a partition load of twenty (20) pounds per square foot;

- (r) INTENTIONALLY OMITTED;
- (s) Rooftop packaged HVAC units for heating and cooling including supply and return air plenums stubbed 4' below the existing roof;
- (t) INTENTIONALLY OMITTED;
- (u) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises;
- (v) primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution;
- (w) access at panels for distribution of Building requirements electrical power (initially 120/208 V for power and 277V for fluorescent lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and
- (x) INTENTIONALLY OMITTED.

## ADDENDUM B To Landlord's Work Letter

[TO BE REVIEWED BY LANDLORD'S CONSTRUCTION TEAM - TENANT IMPROVEMENTS]  
– MORE DETAILED EXHIBIT WILL BE NECESSARY

Tenant improvements shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises (except elevator lobbies and public corridors on multi-tenant floors and toilet rooms);
- (c) Interior finishes of any kind within the Premises (except elevator lobbies and public corridors on multi-tenant floors and core area toilet rooms);
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Terminal boxes and reheat coils or other HVAC or air distribution devices to or within the Premises;
- (f) Tenant's furniture, fixtures and equipment **[NOTE:** Tenant to provide a breakdown of what low voltage/telecom work Landlord is providing (e.g., backboard in MPOE and boxes) as part of the Tenant Improvements versus what Tenant is providing (e.g. conduit, cabling, computers, telephones). This breakdown will be attached to this Landlord's Work Letter as Addendum "D."];
- (g) Exterior site modifications requested by Tenant [description of specifications, walkways and parking lot enhancements];
- (h) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;
- (i) Any and all signs for Tenant and the power therefor;
- (j) Fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (k) Additional and/or above standard electrical capacity; and
- (l) Fiber optic access.
- (m) Demolition and removal of any existing improvements or equipment situated within the Premises, unless the Final Plans show that such improvements and/or equipment will remain in the Premises.

**ADDENDUM C To Landlord's Work Letter**

**[DETAILED BUDGET TO BE REVIEWED BY LANDLORD CONSTRUCTION TEAM -  
PRELIMINARY AND FINAL TI COST SUMMARY]**

☐ Preliminary TI Cost Summary  
☐ Final TI Cost Summary

Lease No. \_\_\_\_\_  
Address: 5860 Uplander Way,  
Culver City

Cost Category	
Architecture and Engineering Contract	\$
Plan Check Fees & Permits	\$
General Contractor	\$
(Profit)	\$
(Overhead)	\$
Furniture	\$
Other (Specify)	\$
Total TI Costs	\$

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

### **SHOP DRAWINGS**

- Door hardware
- Doors and door frames
- Millwork
- Light fixtures
- Electrical outlets, floor outlets, data ports
- Speak thru devices
- Room divider system
- Finishes: ceiling tiles, carpet, LVT, paint, chair rails, corner guards, and ceramic tiles (if any)
- Roller blinds or mini blinds (if any)
- Window film (if any)
- Restroom fixtures
- Restroom accessories
- Drinking fountain and any water dispensers

Shop drawings not required for Tenant review, but required to file, if built per spec:

- HVAC
- Plumbing items
- Structural items
- Any other items



# BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

<b>CLUSTER AGENDA REVIEW DATE</b>	11/16/2022							
<b>BOARD MEETING DATE</b>	12/6/2022							
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	<input type="checkbox"/> All <input checked="" 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 Public Social Services							
<b>SUBJECT</b>	Approve a proposed 2-year lease for the continued use of 19,500 square feet of existing office space and 95 on-site parking spaces at 2255 North Garey Avenue, Pomona CA 91767.							
<b>PROGRAM</b>	Greater Avenues of Independence Program (GAIN) Region III, Pomona Sub-Office							
<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 existing lease has been on a month-to-month with no holdover fee since May 31, 2016.							
<b>COST &amp; FUNDING</b>	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Total cost: \$960,000 over a 2-year term</td><td style="width: 50%;">Funding source: The rental costs will be funded 81.48 percent with State and federal funds and 18.52 percent with net County cost.</td></tr> <tr> <td colspan="2">TERMS (if applicable): The proposed lease is subject to CPI with minimum 2% and maximum 4% per annum increases. The Landlord will provide tenant improvement work on a turnkey basis at no cost to the County for interior and parking lot upgrades. There are no termination rights in this 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 DPSS. DPSS has sufficient funding in its 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 lease will be part of the budget for DPSS.</td></tr> </table>		Total cost: \$960,000 over a 2-year term	Funding source: The rental costs will be funded 81.48 percent with State and federal funds and 18.52 percent with net County cost.	TERMS (if applicable): The proposed lease is subject to CPI with minimum 2% and maximum 4% per annum increases. The Landlord will provide tenant improvement work on a turnkey basis at no cost to the County for interior and parking lot upgrades. There are no termination rights in this 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 DPSS. DPSS has sufficient funding in its 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 lease will be part of the budget for DPSS.	
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<b>PURPOSE OF REQUEST</b>	Approval of the recommended actions will authorize and adequately provide the necessary office space for DPSS.							
<b>BACKGROUND (include internal/external issues that may exist including any related motions)</b>	<p>The existing lease has been in holdover on a month-to-month with no holdover fee since May 31, 2016. The approved SRE for this lease was not provided until November 2018. The agent initially assigned to this lease retired in 2020 during the COVID pandemic so the transition and getting the file caught up and completed took some time. The subsequent agent completed a lease, but the Landlord withdrew it, and informed the County that he did not want to enter into a long-term lease. Thereafter, in 2022, the Landlord agreed to only a 2-year lease with the current agent due to inflation concerns. Real Estate has now implemented a requirement for SREs to be provided at least 27 months prior to expiration.</p> <p>The facility adequately meets the space needs of DPSS.</p>							
<b>EQUITY INDEX OR LENS WAS UTILIZED</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how: N/A							
<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: N/A							
<b>DEPARTMENTAL CONTACTS</b>	Michael 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

December 6, 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:

**TWO-YEAR LEASE  
DEPARTMENT OF PUBLIC SOCIAL SERVICES  
2255 NORTH GAREY AVENUE, POMONA  
(FIRST DISTRICT) (3 VOTES)**

**SUBJECT**

Approval of a proposed two-year lease to replace an existing lease to provide the Department of Public Social Services (DPSS) continued use of 19,500 square feet of office space and 95 on-site parking spaces for the DPSS Greater Avenues of Independence (GAIN) program.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed lease is exempt from the California Environmental Quality Act (CEQA), for the reasons stated in this Board letter and in the record of the project.
2. Authorize the Chief Executive Officer, or her designee, to execute the proposed lease with GLEDHALL I, a California general partnership (Landlord), for approximately 19,500 square feet of office space, and 95 on-site parking spaces located at 2255 North Garey Avenue, Pomona, CA 91767, for continued occupancy by DPSS. The estimated maximum first year base rental cost is \$470,340. The estimated total lease cost is \$960,000 over the two-year term. The rental costs will be funded by 81.48 percent State and federal funds and 18.52 percent by net County cost (NCC) that is already included in DPSS' existing budget. DPSS will not be requesting additional NCC for this action.

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 lease, and to take actions necessary and appropriate to implement the proposed lease.

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

The DPSS GAIN program has occupied the subject facility since 1999. GAIN is a direct service program and provides employment-related services for CalWORKS participants. The proposed lease will allow DPSS to continue to provide services to participants in East Los Angeles County and adjacent communities. An average of 100 clients visit this GAIN office daily. This public office is occupied by 75 employees including five co-located staff and two security guards, for a total of 82 employees.

Teleworking options were expanded in the department in response to the COVID pandemic, however, DPSS re-opened its public offices as of October 1, 2021. While DPSS reached very high levels of teleworking during the pandemic, those levels have been reduced since more employees have returned to the office in response to recommendations made by the Centers for Disease Control, the Department of Public Health, and Cal/OSHA. Currently, 42 employees telework at least one day a week. DPSS recognizes that a disciplined telework program improves the County's fiscal and sustainability goals, therefore, DPSS will continue to make every effort to maintain a level of teleworking that allows for future consolidation of leased facilities.

The existing lease expired on May 31, 2016, and has been on a month-to-month holdover basis with no holdover fee. Due to changes in staff, and the Landlord's reluctance to enter into a new lease due to concerns about inflation, this renewal was delayed. The Landlord is only willing to enter into a two-year lease. DPSS has requested that the lease be renewed so that it may continue to provide services at this location.

The existing facility is near public transportation including the Pomona Metrolink Station and Foothill Transit bus lines.

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

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

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

The proposed lease is also consistent with the Strategic Asset Management Plan Goal – Strengthen connection between service priorities and asset decisions; and Key Objective No. 5 – Fund Highest Priority Needs.

The proposed lease supports these goals and objective by renewing the use of an existing facility that provides proper accommodations for office and ancillary space in a centrally located facility that is accessible for employees and clients.

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

### **FISCAL IMPACT/FINANCING**

The aggregate cost associated with the proposed lease over the entire term is \$960,000, as shown on Enclosure B-1. The renewal costs will be funded 81.48 percent by State and federal funds and 18.52 percent by NCC that is already included in DPSS' existing budget. DPSS will not be requesting additional NCC for this action.

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 DPSS. DPSS has sufficient funding in its 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 lease will be part of the budget for DPSS.

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

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

- Upon commencement of the proposed lease, the annual rental rate will increase from \$21.31 per square foot, per year to \$24.12 per square foot, per year, including parking. Base rent is subject to annual increases based on the Consumer Price Index (CPI) and shall not be lower than 2 percent or greater than 4 percent per annum.
- A comparison of the existing lease terms and the proposed lease is shown on Enclosure B-2.
- The Landlord will provide tenant improvement work on a turnkey basis at its sole cost and expense. The tenant improvement work will refresh and update the premises as specified in the proposed lease and includes, but is not limited to, painting, carpet steam cleaning, and updating plumbing and electrical elements.

- If the County initiates a change to the Landlord's base improvement work, the Landlord will provide a maximum change order allowance of up to \$5,000, which shall be paid by the County to the Landlord in a lump sum payment.
- The Landlord is responsible for the operating and maintenance costs of the building and is also responsible for electrical and janitorial costs. The County will be responsible for after-hours heating, ventilation, and air-conditioning charges when incurred, to be billed at the standard building rate of \$50 per hour, subject to increases based on electrical costs. The County is not subject to property tax increases.
- The 95 on-site parking spaces are included at no additional cost. The parking spaces include 39 reserved parking spaces and 56 unreserved spaces.
- A two-year initial term with no options to terminate early or extend the lease.
- Holdover at the proposed lease expiration is permitted on the same lease terms and conditions except the monthly base rent during the holdover period will increase by 25 percent starting on the fourth month of holdover and thereafter (Holdover Fee). If the County renews its tenancy of the premises, the County will receive a rent credit in any new agreement equal to the amount of the Holdover Fee paid but not to exceed six months of Holdover Fee.
- The proposed lease will be effective upon approval by the Board and full execution of the proposed lease, but the term and rent will commence upon completion of the tenant improvements by Landlord and acceptance of the Premises by the County.

The Chief Executive Office (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 \$27.00 and \$30.00 per square foot, per year. The base annual rental rate of \$24.12 per square foot, per year for the proposed lease represents a rate that is below the market range for the area. Due to the costly tenant improvements and moving costs needed should DPSS relocate to a new space, remaining in the proposed space is the cost-effective choice. In addition, the Pomona market does not have many spaces available, creating an extremely tight market with very few large blocks of available office space. We recommend the proposed facility as the most suitable to meet the County's space requirements.

There are no co-working office space companies in Pomona to accommodate the required space needs.

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

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

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

The proposed lease will 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 lease, which involves the leasing of existing office space with minor tenant Improvements within an existing building, with no expansion of the existing building, is within a class of projects that have been determined not to have a significant effect on the environment and meets the criteria set forth in section 15301 of the State CEQA Guidelines (Guidelines) and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G.

In addition, based on the proposed project records, it will comply with all applicable regulations, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled pursuant to Government Code section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.

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

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

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

The Honorable Board of Supervisors  
December 6, 2022  
Page 6

## **CONCLUSION**

It is requested that the Executive Office of the Board of Supervisors return one certified copy of the Minute Order and the adopted stamped 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:CB:gb

Enclosures

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

**DEPARTMENT OF PUBLIC SOCIAL SERVICES  
2255 NORTH GAREY AVENUE, POMONA**

**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>The ratio is approximately 238 sf per person due to the large lobby to accommodate the public, a classroom, and a career assessment room.</b>		<b>X</b>	
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? <b>4.87/1,000. The lease includes 95 parking spaces to accommodate staff and the public.</b>		<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 will be funded by 81.48 percent State and federal funds and 18.52 percent by NCC that is already included in DPSS' existing budget.</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 Attachment C?	<b>X</b>		
	G	Was build-to-suit or capital project considered? <b>The County already occupies the facility and a capital project was not considered.</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?			<b>X</b>
		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. ____ The Program is being co-located.			
	E	Is lease a full-service lease?	<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					



## OVERVIEW OF THE PROPOSED BUDGETED LEASE COSTS

Department of Public Social Services  
2255 North Garey Avenue, Pomona

### Basic Lease Assumptions

Leased Area (sq ft)	19,500	
Term (months)	24	
Annual Rent Adjustment	4%	
Base Rent	<b>Cost Per RSF Per Month</b>	<b>Cost Per RSF Per Year</b>
	\$2.01	\$24.12

	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	Total 2 Year Rental Costs
Annual Base Rent Costs <sup>(1)</sup>	470,340	489,154	960,000
<b>Total Annual Lease Costs</b>	<b>470,340</b>	<b>489,154</b>	<b>960,000</b>

### Footnotes:

<sup>1</sup> Annual Base Rent Costs is based upon a Full Service Gross rate and is adjusted by CPI with an annual escalation capped at 4.0%.

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

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

	<b>Existing Lease:</b> <b>2255 North Garey Avenue, Pomona</b>	<b>Proposed Lease</b> <b>2255 North Garey Avenue, Pomona</b>	<b>Change</b>
Area (Square Feet)	19,500 sq. ft.	19,500 sq. ft.	No Change
Term (years)	5 years	2 years	-3 years
Annual Base Rent (Base rent includes 95 parking spaces)	Base Rent \$415,546 \$21.31 per sq. ft. annually	Total \$470,340 <sup>(1)</sup> \$24.12 per sq. ft. annually	+\$54,794 annually
Utilities Paid Through ISD	\$44,551	\$0	-\$44,551
Rental Rate Annual Adjustment	Annual CPI adjustments capped at 4 percent with 2 percent minimum.	Annual CPI adjustments capped at 4 percent with 2 percent minimum. <sup>(2)</sup>	No Change

<sup>1</sup> The proposed lease is full-service, where the Landlord pays for all utilities, including electricity, gas and water, along with other costs associated with operations, building maintenance and repairs. Exception: The County will reimburse the landlord for any use of after-hours heating, ventilation, and air-conditioning fees at the building standard rate which is subject to change at any time.

<sup>2</sup> Rent for the subsequent year will increase. See Enclosure B1.

## DEPARTMENT OF PUBLIC SOCIAL SERVICES

## SPACE SEARCH – 3 MILE RADIUS FROM 2255 NORTH GAREY AVENUE, POMONA

<b>LACO</b>	<b>Name</b>	<b>Address</b>	<b>Ownership Type</b>	<b>Gross Sq Ft</b>	<b>Vacant</b>
5309	Pomona Courthouse – South	400 Civic Center Plaza, Pomona, 91766	CA – Superior Courts	207,830	None
A052	DPSS – Pomona In-Home Supportive Srvc (IHSS)	360 E. Mission Ave, Pomona 91766	Leased	17,616	None
A300	District Attorney –Pomona Intervalley Office Building	300 S. Park Ave, Pomona 91766	Leased	16,757	None
A019	Air Operations 24 - Hr Multi - Mission Squad	1889 Mckinley Ave, La Verne 91750	Leased	9,600	None
4135	Brackett Field - Administration Building 1	1615 W Mckinley Ave, La Verne 91750	Owned	9,393	None
A370	DPSS – Pomona (GROW)	416 N. Garey Ave, Pomona 91768	Leased	5,000	None
10208	BOS 1 <sup>st</sup> District Field Office	2245 N. Garey Ave, Pomona 91767	Leased	1,257	None
A686	Sheriff – Metrolink Unit (Pomona)	2558 Supply St, Pomona 91767	Contract	1,200	None

## FACILITY LOCATION POLICY ANALYSIS

**Proposed lease:** Two-year Lease for DPSS – 2255 North Garey Avenue, Pomona – First District.

**A. Establish Service Function Category –** Greater Avenues of Independence (GAIN) Program

**B. Determination of the Service Area –** The existing office space has been occupied since 1999. The proposed lease term will provide DPSS with continued use of 19,500 square feet of office space and 95 on-site parking spaces for GAIN.

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

- Need for proximity to service area and population: This location meets the needs of DPSS 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 the Pomona Metrolink Station and Foothill Transit bus lines.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There is no space available in existing County-owned buildings to meet the departments service needs.
- Compatibility with local land use plans: The City of Pomona has been notified of the proposed County use which is consistent with its use and zoning for office space at this location.
- Estimated acquisition/construction and ongoing operational costs: The aggregate cost associated with the proposed lease over the entire term is approximately \$960,000.

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

The Chief Executive Office (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 \$27.00 and \$30.00 per square foot, per year. The base annual rental rate of \$24.12 per square foot, per year for the proposed lease represents a rate that is below the market range for the area. Due to the costly tenant improvements and moving costs needed should DPSS relocate to a new space, remaining in the proposed space is the most cost-effective choice. In addition, the Pomona market does not have many spaces available, creating an extremely tight market with very few large blocks of available office space. 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 DPSS employees and clients consistent with the County's Facility Location Policy, adopted by the Board July 24, 2012. There are no available buildings in the area that meet the Department's requirements.

**COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE**

**LEASE AGREEMENT**

**COUNTY OF LOS ANGELES - Tenant**

**GLEDHALL I, a California general partnership – Landlord**

**2255 NORTH GAREY AVENUE**

**POMONA, CALIFORNIA 91767**

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#### **EXHIBITS**

- Exhibit A – Floor Plan of the Premises
- Exhibit B – Commencement Date Memorandum and Confirmation of Lease Terms
- Exhibit C – Heating, Ventilation, and Air Conditioning Standards
- Exhibit D – Cleaning and Maintenance Schedule
- Exhibit E – Subordination, Non-disturbance and Attornment Agreement
- Exhibit F – Tenant Estoppel Certificate
- Exhibit G – Community Business Enterprises Form
- Exhibit H – Memorandum of Lease Terms

#### **ADDENDUM NO. 1 – Additional Terms to Lease Agreement**

COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

This LEASE AGREEMENT ("Lease") is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ between GLEDHALL I, a California general partnership ("Landlord"), and COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant" or "County").

Landlord and Tenant agree:

1. **BASIC LEASE INFORMATION**

1.1 **Terms**

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

(a) Landlord's Address for Notices:	GLEDHALL I Attention: Earl Lyons 1270 Lincoln Avenue, Suite 400 Pasadena, CA 91103 Email: earflyons@gmail.com
(b) Tenant's Address for Notices:	County of Los Angeles Chief Executive Office - Real Estate Division 320 West Temple Street, 7th Floor Los Angeles, CA 90012 Attention: Director of Real Estate  With a copy to:  County of Los Angeles Office of the County Counsel 648 Kenneth Hahn Hall of Administration 500 West Temple Street, Suite 648 Los Angeles, CA 90012-2713 Attention: Property Division
(c) Premises:	Approximately 19,500 rentable square feet in the Building (defined below), as shown on <u>Exhibit A</u> attached hereto.

(d) Building:	The Building located at 2255 North Garey Avenue, Pomona, California, which is currently assessed by the County Assessor as APN 8371-015-041 and 8371-015-042 (collectively, the "Property");
(e) Term:	Two (2) years, commencing thirty (30) days after the date of Tenant's Acceptance of the Premises, as defined in Section 4.1 (the "Commencement Date"), and terminating at midnight on the day before the second annual anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. 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 Extension Term for which an option has been validly exercised.
(f) Estimated Commencement Date:	March 15, 2023
(g) Irrevocable Offer Expiration Date: (see Section 33)	February 15, 2023
(h) Full-Service Base Rent:	(\$2.01 per rentable square foot per month) \$39,165.75 per month (subject to adjustment as set forth in Section 5.2)  \$469,989 per year
(i) Early Termination (see Section 4.4)	Not applicable
(j) Rentable Square Feet in the Premises:	19,500 rentable square feet
(k) Initial Departmental Use:	General office use for the Department of Public Social Services, subject to Section 6.
(l) Parking Spaces:	Thirty-nine (39) reserved spaces and fifty-six (56) unreserved spaces, all located in the Building's parking lot for the exclusive use of Tenant.

(m) Tenant's Hours of Operation:	7 a.m. to 6 p.m. Monday through Friday, and 7 a.m. to 6 p.m. on Saturdays
(n) Asbestos Report:	A report dated December 31, 2019 prepared by Terra Environmental, a licensed California Asbestos contractor.
(o) Seismic Report	A report dated March 9, 2009 prepared by the Department of Public Works.
(p) Disabled Access Survey	A report dated February 11, 2021 prepared by CASp Experts LLC

## 1.2 Intentionally Deleted

1.3 <u>Exhibits to Lease</u>	Exhibit A - Floor Plan of Premises Exhibit B - Commencement Date Memorandum and Confirmation of Lease Terms Exhibit C - HVAC Standards Exhibit D - Cleaning and Maintenance Schedule Exhibit E - Subordination, Non-Disturbance and Attornment Agreement Exhibit F - Tenant Estoppel Certificate Exhibit G - Community Business Enterprises Form Exhibit H - Memorandum of Lease
1.4 <u>Addendum No. 1</u>  (Executed concurrently with this Lease and incorporated herein by this reference):	Additional Terms to Lease Agreement

## 2. PREMISES

### 2.1 Lease of 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 1.1 and depicted on Exhibit A attached hereto.

## 3. COMMON AREAS

Tenant may use the following areas ("Common Areas") in common with Landlord and any other tenants of the Building: the entrances, lobbies, corridors and other public areas of the Building, walkways, landscaped areas, 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. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Area established by Landlord.

#### **4. COMMENCEMENT AND EXPIRATION DATES**

##### **4.1 Term**

The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within thirty (30) days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing a Commencement Date Memorandum and Confirmation of Lease Terms in the form attached hereto as Exhibit B. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Tenant Improvements and the Premises are Substantially Complete, Tenant has inspected the Premises, and Tenant has accepted the Tenant Improvements and the Premises in writing. The terms "Substantial Completion" or "Substantially Complete" as used in this Lease shall mean compliance with all of the following:

- (a) 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;
- (b) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease and Landlord's Work Letter (if any), (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises;
- (c) 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; and
- (d) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease.

##### **4.2 Termination Right**

If the Commencement Date has not occurred within sixty (60) days after the Estimated Commencement Date, subject to Delays as provided in this Lease, then 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 rights or obligations to one another hereunder.

##### **4.3 Early Entry**

Tenant is currently in possession and will continue said possession.

##### **4.4 Early Termination**

Not applicable.

#### 4.5 Lease Expiration Notice

No later than twelve (12) months, nor earlier than eighteen (18) months, prior to the expiration of the Lease Term, Landlord shall provide a written notice to Tenant notifying Tenant of the Termination Date.

### 5. RENT

#### 5.1 Base Rent

Tenant shall pay Landlord the full-service Base Rent stated in Section 1.1 during the Term hereof within fifteen (15) days after the Commencement Date, and (b) the first day of each calendar month thereafter, provided that at least fifteen (15) business days prior to the Commencement Date, Landlord must provide the Auditor of the County of Los Angeles with the following information: (i) name and address of Landlord or other party to whom Base Rent should be paid, (ii) Landlord's federal tax ID number; (iii) name of contact person and contact information (including phone number) for Landlord; (iv) a completed IRS form W-9, and (v) evidence of insurance in compliance with Section 20.2. If Landlord fails to timely provide the information required pursuant to this Section 5.1, or to provide updates for any changed information, then Tenant shall not be required to pay Base Rent to Landlord until fifteen (15) business days after Landlord provides such information. Base Rent for any partial calendar month during the Term shall be prorated in proportion to the number of days during the Term within such calendar month.

#### 5.2 Base Rent Adjustments

(a) CPI. From and after the first (1st) anniversary of the Commencement Date, on the first day of the first full calendar month thereafter (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Base Rent shall be adjusted by applying the CPI Formula set forth below. The "Base Index" shall be the Index published for the month the Lease commences.

(b) CPI Formula. The Index means the Consumer Price Index for all Urban Consumers for the Los Angeles-Riverside-Orange County area, all items, published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Base Rent for the first full month after the Commencement Date multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month in which the adjustment is to be effective (the "New Index"), and the denominator being the Base Index. If the Index is changed so that the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

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

$$x \text{ Base Rent at the Commencement Date} = \text{Adjusted Base Rent}$$

New Index  
Base Index

(d) Limitations on CPI Adjustment. In no event shall the monthly Base Rent adjustment based upon the CPI Formula result in an increase lower than two percent (2%) or greater than four percent (4%) per year of the Base Rent payable in the month preceding the applicable adjustment.

**6. USES**

Landlord agrees that the demised Premises, together with all appurtenances thereto, shall be used by the Tenant for the government department set forth in Section 1.1, any other County Department the County designates, any other governmental purposes, or other lawful purposes that do not materially adversely interfere with other uses in the Building, during Tenant's Hours of Operation, after Tenant's Hours of Operation, and on weekends and holidays.

**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 ninety (90) days written notice from Landlord or thirty (30) days written notice from Tenant's Chief Executive Officer or his/her designee at a daily rate equal to one hundred twenty-five percent (125%) of the daily rate applicable based on the last monthly Base Rent payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease. Notwithstanding the foregoing, Tenant shall be granted a grace period of three (3) months following the expiration or earlier termination of the Term of this Lease in which the additional twenty-five percent (25%) premium to the Base Rent during holdover ("Holdover Premium") will not be due and payable. Landlord shall give ninety days (90) advanced written notice to Tenant that the Holdover Premium will be due on the first day of the fourth month of any holdover. In the event Landlord and Tenant subsequently execute an extension of Tenant's occupancy in the Building, any Holdover Premium paid by Tenant shall be credited to Tenant's Rent under the extended Lease Term in an amount not to exceed six (6) months of the Holdover Premium paid by Tenant.

**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 but not limited to the Americans with Disabilities Act ("ADA"), except if 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**

**9.1 Damage**

If 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 to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days, 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 unusable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within ten (10) 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 leasable again using standard working methods. The failure to do so shall be a material default hereunder. Base Rent shall abate to the extent that the Premises are unusable by Tenant.

## 9.2 Tenant Termination Right

If 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 one hundred eighty (180) days for any reason, then Tenant may terminate this Lease by giving Landlord written notice within ten days after Tenant's receipt of written notice from Landlord or its agents specifying such time period of repair; and this Lease shall terminate and the Base Rent shall be abated from the date the Premises became unusable. If Tenant does not elect to terminate this Lease, then Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided that insurance proceeds are available to repair the damages.

## 9.3 Damage In Last Year

Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, then either Landlord or Tenant may terminate this Lease by giving written notice to the other not more than thirty (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 thirty (30) days after such written notice of termination.

## 9.4 Default By Landlord

If Landlord is required to repair and restore the Premises as provided for in this Section 9, and Landlord thereafter fails to diligently prosecute said repair and restoration work to completion, as determined by Tenant in its reasonable discretion, then Tenant may, at its sole election:

- (a) Declare a default hereunder, or



- (b) Perform or cause to be performed the restoration work and deduct the cost thereof, plus interest thereon at ten percent (10%) per annum, from the next installment(s) of Base Rent due as a charge against the Landlord.

## **10. REPAIRS AND MAINTENANCE**

### **10.1 Landlord Representations**

- (a) Landlord represents to Tenant that, as of the date hereof and on the Commencement Date:
- i. The Premises, the Building, and all Common Areas (including electrical, heating, ventilating, and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including but not limited to the Americans With Disabilities Act, and are in reasonably good working order and condition;
  - ii. The Building and the Premises comply with all covenants, conditions, restrictions and insurance underwriter's requirements;
  - iii. The Premises, the Building and the Common Areas are free of the presence of Hazardous Materials (as hereinafter defined), except for routine office and janitorial supplies in usual and customary quantities for offices stored, used and disposed of in accordance with all Environmental Laws; and
  - iv. Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation.
- (b) Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report (as defined in Section 1.1) that the Premises and the Building contain no suspected asbestos containing materials (other than as may be reflected in the Asbestos Report). To the extent any asbestos-containing materials are disturbed during Landlord's completion of the Tenant Improvements, Landlord shall, 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. If any asbestos-containing materials identified in the report remain intact throughout the lease term, then Landlord shall not be required to abate such asbestos-containing material so long as it remains intact. If any Asbestos identified in the report is intact, then that Asbestos shall be permitted to remain so long as the Asbestos remains intact.
- (c) 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.

No later than twelve (12) months after the Commencement Date, Landlord shall complete all recommendations in the Disabled Access Survey as defined in Section 1.1(p).

- (d) Landlord agrees to indemnify and hold harmless Tenant from all damages, costs, and expenses, which result from a material breach of Landlord's representations contained in this Section 10.1.

## **10.2 Landlord Obligations**

- (a)** Landlord shall keep and maintain the Property in good condition and repair 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, foundations, roof, concealed plumbing, stairways, concealed electrical systems. Tenant's telephone network, wires and systems shall be the Tenant's sole responsibility;
  - ii. mechanical (including HVAC), electrical, plumbing and fire/life systems serving the Building;
  - iii. the Common Areas; and
  - iv. exterior windows of the Building.
- (b)** Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to, or replacements of:
  - i. the floor covering (if such floor covering is carpeting it shall be replaced as needed, but not less often than after five (5) years of use); Lessor shall only be required to replace single carpet tiles as necessary in order to maintain the carpet in reasonably good condition;
  - ii. interior partitions;
  - iii. doors, door frames and hardware;
  - iv. the interior side of demising walls (which shall be repainted as needed but not less often than every five (5) years);
  - v. emergency exit signage and battery replacement;
  - vi. HVAC equipment dedicated to the mechanical rooms housing Tenant's computer servers and related equipment; and
  - vii. Light fixtures, bulbs, tubes and ballasts.
- (c)** Landlord shall, to the best of its ability, provide all reports, maintenance records, or other documentation as may be requested from time to time.

## **10.3 Tenant Obligations**

Without limiting Landlord's repair and maintenance obligations, and subject to Section 20.2(g) hereof, Tenant shall be responsible for (i) the cost of repairing any area of the Property damaged by Tenant or by Tenant's agents, employees, invitees or visitors, and (ii) the repair of low voltage electronic, phone and data

cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall:

- (a) be made and performed by contractors or mechanics approved by Landlord, which consent shall not be unreasonably withheld, conditioned or delayed;
- (b) be at least equal in quality, value and utility to the original work or installation; and
- (c) be in accordance with all applicable laws.

#### 10.4 Tenant's Right to Repair

- (a) 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 which requires the action of Landlord with respect to repair and/or maintenance, and if Landlord fails to provide such action within a reasonable period of time given the circumstances after the giving of such notice, but in any event not later than five (5) days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required 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). 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 ten (10) days after written notice, then Tenant shall be entitled to deduct from Base Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 15.
- (b) Notwithstanding any provisions of this Lease to the contrary, Tenant, acting through the County's Chief Executive Office, may request that the Landlord perform, supply and administer any repairs, maintenance, building services and/or alterations that are the responsibility of the Tenant, not to exceed \$5,000, as part of a separate purchase order issued by the County on Tenant's behalf. Any improvements by Landlord shall be subject to (i) the County requirements for the selection and bidding of contractors, Landlord-Tenant coordination and audit rights, and Tenant's remedies in accordance with this Lease; and (ii) compliance with County Internal Services Department Purchasing Policy and Procedure No. A-0300, effective November 22, 2016, delivered to Landlord and incorporated by reference

herein. This Section shall not apply to any Tenant Improvements as defined in Section 24.

## **11. SERVICES AND UTILITIES**

### **11.1 Services**

#### **(a) Heating, Ventilation and Air Conditioning (HVAC)**

Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Tenant's Hours of Operations in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in Exhibit C attached hereto. In addition, Landlord shall furnish HVAC at all times (i.e., twenty-four (24) hours per day, seven (7) days per week, three hundred sixty-five (365) days per year) to the mechanical rooms housing Tenant's computer servers and related equipment.:

Landlord also shall provide HVAC services during hours other than Tenant's Hours of Operation ("After Hours HVAC"), subject to the following terms and conditions:

(1) Landlord shall provide the After Hours HVAC if Tenant gives Landlord advance notice of its need for such service no later than 3:00 p.m. on Monday through Friday (except holidays) that Tenant requires the services, and no later than 5:00 p.m. on the last business day preceding the weekend or holiday that Tenant requires the service. In addition and notwithstanding the foregoing, Tenant may contact the Building manager or on-site Building engineer at any reasonable time to order After Hours HVAC, and Landlord shall, to the extent reasonably practicable, provide After Hours HVAC service as requested by Tenant, even if Tenant failed to give notice within the time periods specified above.

(2) Landlord will provide the After-Hours HVAC at the rate of Fifty Dollars (\$50.00) per hour. There shall be no start-up charges and minimum usage for After Hours HVAC service. The foregoing direct charges shall be payable by Tenant as Additional Rent.

#### **(b) Electricity**

Landlord shall furnish to the Premises the amount of electric current provided for in the Landlord's Work Letter (if applicable) but in any event not less than seven (7) watts of electric current (connected load) per square foot of rentable square feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or sub-panels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.

#### **(c) Water**

Landlord shall make available in the Premises warm and cold water for normal lavatory and kitchen purposes and potable water for drinking purposes, all of which shall meet applicable government standards.

(d) Janitorial

Landlord, at its sole cost and expense, shall provide janitorial service five (5) nights per week, excluding Holidays, generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit D attached hereto.

(e) 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. If Landlord elects to install any system which utilizes access cards or fobs or other security features, Landlord shall immediately provide access cards or fobs or other necessary access equipment to all Tenant employees for Building entry, elevators, and/or floor access, at Landlord's sole cost and expense.

(f) Pest Control

Landlord at its sole cost and expense shall provide any and all pest control services to the Premises per the specifications set forth in Exhibit D attached hereto.

11.2 Utilities

Landlord agrees to pay, at its sole cost, when due, all charges for the use of the sewer, effluent treatment (when and if imposed by any governmental authority), all water, sprinkler standby charges, electricity, gas, heating and common area power and lighting, trash removal service, fire/life safety systems, charges associated with the HVAC, and other utility rents and charges accruing or payable in connection with the Premises and the Common Areas during the Term of this Lease or any renewal, extension, or holdover thereof, whether the same are pro-rated or measured by separate meters. In the event Landlord fails or refuses to pay any or all of such charges when due, Tenant may give Landlord ten (10) calendar days prior written notice and thereafter pay directly such charges and deduct the payments from the next installments of rent due as a charge against the Landlord.

12. TAXES

Landlord, at its sole cost and expense, shall pay, prior to delinquency, all real property taxes, assessments and special assessments which may be levied or assessed against the Premises or the Building during the term of this Lease or any renewal or holdover period thereof.

In the event Landlord fails or refuses to pay any or all taxes or assessments when due, Tenant may, at its sole discretion, give Landlord thirty (30) calendar days prior written notice and thereafter pay such taxes and assessments and deduct the payments from the next installments of rent due as a charge against the Landlord.

**13. LANDLORD ACCESS**

Tenant shall permit Landlord and its agents to enter the Premises during Tenant's Hours of Operations upon prior written notice only for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or the Premises, Base Rent shall be prorated based upon the percentage of the Premises or the Building rendered unusable 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 and notify Tenant immediately thereafter.

**14. TENANT DEFAULT**

**14.1 Default**

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

- (a) the failure by Tenant to make any payment of Base 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 the failure continues for a period of ten (10) days after written notice to Tenant;
- (b) 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 thirty (30) days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than thirty (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 thirty (30)-day period and thereafter diligently prosecutes such cure to completion.

**14.2 Termination**

Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

**14.3 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.

**15. LANDLORD DEFAULT**

**15.1 Remedies**

In addition to the provisions for Landlord's default provided by Sections 9.4, 10.4, 19, 21.2 and 32.3, 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 twenty (20) days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10.4); provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably

be cured within such twenty (20) 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:

- (a) to remedy such default or breach and deduct the costs thereof (including but not limited to attorney' fees) plus interest at the rate of ten percent (10%) per annum from the installments of Base Rent next falling due;
- (b) to pursue the remedy of specific performance;
- (c) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Base Rent next coming due; and/or
- (d) to terminate this Lease.

#### 15.2 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.

#### 15.3 Emergency

Notwithstanding the foregoing cure period, Tenant may cure any default 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. In such cases, Tenant may perform the necessary work through its Internal Services Department and deduct the cost of said work from the Base Rent next due.

### 16. ASSIGNMENT AND SUBLETTING

#### 16.1 Assignment and Subletting

Tenant may assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent; provided, however, no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.



## 16.2 Sale

If Landlord sells or conveys the Property, then all liabilities and obligations of Landlord accruing under this Lease after the sale or conveyance shall be binding upon the new owner, and the transferor shall be released from all liability under this Lease accruing subsequent to such sale or conveyance, provided that the transferee assumes Landlord's remaining obligations hereunder in writing. Nothing in this Section 16.2 shall be deemed to release Landlord's successor in interest from responsibility for any condition (including but not limited to deferred maintenance) existing on the date of transfer.

Upon any sale or transfer of the Property by Landlord, Landlord shall provide thirty (30) days prior written notice of said sale or transfer to Tenant. In addition, Landlord shall provide the following information to Tenant, at Tenant's Address for Notice (set forth in Section 1.1 hereof), as a condition of Tenant's obligation to pay Base Rent to the new owner:

- (a) A letter from the Landlord confirming that the Property was transferred to the new owner, along with written evidence of the transfer of the Property (e.g., a recorded deed).
- (b) A signed letter from the new owner including the following information:
  - i. Name and address of new owner or other party to whom Base Rent should be paid
  - ii. Federal tax ID number for new owner
  - iii. Name of contact person and contact information (including phone number) for new owner
  - iv. Proof of insurance
- (c) A W-9 form for new owner.

Tenant shall not be obligated to pay any rental amounts to any party other than the Landlord named herein until such time as all the requirements of this Section 16.2 are satisfied.

## 17. ALTERATIONS AND ADDITIONS

### 17.1 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. If Landlord fails to respond in writing within thirty (30) days after Tenant's request, then Landlord shall be deemed to have approved the requested Alterations. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria:

- (a) complies with all laws;

- (b) is not visible from the exterior of the Premises or Building;
- (c) will not materially affect the systems or structure of the Building; and
- (d) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building.

**17.2 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.

**18. CONDEMNATION**

**18.1 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.

**18.2 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").

**18.3 Partial Taking**

If any portion, but not all, of the Premises or the Common Areas 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 thirty (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 thirty (30) days nor later than ninety (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 termination date designated by Tenant. If Tenant does not so notify Landlord within thirty (30) days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated in proportion to the degree to which Tenant's use of the Premises and the Common Areas is impaired by such Condemnation.

#### 18.4 Restoration

Notwithstanding the preceding paragraph, if, within thirty (30) days after the Determination Date, Landlord notifies Tenant that Landlord, at its sole cost, will add to the remaining Premises and/or the Common Areas so that the Premises and the space available for parking, will be substantially the same (as reasonably determined by Tenant) 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 ninety (90) days after Landlord so notifies Tenant, then this Lease shall continue in effect. In such event, all obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

#### 18.5 Award

The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises. Tenant shall be entitled to any awards for relocation benefits or goodwill belonging to Tenant.

#### 18.6 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.

### 19. INDEMNIFICATION

#### 19.1 Landlord's Indemnity

The Landlord shall indemnify, defend and hold harmless the Tenant from and against any and all liability, loss, injury or damage including (but not limited to) demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from or connected with the Landlord's repair, maintenance and other acts and omissions arising from and/or relating to the Landlord's ownership of the Premises.

#### 19.2 Tenant's Indemnity

The Tenant shall indemnify, defend and hold harmless the Landlord, from and against any and all liability, loss, injury or damage, including (but not limited to) demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees) arising from or connected with the Tenant's repair, maintenance and other acts and omissions arising from and/or relating to the Tenant's use of the Premises. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the sole negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, or invitees.

**20. INSURANCE:** During the term of this Lease, the following insurance requirements will be in effect:

**20.1 Waiver**

Both the Tenant and Landlord each agree to release the other and waive their rights of recovery against the other for damage to their respective property arising from perils insured in the Causes-of-Loss Special Form (ISO form CP 10 30).

**20.2 General Insurance Provisions – Landlord Requirements**

Without limiting the Landlord's indemnification of Tenant and during the term of this Lease, and until all of its obligations pursuant to this Lease have been met, Landlord shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in this Lease. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Landlord pursuant to this Lease. The Tenant in no way warrants that the Required Insurance is sufficient to protect the Landlord for liabilities which may arise from or relate to this Lease.

**(a) Evidence of Coverage and Notice to Tenant**

- i. Certificate(s) of insurance coverage ("Certificate") satisfactory to Tenant, and a copy of an Additional Insured endorsement confirming that Tenant and its Agents (defined below) has been given insured status under the Landlord's General Liability policy, shall be delivered to Tenant at the address shown below and provided prior to the start day of this Lease.
- ii. Renewal Certificates shall be provided to Tenant not less than 10 days prior to Landlord's policy expiration dates. The Tenant reserves the right to obtain complete, certified copies of any required Landlord insurance policies at any time.
- iii. Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Lease by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Landlord identified in this Lease. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding twenty-five thousand (\$25,000.00) dollars, and list any Tenant-required endorsement forms.
- iv. Neither the Tenant's failure to obtain, nor the Tenant's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Landlord, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

- v. Certificates and copies of any required endorsements, and/or notices of cancellation shall be delivered to:

County of Los Angeles  
Chief Executive Office - Real Estate Division  
320 West Temple Street, 7th Floor  
Los Angeles, CA 90012  
Attention: Director of Real Estate

Landlord also shall promptly notify Tenant of any third party claim or suit filed against Landlord which arises from or relates to this Lease, and could result in the filing of a claim or lawsuit against Landlord and/or Tenant.

(b) Additional Insured Status and Scope of Coverage

The Tenant, which is the County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively, "Tenant and its Agents"), shall be provided additional insured status under Landlord's General Liability policy with respect to liability arising from or connected with the Landlord's acts, errors, and omissions arising from and/or relating to the Landlord's operations on and/or its ownership of the premises. Tenant's additional insured status shall apply with respect to liability and defense of suits arising out of the Landlord's acts or omissions, whether such liability is attributable to the Landlord or to the Tenant. The full policy limits and scope of protection also shall apply to the Tenant as an additional insured, even if they exceed the Tenant's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

(c) Cancellation of or Changes in Insurance

Landlord shall provide the Tenant with, or Landlord's insurance policies shall contain a provision that the Tenant shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to the Tenant at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Lease, in the sole discretion of the Tenant, upon which the Tenant may suspend or terminate this Lease.

(d) Failure to Maintain Insurance

Landlord's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Lease, upon which County immediately may withhold payments due to Landlord, and/or suspend or terminate this Lease. County, at its sole discretion, may obtain damages from Landlord resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to Landlord, deduct the premium cost from sums due to Landlord or pursue Landlord reimbursement.

**(e) Insurer Financial Ratings**

Insurance is to be provided by an insurance company authorized to do business in California and acceptable to the Tenant, with an A.M. Best rating of not less than A:VII, unless otherwise approved by the Tenant.

**(f) Landlord's Insurance Shall Be Primary**

Landlord's insurance policies, with respect to any claims related to this Lease, shall be primary with respect to all other sources of coverage available to Tenant. Any Landlord maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Tenant coverage.

**(g) Waiver of Subrogation**

To the fullest extent permitted by law, the Landlord hereby waives its and its insurer(s) rights of recovery against Tenant under all required insurance policies for any loss arising from or related to this Lease. The Landlord shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.

**(h) Deductibles and Self-Insured Retentions ("SIRs")**

Landlord's policies shall not obligate the Tenant to pay any portion of any Landlord deductible or SIR. The Tenant retains the right to require Landlord to reduce or eliminate policy deductibles and SIRs as respects the Tenant, or to provide a bond guaranteeing Landlord's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

**(i) Claims Made Coverage**

If any part of the Required Insurance is written on claims made basis, any policy retroactive date shall precede the start date of this Lease. Landlord understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Lease expiration, termination or cancellation.

**(j) Application of Excess Liability Coverage**

Landlord may use a combination of primary and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

**(k) Separation of Insureds**

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

(l) **Tenant Review and Approval of Insurance Requirements**

The Tenant reserves the right to review and adjust the Required Insurance provisions, conditioned upon Tenant's determination of changes in risk exposures.

**20.3 Insurance Coverage Types And Limits**

(a) **Tenant Requirements:** During the term of this Lease, Tenant shall maintain a program of insurance coverage as described below:

- i. **Commercial General Liability Insurance**, providing scope of coverage equivalent to ISO policy form CG 00 01, naming Landlord and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$ 2 million
Products/Completed Operations Aggregate:	\$ 1 million
Personal and Advertising Injury:	\$ 1 million
Each Occurrence:	\$ 1 million

Tenant, at its sole option, may satisfy all or any part of this insurance requirement through use of a program of self insurance (self-funding of its liabilities). Certificate evidencing coverage or letter evidencing self-funding will be provided to Landlord after execution of this Lease at Landlord's request.

**20.4 Landlord Requirements:** During the term of this Lease, Landlord shall provide and maintain the following programs of insurance coverage:

- (a) **Commercial General Liability Insurance**, providing scope of coverage equivalent to ISO policy form CG 00 01, naming Tenant and Tenant's Agents as an additional insured, with limits of not less than:

General Aggregate:	\$ 10 million
Products/Completed Operations Aggregate:	\$ 10 million
Personal and Advertising Injury:	\$ 5 million
Each Occurrence:	\$ 5 million

- (b) **Commercial Property Insurance.** Such insurance shall:

- i. **Provide coverage for Tenant's property and any tenant improvements and betterments to the Premises;** this coverage shall be at least as broad as that provided by the Causes-of-Loss Special Form (ISO form CP 10 30), excluding earthquake and including flood and ordinance or law coverage.
- ii. **Be written for the full replacement cost of the Property, with a deductible no greater than \$250,000 or 5% of the Property value, whichever is less. Insurance proceeds shall be payable to the Landlord and Tenant, as their interests may appear.**

## **21. PARKING**

### **21.1 Tenant's Rights**

Tenant shall have the right to the number of exclusive reserved parking spaces and unreserved parking spaces set forth in Section 1.1, without charge, for the Term of this Lease. No tandem parking shall be required or allowed, and Tenant shall be entitled to full in/out privileges at all times. 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. Tenant acknowledges that all unreserved parking spaces are 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 Tenant and other tenants, occupants, licensees, invitees and permittees of the Building. If Landlord elects to install any system which utilizes access cards or fobs or other security features, Landlord shall immediately provide access cards or fobs or other necessary access equipment to Tenant with at least one (1) parking access card or key fob or other necessary equipment for each reserved or unreserved parking space set forth in Section 1.1, at Landlord's sole cost and expense.

### **21.2 Remedies**

Landlord acknowledges that it is a material term of this Lease that Tenant receives all of the parking spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the parking spaces required above are not available to Tenant (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation), then Tenant may:

- (a) terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective thirty (30) days thereafter, or
- (b) deduct from the Base Rent thereafter accruing hereunder an amount each month equal to the Base Rent times the percentage of parking spaces not so provided times the number 1.5, but such deduction from Base Rent shall be not less than ten percent (10%) nor more than one hundred percent (100%) of the Base Rent.

## **22. ENVIRONMENTAL MATTERS**

### **22.1 Hazardous Materials**

Tenant shall not cause nor permit, nor allow any of Tenant's employees agents, customers, visitors, invitees, licensee, contractor, assignees or subtenants to cause or permit, any 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, except for routine office and janitorial supplies 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, the Premises, the Building or the Common Areas.

#### **22.2 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, fines, 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 or other violation of laws relating to Hazardous Materials other than those caused 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 constitute a material default under this Lease.

#### **23. ESTOPPEL CERTIFICATES**

Tenant shall, at any time and from time to time upon not less than thirty (30) days prior written request from Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Exhibit F attached hereto (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 in the Premises or a holder of any mortgage upon Landlord's interest in the Premises.

**24. TENANT IMPROVEMENTS**

Prior to the Commencement Date, Landlord shall construct the Tenant Improvements in the manner set forth in Addendum No. 1 executed by Landlord and Tenant concurrently herewith.

Landlord shall, at Landlord's sole cost and expense, also complete all ADA work required pursuant to that certain CASp Report by CASp Experts, LLC, which date of inspection was February, 11, 2021 in accordance with the timeframe set forth in such report.

**25. 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.

**26. SUBORDINATION AND MORTGAGES**

**26.1 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 Exhibit E attached hereto 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 included herein.

**26.2 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 Exhibit E attached hereto, within 30 days after the execution of this Lease.

**26.3 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 and requests copies of any notice of default that Tenant serves upon Landlord, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee or beneficiary a copy of any notice of default that Tenant serves upon Landlord which could permit Tenant to terminate this Lease, along with an additional ten days within which to cure such default.

**27. 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).

**28. SIGNAGE**

Tenant, at its sole cost and expense, shall be permitted to install signs at the Premises that conform with any and all applicable laws and ordinances with Lessor's prior written consent which Landlord may, in Landlord's reasonable discretion, grant or withhold. Lessor shall have the right to determine the size, color, font and design of the Tenant signage. Any signs, notices, logos, pictures, names or advertisements that are installed by or for Tenant without Landlord's approval may be removed without notice by Landlord at Tenant's expense.

**29. QUIET ENJOYMENT**

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

**30. GENERAL**

**30.1 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.

**30.2 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.

**30.3 Brokers**

Except for Jones Lang LaSalle Brokerage, Inc. and E. F. Lyons Real Estate Development, 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 other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation. Landlord shall pay Jones Lang LaSalle Brokerage, Inc. a commission pursuant to that separate Commission Agreement dated April 16, 2020. At no time shall Tenant be responsible for paying any commissions.

**30.4 Entire Agreement**

This Lease (including all exhibits hereto) 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.

**30.5 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.

**30.6 Notices**

The parties shall give all notices in writing by (i) personal delivery, (ii) national-recognized, next-day courier service, or (iii) first-class registered or certified mail, postage prepaid, to the Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1.1. Without limiting the generality of the foregoing, Landlord's notices to Tenant shall not be effective if they are delivered to the Premises or to another address that is not set forth in Section 1.1(b) hereof. Any notice given under this Lease shall be deemed effective upon the date of delivery (whether accepted or refused), which, for certified mail and courier service, shall be established by U.S. Post Office return receipt or the courier's proof of delivery, respectively.

**30.7 Governing Law and Venue**

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.

**30.8 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.

**30.9 Time of Essence**

Time is of the essence for the performance of all of the obligations specified hereunder.

**30.10 Consent**

Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) business days after written request is made therefore, together with all necessary information.

**30.11 Community Business Enterprises**

Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Exhibit G attached hereto.

**30.12 Memorandum of Lease**

If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Exhibit H attached hereto, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

**30.13 Counterparts; Electronic Signatures**

This Lease and any other document necessary for the consummation of the transaction contemplated by this Lease may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically. An electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Lease and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Lease had been delivered had been signed using a handwritten signature. Landlord and Tenant (i) agree that an electronic signature, whether digital or encrypted, of a party to this Lease is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intended to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv) hereby waive any defenses to the enforcement of the terms of this Lease based on the foregoing forms of signature. If this Lease has been executed by electronic signature, all parties executing this document are expressly consenting under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("E-SIGN") and California Uniform Electronic Transactions Act ("UETA")(Cal. Civ. Code § 1633.1, et seq.), that a signature by fax, email or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

**31. AUTHORITY**

Only the County's Board of Supervisors ("Board of Supervisors") has the authority, by formally approving and/or executing this Lease, to bind Tenant to the terms included herein. 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 Tenant. Tenant shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Office of the County (the "Chief Executive Office") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Base Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an early termination notice or otherwise, 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.

### **32. ACKNOWLEDGEMENT BY LANDLORD**

Landlord acknowledges that it is aware of the following provisions:

#### **32.1 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.

#### **32.2 Solicitation of Consideration**

It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent who has had any involvement in the procurement, negotiation, consummation, administration or management of a lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.

Landlord hereby represents and warrants that it has not provided, and will not provide, any financial benefits to any County official, employee or agent who has had any involvement in the procurement, negotiation, consummation, administration or management of this Lease. Landlord hereby agrees that if it violates any of the terms of this Section 32.2, then the County may declare this Lease null and void, and the County reserves the right to exercise any and all other remedies available under applicable law.

#### **32.3 Landlord Assignment**

- (a) 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 but excluding its duties and

obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Base Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

- (b) 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, as security for the Landlord's obligation to repay any monetary obligation, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.
- (c) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the Tenant. Notwithstanding the foregoing, the Tenant hereby acknowledges and agrees that Landlord shall have the right to encumber the Property with CMBS (commercial mortgage backed securities) financing or other traditional real estate financing. However, Landlord may not encumber the Property through any type of bond financing vehicle, including but not limited to certificate of participation financing.
- (d) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the Tenant may impose damages in an amount equal to the greater of \$500,000 or 10% of the aggregate principal portion of all rental payments payable by the Tenant during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the Tenant may exercise or pursue any other right or remedy it may have under this Lease or applicable law.
- (e) Landlord shall give Tenant written notice and a copy of each and every assignment, transfer, hypothecation or encumbrance of Landlord's interest in this Lease and any instrument relating thereto (including, but not limited to, instruments providing for the payment of Base Rent directly to an assignee or transferee) at least thirty (30) days prior to the effective date thereof.
- (f) Landlord shall not furnish any information concerning Tenant or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the Tenant) to any person or entity, except with Tenant's prior written consent. Landlord shall indemnify, defend and hold Tenant 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 of this Section 32.3.

- (g) The provisions of this Section 32.3 shall be binding upon and applicable to the parties hereto and their respective successors and assigns. 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.

**32.4 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.)

**32.5 COVID-19 VACCINATIONS OF COUNTY CONTRACTOR PERSONNEL.** At Landlord's sole cost, Landlord shall comply with Chapter 2.212 (COVID-19 Vaccinations of County Contractor Personnel) of County Code Title 2 - Administration, Division 4.

### **33. IRREVOCABLE OFFER**

In consideration for the time and expense that Tenant will invest in this Lease, 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, as necessary, in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of 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 1.1.

**34. OPTION TO EXTEND**

Not applicable.

[SIGNATURE PAGE TO FOLLOW]

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

LANDLORD:

GLEDHALL I,  
a California general partnership

By:   
Name: Earl Lyons  
Its: Managing Partner

TENANT:

COUNTY OF LOS ANGELES,  
a body corporate and politic

FESIA A. DAVENPORT  
Chief Executive Officer

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

ATTEST:

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

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

APPROVED AS TO FORM:

DAWYN R. HARRISON  
Acting County Counsel

By:   
Senior Deputy

**EXHIBIT A**  
**FLOOR PLAN OF PREMISES**

## EXHIBIT B

### COMMENCEMENT DATE MEMORANDUM AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain Lease Agreement ("Lease") dated \_\_\_\_\_, 20\_\_\_\_, between County of Los Angeles, a body corporate and politic ("Tenant"), and GLEDHALL I, a California general partnership ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 2255 North Garey Avenue, Pomona, California 91767 ("Premises"),

Landlord and Tenant hereby acknowledge as follow:

- 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 \_\_\_\_\_ rentable square feet of space; and
- 5) Landlord has paid a commission in the amount of \$\_\_\_\_\_ to Tenant pursuant to Section 30.3 of the Lease.

For clarification and the purpose of calculating future rental rate adjustments:

- 1) Base Rent per month is \_\_\_\_\_.
- 2) The Base Index month is \_\_\_\_\_.
- 3) The Base Index is \_\_\_\_\_.
- 4) The first New Index month is \_\_\_\_\_.

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

Tenant:

COUNTY OF LOS ANGELES,  
a body corporate and politic

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

Name \_\_\_\_\_

Its \_\_\_\_\_

Landlord:

GLEDHALL I,  
a California general partnership

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

Name Earl Lyons

Its Managing Partner

## **EXHIBIT C**

### **HEATING, VENTILATION AND AIR CONDITIONING**

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Tenant's Hours of Operation established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable/net square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

## **EXHIBIT D**

### **CLEANING AND MAINTENANCE SCHEDULE**

#### **A. DAILY (Monday through Friday)**

1. Carpets vacuumed.
2. Composition floors dust-mopped.
3. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
4. Waste baskets, other trash receptacles emptied.
5. Chairs and waste baskets returned to proper position.
6. Fingerprints removed from glass doors and partitions.
7. Drinking fountains cleaned, sanitized and polished.
8. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
9. Bulb and tube replacements, as required.
10. Emergency exit signage and egress battery replacement (if applicable)
11. Graffiti expunged as needed within two working days after notice by Tenant
12. Floors washed as needed.
13. Standard kitchen/lunchroom/restroom supplies replenished, including, but, not limited to, paper supplies and soap.

#### **B. WEEKLY**

14. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
15. Window sills, ledges and wood paneling and molding dusted.

#### **C. MONTHLY**

16. Floors washed and waxed in uncarpeted office area.
17. High-reach areas, door frames and tops of partitions dusted.
18. Upholstered furniture vacuumed, plastic and leather furniture wiped
19. Picture moldings and frames dusted.
20. Wall vents and ceiling vents vacuumed.

- 21. Carpet professionally spot cleaned as required to remove stains.
- 22. HVAC chiller water checked for bacteria, water conditioned as necessary.

**D. QUARTERLY**

- 23. Light fixtures cleaned and dusted, but not less frequently than quarterly.
- 24. Wood furniture polished.
- 25. Draperies or mini-blinds cleaned as required, but not less frequently than quarterly.
- 26. HVAC units serviced for preventative maintenance purposes, all filters changed.

**E. SEMI-ANNUALLY**

- 27. Windows washed as required inside and outside but not less frequently than twice annually.
- 28. All painted wall and door surfaces washed and stains removed.
- 29. All walls treated with vinyl covering washed and stains removed.

**F. ANNUALLY**

- 30. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.
- 31. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.
- 32. Touch-up paint all interior painted surfaces in a color and finish to match existing.

**G. AS NEEDED**

- 33. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.
- 34. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.
- 35. Interior and exterior pest control inspections and remediation frequency is to be determined by a licensed exterminator.



36. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning:

- i. heavy traffic areas cleaned as needed, with a minimum frequency of bi-monthly [six (6) times per year];
- ii. moderate traffic areas cleaned as needed, with a minimum of once every six (6) months [two (2) times per year]; and
- iii. clean light traffic areas a minimum of once per year.

Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.

38. All walls repainted and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence") except for touch-up paint as provided in Paragraph 33 of this Exhibit D. The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute an Occurrence for the purpose of determining the frequency of this work.

39. All HVAC ducts cleaned as needed, but no less than every five (5) years.

#### H. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

**EXHIBIT E**

**SUBORDINATION, NON-DISTURBANCE  
AND ATTORNMENT AGREEMENT**

**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

**County of Los Angeles  
Chief Executive Office  
Real Estate Division  
320 W. Temple Street  
7th Floor  
Los Angeles, California 90012**

)  
)  
)  
)  
)  
)  
)

**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 corporate and politic ("Tenant"), [*Insert name of Landlord*], ("Borrower") and [*Insert name of Lender*], ("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 certain of 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 lien of the Deed of Trust and all amendments, modifications and extensions thereto shall be and remain at all times a lien on the Property prior and superior to the Lease, except that if Tenant is granted any option to extend the Term of the Lease, right of first offer to lease additional premises or option to purchase the Property or right of first offer to purchase the Property in the Lease, such provisions shall not be affected or diminished by any such subordination.

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 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.

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, unless such act or omission continues after the date that Lender or Purchaser succeeds to the interest of such prior landlord; 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, unless resulting from a default or breach by such prior landlord which continues after Lender or Purchaser succeeds to the interest of such prior landlord; and provided that any offsets deducted by Tenant prior to the date that Lender or Purchaser succeeds to the interest of such prior landlord shall not be subject to challenge; or

(c) be bound by any prepayment by Tenant of more than one (1) month's installment of rent, unless the Lease expressly requires such prepayment; 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 which materially increases Landlord's obligations under the Lease or materially decreases Tenant's obligation under the Lease, unless Lender has approved such modification or amendment in writing, which approval shall not be unreasonably withheld, conditioned or delayed.

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:

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To Borrower:

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To Tenant:

County of Los Angeles  
Chief Executive Office  
Real Estate Division  
320 W. Temple Street, 7th 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.

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

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

BORROWER: *[Insert name of Landlord]*

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

LENDER: *[Insert name of Lender],*

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

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_  
Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared \_\_\_\_\_,  
Name of Signer(s)

who proved to me 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature (Seal)

## EXHIBIT F

### TENANT ESTOPPEL CERTIFICATE

To: [Insert name of party to rely on document]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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, to its actual knowledge, as of the date hereof:

1. Tenant is the present 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. Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking other than that specified in the Lease.

(d) 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).

(e) 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, except as set forth in Exhibit A, 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) Tenant's interest in the Lease has not been assigned or encumbered.

(d) 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.

(e) No rental payments have been made more than one (1) 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, except: \_\_\_\_\_.

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

COUNTY OF LOS ANGELES,  
a body corporate and politic

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



# EXHIBIT G

## 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 MBE/WBE participation. The information requested below is for statistical purposes only. The final analysis and consideration of the lease will be determined without regard to race, creed, color or gender. (Categories listed below are based on those described in 49 CFR Section 23.5)

### I. Minority/Women Participation In Firm (Partners, Associate Partners, Managers, Staff, etc.)

1. Firm Name: _____		3. Contact Person/Telephone Number: _____																																																	
2. Address: _____		4. Total number of employees in the firm: _____																																																	
5. Provide the number of all minority employees and women in each category.		<table border="1"> <thead> <tr> <th colspan="2">Owners, Partners and Associate Partners</th> <th colspan="2">Managers</th> <th colspan="2">Staff</th> </tr> <tr> <th>All O,P &amp; AP</th> <th>Women</th> <th>All Managers</th> <th>Women</th> <th>All Staff</th> <th>Women</th> </tr> </thead> <tbody> <tr> <td>Black/African American</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Hispanic/Latin American</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Asian American</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Portuguese American</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>American Indian/Alaskan Native</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>All Others</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Owners, Partners and Associate Partners		Managers		Staff		All O,P & AP	Women	All Managers	Women	All Staff	Women	Black/African American						Hispanic/Latin American						Asian American						Portuguese American						American Indian/Alaskan Native						All Others					
Owners, Partners and Associate Partners		Managers		Staff																																															
All O,P & AP	Women	All Managers	Women	All Staff	Women																																														
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Portuguese American																																																			
American Indian/Alaskan Native																																																			
All Others																																																			

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

1. Type of Business Structure: (Corporation, Partnership, Sole Proprietorship, Etc.) \_\_\_\_\_

2. Total Number of Ownership/Partners, Etc.: _____			<b>III. MINORITY/WOMEN-OWNED FIRM CERTIFICATION</b>  Is your firm currently certified as a minority owned business firm by the:	
3. Provide the percentage of ownership in each	All Employee	Women	State of California? <input type="checkbox"/> Yes <input type="checkbox"/> No City of Los Angeles? <input type="checkbox"/> Yes <input type="checkbox"/> No Federal Government? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Black/African American			<b>Section D. OPTION TO PROVIDE REQUESTED INFORMATION</b> <input type="checkbox"/> We do not wish to provide the information required in this form.  Firm Name: _____ Signature/Title: _____ Date: _____	
Hispanic/Latin American				
Asian American				
Portuguese American				
American Indian/Alaskan Native				
All Others				

**EXHIBIT H**

**MEMORANDUM OF LEASE**

**RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:**

County of Los Angeles  
Chief Executive Office  
Real Estate Division  
320 W. Temple Street, 7th Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code Section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code Section 11922.

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**MEMORANDUM OF LEASE**

This Memorandum of Lease ("Memorandum") is made and entered into by and between \_\_\_\_\_, a \_\_\_\_\_ (the "Landlord"), and the COUNTY OF LOS ANGELES, a public body corporate and politic, duly organized and existing under the laws of the State of California (the "Tenant"), who agree as follows:

Landlord and Tenant have entered into an unrecorded lease dated \_\_\_\_\_, 20\_\_\_\_ (the "Lease") of certain real property located in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, for a term commencing on \_\_\_\_\_, 20\_\_\_\_, and ending on a date \_\_\_\_\_ years after the commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in the Lease.

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

Dated: \_\_\_\_\_, 20\_\_.

LANDLORD:

GLEDHALL I.  
a California general partnership

By: Earl Lyons  
Its: Managing Partner

TENANT:

COUNTY OF LOS ANGELES,  
a body corporate and politic

FESIA A. DAVENPORT  
Chief Executive Officer

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

ATTEST:

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

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

APPROVED AS TO FORM:

DAWYN R. HARRISON  
Acting County Counsel

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

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

COUNTY OF \_\_\_\_\_

)  
) SS.  
)

On \_\_\_\_\_, before me,

\_\_\_\_\_ Date

\_\_\_\_\_ Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared \_\_\_\_\_

\_\_\_\_\_ Name of Signer(s)

who proved to me 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature (Seal)

## ADDENDUM NO. 1

### ADDITIONAL TERMS TO LEASE AGREEMENT

THIS ADDENDUM NO. 1 ADDITIONAL TERMS TO LEASE AGREEMENT (the "Addendum") is made and entered into as of the Effective Date of the Lease by and between GLEDHALL I, a California general partnership ("Landlord"), and the COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant" or "County") (collectively "Landlord" and "Tenant" shall be known as the "Parties").

WHEREAS, the Parties entered into that certain Lease Agreement dated as of \_\_\_\_\_, 20\_\_ (the "Lease").

WHEREAS, the purpose of this Addendum is to provide additional terms to the Lease Agreement by including certain terms contained therein.

WHEREAS, all capitalized terms that are used in this Addendum but are not defined herein shall have the meanings given to them in the Lease.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration received, the Parties hereby agree to the following terms:


1. Tenant Improvements. Section 24 of the Lease is hereby modified, and the following language is hereby inserted into, and included with, Section 24 of the Lease:

#### 24. TENANT IMPROVEMENTS:

##### 24.1 Landlord Obligations and Construction Schedule

Landlord, at Landlord's sole cost and expense, shall perform the modifications to the Premises listed in Attachment 1 to this Addendum ("Tenant Improvements") to Tenant's satisfaction. Landlord shall complete the Tenant Improvements in accordance with the construction schedule listed in Attachment 1 to this Addendum ("Construction Schedule").

##### ~~24.2 Working Drawings~~



~~Upon completion of the Tenant Improvements, Landlord shall furnish the Chief Executive Office with one (1) complete set of reproducible as-built drawings of the Tenant Improvements on a CAD system basis, together with the existing plans, if any, showing the locations of any underground utility lines and their depths.~~

##### 24.3 Code Compliance

The Premises shall meet all applicable City, County, State and Federal building codes, regulations and ordinances required for beneficial occupancy. **Without limiting the generality of the foregoing, construction of the Tenant Improvements shall comply with all applicable laws and regulations, including but not limited to the**



provisions of the California Labor Code relating to the payment of prevailing wages on public works projects, unless the work is otherwise exempt therefrom pursuant to the California Labor Code. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly wage rate and details pertinent thereto for each craft, classification, or type of workman or mechanic needed for the construction of the tenant 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. Any work, including construction, that Landlord must undertake to obtain the necessary jurisdictional approvals for occupancy shall be at Landlord's sole cost and expense. Any work undertaken to meet applicable code requirements necessitated by Tenant's special requirements shall be at Landlord's sole cost and expense.

#### 24.4 Completion

The parties agree that the estimated time for completion of said Tenant Improvements is 70 days from the date of issuance of the building permit based on the Construction Schedule. Landlord shall file for a building permit to construct the Tenant Improvements within ten (10) days of execution of the Lease and Landlord shall diligently pursue the issuance of such permit through completion as soon as possible.

All work related to the Tenant Improvements shall be performed during non-business hours of Tenant. To the extent that such work cannot be completed during non-business hours, Landlord shall use its best efforts to perform the work in a manner so as to minimize any disruption of Tenant's use of the Premises.

#### 24.5 Delay.

Completion may be delayed by:

- a. Acts or omissions of Tenant or its employees or agents (including any change orders requested by Tenant), or
- b. Any act of God which Landlord could not have reasonably foreseen and provided for, or
- c. Any strikes, boycotts or like obstructive acts by employees or labor organizations which Landlord cannot overcome with reasonable effort and which Landlord could not have reasonably foreseen and provided for, or
- d. Any war or declaration of a state of national emergency, or
- e. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the tenant improvements.

#### 24.6 Change Requests

All Tenant-initiated and approved change requests shall not exceed a total cost of Five Thousand Dollars (\$5,000), and Landlord shall not be required to accept any particular change request if the total cost of prior Tenant-initiated change requests exceeds Five Thousand Dollars (\$5,000). The Chief Executive Officer or his/her designee is hereby authorized to approve change requests on behalf of Tenant. Tenant shall pay for change request costs in a lump sum. Landlord, or Landlord's contractor, shall submit to the Chief Executive Officer or his/her designee with each change request (a) the specific cost of the requested change; (b) the cumulative net total cost of all change requests previously approved; and (c) an estimate of the number of days by which construction time will be increased or shortened if the change request is approved. Each change request must be signed and dated by the Chief Executive Officer or his/her designee in order to be considered approved. Tenant shall have the right to audit the cost of the changes at any time after the Commencement Date. If Tenant requests a rent reduction due to its audit of these costs, Tenant shall provide Landlord with a copy of the audit summary as part of its request.

#### 24.7 Construction

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

a. Notice of Nonresponsibility. Landlord and its contractors and subcontractors shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant in compliance with California Civil Code Section 8444.

b. Warranties. Landlord warrants that the Tenant Improvements shall be free from any defects in workmanship and materials for a period of not less than two (2) years from the date of Substantial Completion. Landlord shall require each contractor and subcontractor to provide warranties of like duration in all construction contracts relating to the Tenant Improvements and, upon Tenant's request, Landlord shall assign to Tenant any such warranties relating to the Tenant Improvements. Patent defects in the Tenant Improvements shall be brought to Landlord's attention promptly. Latent or hidden defects in the Tenant Improvements shall be brought to Landlord's attention promptly upon Tenant's becoming aware of such defects. Landlord, at Landlord's sole cost and expense, shall promptly cause such defects to be repaired following receipt of notice thereof, and Tenant shall have the same rights with respect thereto as set forth herein for all other punch-list items.

c. Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises or in other areas utilized by Landlord or its contractors, and Landlord agrees to reimburse Tenant for any and all expenses incurred by Tenant by reason of substandard work performed by Landlord's contractor or contractors (as reasonably determined by Tenant according to the usual standards of work in the Building) or as a result of inadequate clean-up.



#### 24.8 Tenant Remedies

If Landlord fails to obtain the building permit within a reasonable time, taking all factors into consideration, or if the Tenant Improvements have not been completed within sixty (60) days from the estimated time of completion, which period shall be extended for a reasonable time for delays enumerated in subparagraph 24.5 above, then Tenant may, at its option:

- a. Cancel the Lease upon thirty (30) days written notice to Landlord;  
or
- b. Upon thirty (30) days written notice to Landlord, assume the responsibility for constructing or completing the Tenant Improvements itself. If Tenant elects to construct or complete the Tenant Improvements itself, then:
  - i. 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.
  - ii. rent shall be reduced by Tenant's total expense in making the Tenant Improvements, including any financing charges for capital and a reasonable amount for Tenant's administrative costs, and including interest at the rate of 10% per annum ("Tenant's Total Expense"). The rent reduction schedule 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 two (2) years and deducted from the Base Rent.

2. General Provisions. This Addendum sets forth the entire understanding and agreement between the Parties with respect to the subject matter of this Addendum. This Addendum may be amended only in a writing signed by both Parties. Any notice to a party for a breach of this Addendum must be delivered in writing per the terms as set forth in Section 30.6 of the Lease. This Addendum shall be construed as if jointly drafted by the parties. This Addendum will not be effective unless and until signed by both Parties. Neither party may assign this Addendum or its rights or obligations hereunder without the other party's prior written consent. This Addendum will be binding upon, enforceable by and inure to the benefit of the Parties and each of their successors and permitted assigns. Provisions contained in this Addendum shall prevail in case of conflict over the terms of the Lease. This Addendum is hereby incorporated into and made part of the Lease. All the terms and conditions of the Lease remain in full force and effect, except as expressly indicated otherwise in this Addendum. This Addendum will become effective as of the Effective Date and shall continue in effect, except to the extent it is amended or terminated in accordance with terms of the Lease.

*[ADDENDUM SIGNATURE PAGE IMMEDIATELY FOLLOWS]*



IN WITNESS WHEREOF, the Parties have caused this Addendum to be executed by their duly authorized representatives effective as of the Effective Date.

LANDLORD:

GLEDHALL I,  
a California general partnership

By:   
Name: Earl Lyons  
Its: Managing Partner

TENANT:

COUNTY OF LOS ANGELES,  
a body corporate and politic

FESIA A. DAVENPORT  
Chief Executive Officer

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

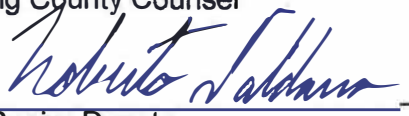
ATTEST:

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

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

APPROVED AS TO FORM:

DAWYN R. HARRISON  
Acting County Counsel

By:   
Senior Deputy

## ATTACHMENT 1

### TENANT IMPROVEMENTS AND CONSTRUCTION SCHEDULE

Landlord, at Landlord's sole cost and expense shall perform the following modifications to the Building to Tenant's satisfaction:

- Steam clean carpet throughout the Premises.
- Replace any damaged, heavily soiled or stained carpet tile. Any removal or disposal of Asbestos containing adhesive under the carpet tile must be performed by a California Licensed Asbestos Abatement Contractor.
- Paint all interior walls of the Premises, with accent wall located at the drinking fountain and bottom portion across the front of the reception lobby Pursuant to Tenant specifications provided on next page, Landlord shall at Landlord's sole cost and expense patch and paint all wall surfaces throughout the Premises per Tenant's specifications. Landlord to remove and reinstall "Removable Wall Fixtures" (frames, plaques, pictures, posters, etc...). "Permanent Wall Fixtures" (TV's, monitors, white boards, bulletin boards, signs, clocks, etc...) to remain, protected and painted around.
- Replace employee lunchroom sink and faucet;
- Replace employee lunchroom cabinets;
- Replace employee lunchroom floors [specifications to be provided by LAC];
- Paint entire employee lunchroom including one accent wall;
- Upgrade/expand electrical circuits in employee lunchroom for small appliance use;
- Replace sinks and faucets in employee men's and women's restrooms;
- Replace men's and women's employee restroom countertops with new granite countertops;
- Re-grout tile floors in men's and women's employee restrooms;
- Install metal privacy strips in men's and women's employee restrooms;
- Replace countertops, sinks and faucets in customer's men's and women's restrooms;
- Clean HVAC grills and registers;
- Perform air balance within Premises;
- Patch, slurry and re-stripe parking lots;

Provided that there is no diminution to the quality of the lighting, Landlord shall have the right, but not the obligation, to retrofit the interior lighting systems to include new light bulbs, fixtures, motion sensors and applicable elements. Further, Landlord shall have the right, but not the obligation, to install solar panels on the roof of the Premises provided, however, in no event shall the installation of solar panels interfere with Tenant's operation nor add costs to Tenant's obligation under the Lease. Landlord shall provide Tenant written notice of Landlord's intent to install solar panels, in addition to a plan depicting the installation in advance of commencing said work.

Tenant Improvement construction schedule will be provided by Landlord within 10 business days of Board of Supervisor approval and mutual execution of a lease.

## COUNTY SPECIFICATIONS

### **FINISHES**

#### **1. Carpet:**

- a. Carpet tile shall match the existing tile in equal quality, weight, and size.
- b. Landlord will be responsible for the furniture lift for carpet replacement, including moving any furniture, fixtures, (including the disconnection of electrical equipment), and other property which Landlord or its contractor may require be moved to perform the work, provided however, that upon prior notice from Landlord or its contractor, Tenant shall arrange for all appropriate telephone, communication, photo copy machines and computer wires or cables to be disconnected in advance of the moving of such equipment, and shall empty out, and remove any items from on top of, all filing cabinets and desks. Landlord and Tenant hereby agree to cooperate with the other party and exercise reasonable, good faith efforts to coordinate the timing and planning of the Tenant Improvements.

#### **2. Topset Base:**

- a. Install 4", or current size, topset base at all damaged, carpet installation areas, where required, with new and existing walls and cabinet bases.
- b. Color and size to match existing topset base.

#### **3. Paint:**

- a. Paint all new and existing interior spaces throughout the Premises, but not limited to walls and hard-lid ceilings. Provide one primer coat and two finish coats.
  - i. Office Areas: eggshell low-sheen finish.
  - ii. Lunchroom and Bathrooms: semi-gloss finish.
- b. Specify Dunn Edwards or approved equal.

In the case that furniture systems are not replaced, then walls that are behind cubicles, fixed cabinets or millwork shall not be painted.

# BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

<b>CLUSTER AGENDA REVIEW DATE</b>	11/16/2022		
<b>BOARD MEETING DATE</b>	12/6/2022		
<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>	CEO		
<b>SUBJECT</b>	APPROVAL OF MITIGATED NEGATIVE DECLARATION AND LEASE TO CHARLES R. DREW UNIVERSITY OF MEDICINE AND SCIENCE FOR PROPOSED HEALTH PROFESSIONS EDUCATION BUILDING		
<b>PROGRAM</b>	N/A		
<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>	Lease must be executed before the end of the year to avoid issues with the Surplus Land Act.		
<b>COST &amp; FUNDING</b>	Total cost:	Funding source:	
	\$		
	TERMS (if applicable):		
	Explanation:		
<b>PURPOSE OF REQUEST</b>	Approval of a Mitigated Negative Declaration for a proposed Charles R. Drew University Health Professions Education Building (HPED) and approval of granting a ground lease to Charles R. Drew University for the construction and operation of the building on County property.		
<b>BACKGROUND (include internal/external issues that may exist including any related motions)</b>	The site of the proposed HPED, is a 46,650 square foot parcel located at 1743 120 <sup>th</sup> Street in the unincorporated Willowbrook area across from the Martin Luther King Jr. Medical Center and adjacent to the CDU main campus. The proposed HPED will be five stories and 92,618 square feet. The HPED will allow for a four-year medical education program that will cultivate students with diverse backgrounds and experiences. The proposed lease will include the following terms and conditions: <ul style="list-style-type: none"> <li>An initial term of 60 years with two, 10-year extensions.</li> <li>\$100,000 yearly rent with a yearly 3 percent increase.</li> <li>50 percent rent credit during the shorter of the construction phase of the project or three years.</li> <li>A rent credit up to \$350,000 for any required site remediation with the caveat that some rent must be paid each year.</li> <li>A reserve study requirement to ensure upkeep of the HPED.</li> </ul>		
<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: Michael Rodriguez, Chief Program Specialist (213) 974-4246 mgrodriguez@ceo.lacounty.gov		



FESIA A. DAVENPORT  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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

Board of Supervisors  
HILDA L. SOLIS  
First District

HOLLY MITCHELL  
Second District

SHEILA KUEHL  
Third District

JANICE HAHN  
Fourth District

KATHRYN BARGER  
Fifth District

December 6, 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:

**APPROVAL OF MITIGATED NEGATIVE DECLARATION AND LEASE TO  
CHARLES R. DREW UNIVERSITY OF MEDICINE AND SCIENCE  
FOR PROPOSED HEALTH PROFESSIONS EDUCATION BUILDING  
(SECOND DISTRICT) (4 VOTES)**

**SUBJECT**

To adopt a Mitigated Negative Declaration (MND) for the proposed Charles R. Drew University of Medicine and Science (CDU) Health Professions Education Building (HPEB) and authorize a ground lease from the County to CDU to develop, construct, and operate the proposed HPEB on County real property located at 1743 120th Street across from the Martin Luther King Jr. Medical Campus in the Willowbrook community of South Los Angeles adjacent to the CDU campus (Project).

**IT IS RECOMMENDED THAT THE BOARD:**

1. Consider the MND for the Project (Environmental Plan No. RPPL2022002289), find that the MND was completed in compliance with the applicable provisions of California Environmental Quality Act (CEQA) and the State and County CEQA Guidelines related thereto; find that the MND reflects the independent judgment and analysis of the Board as to the environmental consequences of the Project; adopt the Mitigation Monitoring and Reporting Program (MMRP), finding that it is adequately designed to ensure compliance with the mitigation measures during Project implementation; determined that on the basis of the whole record before the Board that there is no substantial evidence that the Project will have a significant effect on the environment, and adopt the MND.
2. Find that pursuant to Government Code section 26227, the recommended actions to authorize the proposed ground lease with CDU will serve public purposes and make available County real property not needed for County purposes to be used to carry out programs in the best interests of the County and general public.

3. Authorize and direct the Chief Executive Officer, or her designee, to sign the proposed ground lease with CDU to develop, construct, and operate a five-story, 92,618 square foot HPEB.
4. Authorize the Chief Executive Officer, or her designee, to execute any other ancillary documentation, approved as to form by County Counsel, necessary to effectuate the terms of the proposed ground lease and authorize the Chief Executive Officer, or her designee, to take other actions necessary and appropriate to implement and effectuate the terms of the proposed ground lease.

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

The purpose of the recommended actions is to approve and adopt the MND for the proposed CDU HPEB and to authorize a proposed ground lease from the County of Los Angeles (County) to CDU to develop, construct, and operate the HPEB.

The County property, the site of the proposed HPEB, is a 46,650 square foot parcel located at 1743 120th Street in the unincorporated Willowbrook area across from the Martin Luther King Jr. Medical Center and adjacent to the CDU main campus. The proposed HPEB will be five stories and will be 92,618 square feet. CDU has obtained enough donations to construct the HPEB without needing to obtain a construction loan.

The HPEB will allow for a four-year medical education program that will cultivate students with diverse backgrounds and experiences who will become physician leaders who will care for the community with the skills and dedication to provide excellent and compassionate health care to those in need. These physician leaders are more likely to practice in California and in medically disadvantaged areas than those graduating from other medical institutions.

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

The proposed conveyance supports the Countywide Strategic Plan Goal III.3.2, which calls to maximize use of County assets, guide strategic investments, and support economic development, in ways that are fiscally responsible and align with the County's highest priority needs. The proposed conveyance is also consistent with the Strategic Asset Management Goal of strengthen connection between service priorities and asset decisions and Key Objective No. 5, Funding Highest Priority Needs. The proposed ground lease to CDU will allow for a medical school whose graduates are more likely to practice in California and in medically challenged areas than those graduating from other medical institutions.

### **FISCAL IMPACT/FINANCING**

The ground lease to CDU will generate \$50,000 per year in rent to the County during the construction period and \$100,000 a year in rent and provide for annual 3 percent increases once the HPEB is operational.



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

The ground lease to CDU is authorized by the California Government Code section 26227, which authorizes the leasing of County land not needed for County purposes to non-profit entities to carry out programs to be in the best interest of the County and the general public.

The proposed lease will include the following terms and conditions:

- An initial term of 60 years with two, 10-year extensions.
- \$100,000 yearly rent with a yearly 3 percent increase.
- 50 percent rent credit during the shorter of the preconstruction and construction phase of the project or three years.
- The County will share 50 percent of any required site remediation up to \$350,000.
- A requirement to have a reserve study performed every 5 years with the obligation to fund a reserve account to ensure upkeep of the HPEB.
- County shall have the right to use the meeting and conference facilities at the HPEB up to five times a year with no charge other than reimbursing CDU for actual costs incurred.
- Any revenues generated by CDU in excess of CDU's costs to operate and maintain the HPEB shall be reinvested in the Premises.

### **ENVIRONMENTAL DOCUMENTATION**

An Initial Study was prepared for the Project in compliance with CEQA guidelines and requirements. The Initial Study identified two potentially significant effects of the project: (1) Hazards and Hazardous Materials related to the potential release of hazardous materials into the environment during construction, and (2) Hydrology and Water Quality related to erosion or siltation on-site and off-site, drainage patterns, or surface runoff. However, these two areas of environmental impact were found to be less than significant with mitigation measures incorporated.

**Hazards and Hazardous Materials:** To mitigate the potential impacts related to the potential release of hazardous materials or waste into the environment and better protect worker health and safety as well the public during construction, the applicant shall prepare and complete a Soil Management Plan prior to initiating soil disturbance and removal activities. All measures contained within the Soil Management Plan shall be implemented during all activities that involve soil disturbance. The Soil Management Plan shall be submitted to the Los Angeles County Fire Department Health Hazardous Materials Division (HHMD) for review and approval during the building permit application phase. The applicant shall also incorporate any necessary features to meet applicable standards, to the satisfaction of HHMD. HHMD shall oversee the implementation of the Soil Management Plan at the project site.

**Hydrology and Water Quality:** To mitigate potential impacts related to stormwater runoff, pollution loadings from impervious surfaces, erosion, and other impacts on the drainage systems, the applicant shall implement stormwater quality control measures that are consistent with the County's Low Impact Development standards (County of Los Angeles Code of Ordinance Title 12, Chapter 12.84) to reduce stormwater runoff. The measures shall be reviewed and approved by the Los Angeles County Public Works Department during the building permit application phase. The applicant shall also prepare a hydrology study to demonstrate the proposed development will not increase stormwater runoff from existing conditions. The hydrology study shall be submitted

to the Department of Public Works review and approval during the building permit application phase.

Therefore, Department of Regional Planning staff determined that an MND was the appropriate environmental document for the Project. The mitigation measures necessary to ensure that the Project will not have a significant effect on the environment are contained in the MMRP prepared for the Project.

Public notice was published in the Sentinel pursuant to the California Public Resources Code section 21092 and posted pursuant to section 21092.3. Notice to commenting public agencies was completed pursuant to section 21092.5 of the California Public Resources Code.

Upon the Board's adoption of the MND, a Notice of Determination will be filed in accordance with section 21152 of the California Public Resources Code and pay the required fees to the Registrar-Recorder/County Clerk.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The lease will pose no impact to current services.

**CONCLUSION**

It is requested that the Executive Office, Board of Supervisors, return the adopted, stamped Board letter to the Chief Executive Office, 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:MGR:gb

Enclosures

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



ENCLOSURE

**GROUND LEASE  
(AREA 2)**

By and Between

THE COUNTY OF LOS ANGELES,  
a body corporate and politic, as landlord

and

CHARLES R. DREW UNIVERSITY OF MEDICINE AND SCIENCE,  
a California nonprofit corporation, as tenant

Effective: December [\_\_\_\_], 2022

## GROUND LEASE

### (AREA 2)

THIS GROUND LEASE (AREA 2) (this “**Lease**”) is effective as of December \_\_\_\_, 2022 (the “**Effective Date**”), by and between the COUNTY OF LOS ANGELES, a body corporate and politic (“**County**”) as landlord and CHARLES R. DREW UNIVERSITY OF MEDICINE AND SCIENCE, a California nonprofit corporation (“**CDU**”) as tenant. County and CDU are each sometimes referred to individually as a “**Party**” and collectively as the “**Parties**.”

### RECITALS

A. County is the fee owner of that certain real property containing approximately 3.51 acres (152,895 square feet of area), identified as Assessor’s Parcel Number 6149-028-919, which is currently developed with a surface parking lot, the Martin Luther King Medical Center’s Pediatric Hub, and modular storage units, as legally described on Exhibit A and depicted on Exhibit B (the “**County Property**”).

B. In consideration of the rents and covenants herein specified to be paid and performed by CDU and pursuant to Government Code Section 26227, which provides authority for the leasing of County property to CDU, County is prepared to lease an approximately 46,650 square foot portion of the County Property, legally described on Exhibit C-1 and depicted on Exhibit C-2 (the “**Premises**”), to CDU for CDU to construct a health professions education building (the “**HPEB**”) to locate, among other things, its independent medical school and other programs for the education and training of health professionals. The Parties acknowledge and agree that this Lease is being made at a below market cash rental rate predicated on the unique qualifications of CDU and the unique benefit CDU will bring to County and the public through the use of the Premises for the Permitted Uses (defined in Section 3.1.1).

C. The improvements to be built on the Premises by CDU, shall consist of a multi-story building of up to approximately 100,000 square feet, and other related improvements, in accordance with the entitlements, permits, plans and specifications issued or approved by the County (collectively, the “**Improvements**” and together with the Premises the “**Area 2 Project**”). The Parties envision that the Area 2 Project will be constructed substantially as set forth in the concept plan attached as Exhibits D1 and D2.

**NOW, THEREFORE**, in reliance on in consideration of the foregoing Recitals, which are hereby deemed a contractual part hereof, and in consideration of the mutual covenants, agreements and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and CDU agree as follows:

- 1 GROUND LEASE AND TERM: County hereby leases to CDU, and CDU leases from County, the Premises, subject to the terms, covenants, conditions, exceptions, and/or reservations set forth in this Lease.
- 1.1 As-is:
  - 1.1.1 CDU accepts the Premises as so improved in its present condition notwithstanding the fact that there may be certain defects in the Premises, whether or not known to either Party to this Lease, at the time of the Effective Date. CDU hereby represents that in connection with its acceptance of the Premises, CDU has been given the opportunity to perform such tests, inspections, reviews, studies and investigations (including a Phase I and Phase II Environmental Assessment Report) respecting the Premises as so improved as it considers necessary or appropriate to adequately evaluate the condition and other aspects of the Premises. CDU hereby accepts the Premises as so improved on an “**AS IS**,” “**WHERE IS**” and “**WITH ALL FAULTS**” basis and, except as expressly set forth in this Lease, CDU is not relying on any representation or warranty of any kind whatsoever, express or implied, from County or any other governmental authority or public agency, or their respective agents or employees, as to any matters concerning the Premises and/or any improvements located thereon, including without limitation representation or warranties regarding: (i) the quality, nature, adequacy and physical condition and aspects of the Premises and/or any improvements located thereon, including, but not limited to, the appurtenances, access, landscaping, parking facilities and the electrical, mechanical, utility systems, and the square footage of the land; (ii) the quality, nature, adequacy and physical condition of soils, geology and any groundwater; (iii) the development potential of the Premises, and the use, habitability, merchantability or fitness, or the suitability, value or adequacy of the Premises and/or any improvements located thereon for any particular purpose; (iv) the zoning or other legal status or entitlement or lack thereof of the Premises or any other public or private restrictions on use of the Premises; (v) the compliance of the Premises and/or any improvements located thereon with any applicable codes, laws, rules, regulations, statutes, resolutions, ordinances, covenants, conditions and restrictions now or hereafter in effect of the County of Los Angeles, State of California, the United States of America, and/or any other governmental or quasi-governmental entity (collectively, the “**Applicable Laws**”) or of any other person or entity (including, without limitation, relevant provisions of the Americans with Disabilities Act (“**ADA**”)); (vi) the presence of any underground storage tank or Hazardous Substances (defined in Section 19) on, under or about the Premises, the County Property or any other adjoining or neighboring property; (vii) the quality of any labor and materials used in any improvements on the Premises, (viii) the condition of title to the Premises, and (ix) the economics of the operation of the Premises and/or any improvements located thereon. County shall not be responsible for any land subsidence, slippage, soil instability or damage resulting therefrom at or on the Premises. CDU hereby fully and irrevocably releases County from any and all claims that it may now have or hereafter acquire against it for any cost, loss, liability, damage, expense, claim or cause of action related to any Hazardous Substances or other conditions affecting the Premises or any portion thereof. This release includes claims of which CDU is presently unaware or which CDU does not presently suspect to exist in its favor which, if known by CDU would materially affect CDU’s release of County. CDU specifically waives the provisions of California Civil Code Section 1542, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

\_\_\_\_\_  
CDU Initials

1.1.2 Reservations: CDU expressly agrees that this Lease and all rights hereunder shall be subject to all encumbrances, reservations, licenses, easements and rights of way (collectively, “**Encumbrances**”) whether or not recorded (a) existing as of the Effective Date or (b) expressly consented to in writing by CDU. Without limiting the foregoing, CDU expressly agrees that this Lease and all rights hereunder shall be subject to all prior matters of record. As of the Effective Date, to the actual knowledge of Joyce Chang, without any duty of investigation, except as described in Section 1.1.3 below, there are no unrecorded Encumbrances affecting or encumbering the Premises or any portion thereof.

1.2 Term:

1.2.1 Term: The initial term of this Lease shall commence upon the Effective Date and shall terminate on the anniversary of the Effective Date that occurs in 2082 (the “**Initial Term**”), as such date may be accelerated or extended pursuant to the terms of this Lease.

1.2.2 Option to Extend: Provided CDU is not then in default under this Lease beyond any applicable cure period, CDU may, at its option, extend this Lease for two (2) additional periods of ten (10) years each (each, an “**Additional Term**” and together with the Initial Term, the “**Term**”) by giving written notice to County of its desire to extend the Term not less than one hundred eighty (180) days prior to the expiration of the then current Term. If CDU fails timely to exercise its option, this Lease shall expire upon the expiration date of the then current Term. Upon timely exercise of CDU’s option, the Term expiration date shall be extended for, and the Term shall include, the period of the Additional Term upon the same terms and conditions of this Lease. In no event shall the total Term exceed eighty (80) years.

2 LEASE CONSIDERATION:

2.1 Rent: Subject to CDU's right to a rent credit as provided in Section 19.5, CDU shall pay rent as follows (collectively, “**Rent**”):

2.1.1 Base Rent: Base rent (“**Base Rent**”) shall be payable annually, in advance, commencing on the Effective Date and continuing thereafter on each anniversary of the Effective Date for each year of the Term, without notice or demand by County and without offset, credit, deduction, abatement, diminution or counterclaim of any type or nature whatsoever by CDU, except as expressly provided herein; provided, however, CDU may pay in advance Base Rent for future years at CDU’s election. Annual Base Rent shall be Fifty Thousand Dollars (\$50,000.00) during the shorter time period of: (a) the pre-construction and construction period or (b) the first three years of the term. Annual Base Rent shall be One Hundred Thousand Dollars (\$100,000.00) thereafter, and shall increase annually by three percent (3.0%) thereafter.

- 2.1.2 Reserved.
- 2.1.3 Additional Rent: Any additional amounts to be paid by CDU to County pursuant to this Lease, and reimbursement of any amounts otherwise incurred by County in performing any obligation of CDU following CDU's failure to perform, all of which shall constitute additional rent (collectively, "**Additional Rent**"). Except as otherwise expressly provided for in this Lease, all Additional Rent shall be due and payable thirty (30) days after written demand by County.
- 2.1.4 All general references to "rental" or words of similar import, shall mean Rent as defined pursuant to this Section 2.
- 2.2 Additional Consideration: As additional consideration for County leasing the Premises to CDU hereunder:
- 2.2.1 CDU shall, at its sole cost and expense, construct the Improvements in accordance with Section 6, and maintain and use the Improvements on a continuous basis as provided herein (collectively, "**CDU's Obligations**").
- 2.2.2 CDU shall perform all obligations of CDU required by this Lease, including those contained in the Exhibits.
- 2.2.3 CDU shall pay all costs associated with its leasing and occupancy of the Premises including without limitation all (i) development, construction, operation, maintenance, and repair of the Improvements and any other improvements constructed by CDU, (ii) grading, site work, demolition and removal of any County improvements on the Premises, and any required infrastructure upgrades, (iii) taxes (including any property or possessory taxes), assessments, insurance premiums, claims asserted by third parties, utility payments, and CDU acknowledges that the Lease shall be absolutely at no cost to County.
- 2.2.4 The Board determined at its meeting of December 6, 2022, that there is no substantial evidence that the Area 2 Project will have a significant effect on the environment and adopted the Mitigated Negative Declaration (Environmental Plan No. RPPL2022002289 and Mitigated Monitoring and Reporting Program). If the Area 2 Project is hereafter required to further comply with CEQA pursuant to Applicable Law during the Term, CDU shall pay all costs associated with such compliance, including without limitation, preparation of analyses, studies and environmental documentation, and legal descriptions related to this Lease and undertaking any required mitigation measures.
- 2.2.5 CDU shall provide the Development Documents to County in accordance with Section 6.
- 2.2.6 CDU shall reimburse County for all of County's Actual Costs (defined in this Section 2.2.6) in the event that (a) following CDU's failure to perform any of CDU's Obligations, which failure has become a Material Default, County performs such CDU's Obligation, (b) any Material Default results in Actual Costs to County, (c) CDU requests County's consent to enter into an Assignment (defined in Section 16.1.1) or a Sublease (defined in Section 16.1.2), (d) CDU requests County's consent to make any material structural changes or additions to the Improvements as approved by County pursuant to

Section 6 of this Lease, (e) CDU requests any changes or amendments to this Lease, and/or (f) CDU desires to obtain financing relating to the Area 2 Project.

**“Actual Costs”** means the reasonable out-of-pocket costs and expenses actually incurred by County with respect to a particular activity or procedure, including without limitation, expenditures (a) to third-party legal counsel, financial consultants and advisors, contractors, appraisers, (b) for court costs, collections fees and costs, and bank charges, and (c) a reasonable allocation of County overhead and administrative costs to fully compensate County for performing such obligations on behalf of CDU.

- 2.2.7 CDU shall manage the Premises in accordance with the standards and practices consistent with CDU’s management of its owned property and the balance of the university (but in no event lower than the standard at which other improvements on the County Property are maintained).

### 3 PERMITTED USES AND APPLICABLE LAWS:

#### 3.1 Permitted Uses:

- 3.1.1 CDU is permitted to use the Premises to construct thereon the Improvements, as specified in Section 6, and once the Improvements are constructed, to utilize the Area 2 Project only for: (a) the HPEB, and (b) other university-related and incidental uses (collectively, the **“Permitted Uses”**). Except as specifically provided herein, the Premises and Improvements shall not be used for any purpose other than the Permitted Uses, without the prior written approval of County, at County’s sole and absolute discretion.

- 3.1.2 County makes no representation or warranty regarding the continued legality of the Permitted Uses or any of them, and CDU bears all risk of an adverse change in Applicable Laws.

- 3.1.3 CDU shall comply with its obligations and be subject to all applicable governmental regulatory agencies and the reasonable, non-discriminatory rules and regulations of County in connection with the operation of Area 2 Project as promulgated from time to time by County. CDU shall ensure all parking requirements are met on site and/or, as necessary, elsewhere on the CDU campus, and shall not use or count any parking located on the neighboring Dr. Martin Luther King Medical Center Campus as meeting CDU’s parking requirements for the Area 2 Project.

#### 3.2 Prohibited Uses: Notwithstanding, and without expanding upon or enlarging the Permitted Uses:

- 3.2.1 Nuisance: CDU shall not conduct or permit to be conducted any private or public nuisance on or about the Premises or the Improvements, nor commit any waste thereon. No rubbish, trash, waste, residue, brush, weeds or undergrowth or debris of any kind or character shall ever be permitted to remain or accumulate upon any portion of the Premises, except for trash collected in appropriate receptacles intended for such purposes, nor shall any portion of the Premises or Improvements be permitted to be operated or maintained in a manner that renders the Premises or Improvements a fire hazard.

- 3.2.2 The Premises and Improvements shall not be used or developed in any way which violates any Applicable Law.
- 3.2.3 No part of the Premises shall be used by any person for any adult entertainment purposes, as such term refers to graphic, explicit and/or obscene depictions of sexual activity;
- 3.2.4 No tools, equipment, or other structure designed for use in boring for water, oil, gas or other subterranean minerals or other substances, or designed for use in any mining operation or exploration, shall hereafter be erected or placed upon or adjacent to the Premises, except (i) as is necessary to allow CDU to perform its maintenance and repair obligations pursuant to this Lease, and (ii) for such boring or drilling as necessary to perform water testing or monitoring, or any dewatering program to relieve soil water pressure.
- 3.2.5 Except as expressly set forth in Section 16, no portion (including without limitation rooftops, exterior walls, or any portion of an exterior area including parking spaces) of the Area 2 Project shall be sublet or licensed to any party, other than any license required to allow television, telecommunication, internet and other similar services to be provided directly to Area 2 Project solely for the use of the occupants of the Area 2 Project.
- 3.2.6 In compliance with County's non-smoking provision, Los Angeles County Code Chapter 2.126, no part of the Premises, which areas are not open to the sky, shall allow smoking. CDU shall designate all such areas as "no smoking" areas.
- 3.3 Active Public Use: The Parties acknowledge that County's objective in entering into this Lease is the complete and continuous use of the facilities and amenities located on the Premises by and for the benefit of the public so as to furnish the maximum educational and cultural benefits to the community, without discrimination as to race, gender or religion. Accordingly, CDU agrees and covenants that it will operate the Premises and Improvements for the Permitted Uses during reasonable hours, depending on demand and economic feasibility (except to the extent that CDU is prevented from doing so due to Force Majeure (as defined below) or due to temporary interruption as necessary for the Work, maintenance, repair, renovation, alteration or other improvement work required or permitted to be performed by CDU under this Lease) in light of these objectives. Any revenues generated by CDU from the Permitted Uses in excess of CDU's costs of operating the Permitted Uses and maintaining the Premises and the Improvements (including, without limitation, capital costs and financing costs) shall be reinvested in the Premises, the Improvements and use of the Premises for the Permitted Uses. No profits will inure to any private individual or any for-profit entity. As used herein, **Force Majeure** shall mean any cause beyond the reasonable control of, and not due to the fault or negligence of, the Party affected, and which could not have been avoided by such Party's reasonable due diligence, including drought, flood, landslide, earthquake, hurricane, tornado, storm or other unusually adverse weather condition, fire, lightning, epidemic or pandemic, war, blockade, riot, civil disturbance, famine, accident, sabotage, explosions, theft, casualty, embargo, injunction, shortages of rolling stock, third party strikes, lockouts or other third party labor difficulties, government shutdown, restrictions or restraints imposed by a change in the law by the California legislature or regulatory authority, orders or judgments

of any governmental entity, the absence, suspension, termination, interruption, delay in issuance, denial, or failure of renewal of any permit, or any changes in laws which would make the performance of an obligation impossible or illegal.

- 3.4 Compliance with Applicable Laws: CDU shall, at its sole cost and expense, conform to, and shall use commercially reasonable efforts to cause all persons using or occupying any part of the Area 2 Project to comply with, all Applicable Laws, including, without limitation, the ADA, and rules and regulations governing the Premises that may be in effect from time to time applicable to the construction of the Improvements and/or to the use of the Area 2 Project. CDU hereby warrants and covenants that the operation of the Area 2 Project shall not unreasonably interfere with any functions of County outside of the Premises. CDU covenants and agrees to indemnify and to hold County, its Special Districts, elected and appointed officials, officers, employees, agents and volunteers (collectively, the “**County Indemnitees**”) harmless from any penalties, damages, or charges imposed for any violation of any and all Applicable Laws occurring on the Premises, whether occasioned by neglect, omission, or willful act of CDU or any person (other than County, and other County Indemnatee and any of their respective officers, agents, employees, guests, and invitees) by license, invitation, sublease, assignment, or any other arrangement with CDU.
- 3.5 County Use: Upon the County’s request, which request shall be made not less than ten (10) business days prior to the desired date and time, to the extent not conflicting with a previously scheduled use for the desired facility or facilities or impeding or interfering with CDU’s use of the Premises or the Improvements, CDU shall make the meeting and conference facilities at the Premises available for County reasonable use. County’s request shall state with specificity the date(s), time(s) and purpose(s) for which use of such meeting and conference facilities is being requested. County shall not exercise its rights under this Section 3.5 more than five (5) times in any calendar year. County shall not be responsible for any fees, rent or costs for the use of the space, provided that, CDU may charge County for any reasonable, actual, out-of-pocket, third-party expenses incurred due to County’s use.

#### 4 TAXES AND ASSESSMENTS:

- 4.1 Payment of Taxes: CDU agrees to pay before delinquency all lawful taxes, assessments, fees, or charges which at any time may be levied by the State, County, City or any tax or assessment levying body upon any interest in this Lease or any possessory right which CDU may have in or to the Premises or the Improvements thereon for any reason, as well as all taxes, assessments, fees, and charges on goods, merchandise, fixtures, appliances, equipment, and property owned by it in, on or about the Premises.
- 4.2 Possessory Interest Tax: The Parties acknowledge that the Premises shall be subject to possessory interest taxes, and that such taxes shall be paid by CDU. This statement is intended to comply with Section 107.6 of the Revenue and Taxation Code. Without limiting the foregoing, CDU shall have the right to undertake, at CDU’s sole cost and expense, a claim for property tax exemption for the Premises.



- 4.3 Indemnity: CDU agrees to indemnify and hold County Indemnitees harmless from the payment of taxes, including any penalties and interest associated therewith. CDU further agrees to prevent said taxes from becoming delinquency liens upon the Area 2 Project, and except where CDU notifies County in writing that CDU is contesting or proposes to contest taxes, to allow County to pay such taxes which have become more than ninety (90) days delinquent. County shall in no way be obligated to pay such taxes which become delinquent; but, if County properly makes such payments in accordance with this Section 4, they will become immediately due and payable to County by the CDU and shall include any penalties assessed.
- 4.4 CDU's Right to Contest Taxes: CDU shall have the right, at its own expense, to contest the amount or validity of any Taxes by appropriate proceedings diligently conducted in good faith which shall operate to prevent the collection of any Taxes so contested or the sale of the Area 2 Project or any part thereof to satisfy the same. Pending final judgment and appeals of any such legal proceedings, County shall not have the right to pay, remove, or discharge any Taxes thereby contested, provided that CDU shall indemnify and hold harmless County Indemnitees from and against any and all claims and liability thereto and shall protect County and the Area 2 Project from any lien by adequate surety bond or other security reasonably deemed appropriate by County.
- 4.5 Proration of Taxes: CDU shall be responsible for all real estate taxes and assessments on the Premises payable in respect to periods during the Term. Any taxes which have been prepaid by CDU shall not be prorated, but CDU shall have the sole right after the expiration or termination of this Lease to apply to the Los Angeles County Treasurer for refund of the taxes attributable to the period after the lease terminates, pursuant to Revenue and Taxation Code Section 5096.7. From the Lease expiration or termination date and the Premises are surrendered to County, County shall be responsible for all unpaid real estate taxes and assessments on the Premises.
- 4.6 Exemption: County acknowledges that CDU is a nonprofit public benefit corporation and therefore each may be exempt from payment of property taxes related to the Premises. CDU shall have the right to pursue and secure any such property tax exemption to which it is reasonably entitled.
- 4.7 Survival: The indemnities provided in this Section 4 shall survive the termination or expiration of this Lease.
- 5 UTILITIES:
- 5.1 Consent From County: CDU shall not enter into any contract or agreement with any governmental agency or body or public utility with reference to any and all sewer lines, water lines, street improvements, street lighting, or utility connections, lines, or easements without the prior written consent of County (which consent shall not be unreasonably withheld, delayed or conditioned), nor shall CDU grant, quitclaim, transfer, and/or relocate any and all easements without the prior written consent of County. CDU shall install separate meters for CDU's use for all utilities required for the Area 2 Project. CDU covenants and agrees to contract in CDU's own name and to pay directly to the providers

thereof, all charges for all utility services used, rendered or supplied to or for the Premises. All costs associated with bringing required utilities to the Area 2 Project, including related professional and service charges, and the costs of connections to the utility system shall be considered part of the construction cost of the CDU's Area 2 Project and shall be solely the CDU's responsibility.

5.2 County Utility Services: County shall not be required to furnish to CDU any water, sewer, gas, heat, electricity, light, power or any other facilities, equipment, labor, material or any services of any kind whatsoever, whether similar or dissimilar.

5.3 Ownership: As between County and CDU, title to all utility lines, transformer vaults and all other utility facilities constructed or installed by CDU upon the Premises shall vest in County upon construction or installation to the extent that they are not owned by a utility company or other third-party provider. Notwithstanding that title shall vest in County, all utility lines, transformer vaults and all other utility facilities (other than any sewer, storm drain, or other utility systems which have been dedicated to and accepted by County pursuant to a dedication separate from this Lease), shall be maintained, repaired, and replaced, if and as needed, by CDU during the Term.

## 6 CONSTRUCTION, OWNERSHIP OF IMPROVEMENTS AND LIENS:

### 6.1 Development Plan:

6.1.1 Development Plan: The “**Work**” means construction of the Improvements in accordance with the final plans and specifications submitted by CDU and approved by County, which approval County shall not unreasonably withhold, delay or condition (the “**Final Plans and Specifications**”). Within ninety (90) days after County's approval of the Final Plans and Specifications and satisfaction of the other provisions of this Section 6 that are necessary preconditions to the commencement of the Work, CDU shall commence the performance of the Work.

6.1.2 Implementation of Final Plans and Specifications: There shall be no material changes, material modifications or material exceptions to the Final Plans and Specifications, except as expressly approved in advance in writing by the County as provided in Section 6.4 of this Lease or otherwise in accordance with this Section 6. CDU shall be responsible for the acquisition and compliance with all required governmental approvals (including, without limitation, as applicable, County planning and entitlement approvals) for the Work. CDU shall be solely responsible for all costs and expenses incurred in connection with the design, entitlement and construction of the Work. The remaining Sections of this Section 6 pertain to the construction of the Work and to any other work which CDU may be required to make to the Premises during the Term.

### 6.2 Construction of Improvements:

6.2.1 Construction: Construction of the Improvements and performance of the Work shall be made subject to the conditions hereinafter set forth, which CDU covenants to observe and perform.

- 6.2.2 Governmental Approvals: Work shall not be undertaken until CDU shall have obtained and paid for all applicable municipal and other governmental permits and authorizations of the various municipal departments and governmental agencies having jurisdiction over the work. No zoning changes or variances may be obtained except with County's prior written consent, which is not to be unreasonably withheld, delayed or conditioned.
- 6.2.3 Commencement and Completion of Construction: All Work shall be completed at the expense of CDU, including capital and financing costs, and without expense to County. All Work shall be prosecuted to completion with due diligence. Notwithstanding the foregoing, construction of the Work shall be commenced within one month of the issuance of all necessary permits and shall be completed (except normal punch list items) within thirty-six (36) months following the commencement of construction, subject to Force Majeure. For purposes of this Lease, the commencement of permitted construction activities in accordance with the Final Plans and Specifications shall be the first date upon which construction activity for the Improvements is begun.
- 6.2.4 Payment and Performance Security: Prior to the commencement of the Work, CDU shall provide, or cause CDU's contractors to provide, Payment and Performance Security which satisfies the terms and conditions of Section 11.
- 6.2.5 Evidence of Financing: Prior to the commencement of the Work, CDU shall have provided evidence reasonably satisfactory to County (and County shall have approved in writing) of CDU having sufficient financial resources, as reasonably determined by County, to complete the Area 2 Project. To obtain the approval described in the immediately preceding sentence, CDU shall have furnished County with its financial statements evidencing available funds to complete the Area 2 Project.
- 6.2.6 Work Schedule: Prior to the commencement of the Work, County shall have approved a construction schedule for the Work (and its completion) submitted to County by CDU, and such approval by County shall not be unreasonably conditioned, denied or delayed.
- 6.3 Construction Standards:
- 6.3.1 General Construction Standards: In connection with all Work, construction, alteration, or repair work permitted herein, CDU shall take all reasonably necessary measures to minimize any damage, disruption or inconvenience caused by such Work and shall make adequate provision for the safety and convenience of all persons affected thereby. CDU shall repair, at its own cost and expense, any and all damage caused by such Work, and shall restore the area upon which such Work is performed to a condition which is at least equal to or better than the condition which existed prior to the beginning of such Work, ordinary wear and tear excepted. In addition, CDU shall pay (or cause to be paid) all Actual Costs and expenses associated therewith and shall indemnify and hold County Indemnitees harmless from all damages, losses, or claims attributable to the performance of such Work. This indemnity shall survive the termination or expiration of this Lease.
- 6.3.2 Utility Work: Any work performed by or on behalf of CDU or any occupant of the Premises to connect to, repair, relocate, maintain or install any storm drain, sanitary sewer, water

line, gas, telephone conduit or any other public utility service shall be performed so as to minimize interference with the provision of such services to occupants of neighboring properties and other persons.

- 6.3.3 Compliance with Applicable Laws: All improvements on the Premises shall be constructed in compliance with all Applicable Laws governing the Premises that may be in effect. CDU shall have the sole responsibility for obtaining all necessary permits and shall make application for such permits directly to the person or governmental agency having jurisdiction thereover.
- 6.3.4 Prevailing Wages: This is a Public Works project as defined in Section 1720 of the California Labor Code. CDU shall ensure that the performance of the Work complies with the applicable provisions of the Labor Code of the State of California, including but not limited to, prevailing wage statutes.
- 6.3.5 Countywide Local and Targeted Worker Hire Program: CDU shall comply with County's existing Local and Targeted Worker Hire Program Policy attached as Exhibit F.
- 6.3.6 Construction Safeguards: CDU shall erect and properly maintain at all times, as required by the conditions and the progress of Work performed by CDU, all necessary safeguards for the protection of workers and the public.
- 6.3.7 Rights of Access: Representatives of County shall have the right of reasonable access to the Premises and the improvements thereon at normal construction hours during the period of construction, for the purpose of ascertaining compliance with the terms of this Lease, including, but not limited to, the inspection of the construction work being performed. County's access shall not unreasonably interfere with CDU's construction and/or operations.
- 6.3.8 Notice of Completion: Upon completion of construction on the Premises and issuance of a Temporary or Final Certificate of Occupancy for the Improvements, CDU shall file or cause to be filed in the Official Records of County a Notice of Completion with respect to the Improvements. Also, promptly upon such completion of construction, CDU shall provide County's Chief Executive Office, Real Estate Division with one complete set of electronic reproducible as-built drawings.
- 6.4 Changes to Plans Following Approval: No material changes to the Final Plans and Specifications shall be made without the prior written approval of County. Any such proposed changes shall be submitted to County for County's approval or disapproval. County shall have thirty (30) days following receipt of the proposed changes in which to give its approval or disapproval. County's approval shall not be unreasonably withheld, delayed or conditioned. Any disapproval shall set forth in detail the reasons for disapproval. County's failure to approve such proposed changes within such thirty (30)-day period shall be deemed disapproval.

6.5 Protection of County:

- 6.5.1 No Consent of County: Nothing in this Lease shall be construed as constituting the consent of County, express or implied, to the performance of any labor or the furnishing of any materials or any specific improvements, alterations of, or repairs to, the Premises or any part thereof by any contractor, subcontractor, laborer or materialman, nor as giving CDU or any other person any right, power or authority to act as agent of or to contract for, or permit the rendering of, any services, or the furnishing of any materials, in such manner as would give rise to the filing of mechanics' liens or other claims against the fee of the Premises or the Area 2 Project.
- 6.5.2 Protection Against Liens: County shall have the right at all reasonable times to post, and keep posted, on the Premises any notices which County may deem necessary for the protection of County and of the Premises and the improvements thereof from mechanics' liens or other claims. CDU shall give County ten (10) days prior written notice of the commencement of the Work or any work to be done on the Premises to enable County to post such notices. In addition, CDU shall make, or cause to be made, prompt payment of all monies due and contractually owing to all persons doing any work or furnishing any materials or supplies to CDU or any of its contractors or subcontractors in connection with the Premises and the Improvements thereon in accordance with Section 9.
- 6.5.3 Notice: Should any claims of lien be filed against the Premises or the Improvements thereon, or any action affecting the title to the Premises or the Improvements thereon be commenced, the party receiving notice of such lien or action shall forthwith give the other party written notice thereof.
- 6.5.4 County Approval: County's approval, in its capacity as landlord, is given solely as an expression of County's lack of objection to the Final Plans and Specifications, any other development documents, or any action for which County's approval, in its capacity as landlord, is sought, and shall under no circumstance be deemed or construed to constitute (a) County's endorsement of such Final Plans and Specifications, such other development documents, or such action, (b) a professional opinion by County regarding the effect, safety, legality, or construction worthiness of any improvement or work conducted in accordance with such Final Plans and Specifications, such other development documents, or such action, or (c) County's acceptance or assumption of any liability arising from such Final Plans and Specifications, such other development documents, or such action.
- 6.6 Gold LEED Standard: The HPEB building shall be constructed to achieve at least a Gold LEED equivalent level of certification or a successor equivalent standard established by the USGBC.
- 6.7 Ownership of Improvements: Until the expiration of the Term or sooner termination of this Lease, and except as specifically provided herein, CDU shall own all Improvements now existing and constructed by CDU or its predecessors on the Premises, or hereafter constructed by CDU upon the Premises, and all alterations, additions or modifications made thereto by CDU. Upon the expiration of the Term or sooner termination of this Lease, whether by cancellation, forfeiture or otherwise:

- 6.7.1 County's Election to Receive Improvements: Unless CDU is expressly directed by County in writing in accordance with Section 6.7.3 to demolish and remove Improvements upon the expiration or earlier termination of the Term, all Improvements located on, in, or under the Premises (including all building fixtures and building equipment affixed thereto, but excluding trade fixtures and equipment) shall remain upon and be surrendered with the Premises as part thereof, and title to such Improvements shall vest in County without any compensation to CDU. Nothing contained herein shall be construed to deny or abrogate the right of CDU, prior to the expiration of the Term or termination of this Lease, to (a) receive any and all proceeds which are attributable to the condemnation of Improvements belonging to CDU immediately prior to the taking of possession by the condemnor, to the extent provided in Article 6 of this Lease, or (b) remove any furniture or equipment that is not affixed to the Premises and Improvements, any signage identifying CDU (as opposed to other signage used in the operation of the Premises and Improvements), or any personal property, upon the expiration of the Term or earlier termination of this Lease or at any time during the Term, subject to CDU's obligations under this Lease to use the Premises for the Permitted Uses.
- 6.7.2 Demolition and Removal Report: No earlier than ten (10) years and no later than two (2) years prior to the expiration of the Term, and provided that County shall have previously advised CDU, pursuant to Section 7.3.4, of County's intent to have all or a portion of the Improvements demolished, CDU shall deliver to County a report prepared by a construction and demolition expert reasonably approved by County that details and estimates the cost and required time period for the demolition and removal of all Improvements on the Premises at the expiration of the Term (the "**Demolition and Removal Report**").
- 6.7.3 Duty to Remove: County may elect to require CDU at the end of the Term or any earlier termination of this Lease to demolish and remove, at the sole cost and expense of CDU all or any portion of the Improvements located on, in or under the Premises, whether placed or maintained thereon by CDU or others, including, but not limited to, concrete foundations, structures and buildings; provided, however, such portion ("**Portion Subject to Demolition**") of the Improvements designated by County for demolition must be able to be demolished separately from other portions of the then-existing Improvements which County has designated to remain; and provided further, that, notwithstanding anything else to the contrary herein, CDU shall have no obligation to perform any demolition or removal unless such work can be conducted in compliance with Environmental Laws and is permitted by all governmental authorities with jurisdiction. CDU shall complete any required demolition and removal and shall surrender to County possession of the Premises in the following condition: (a) as to any portion of the Premises on which the Improvements are required to be demolished, such portion of the Premises shall be surrendered to County in a level, graded area; and (b) as to any portion of the Premises on which the Improvements are not required to be demolished, the Premises and such Improvements shall be surrendered to County in the condition in which the Premises and Improvements are required to be maintained and repaired under this Lease. In the case of the termination of the Lease at the scheduled expiration date of the Term, any election by County to require CDU to demolish and remove the Improvements or a Portion Subject to Demolition must initially have been notified to CDU as required by Section 7.3.4 and then confirmed by

County in writing to CDU (“**County Removal Notice**”) within six (6) months following delivery by CDU to County of the Demolition and Removal Report. If County elects to require CDU to demolish and remove all of the Improvements or a Portion Subject to Demolition, CDU shall complete such demolition and removal and otherwise comply with CDU’s surrender obligations under this Section 6.7.3 within the sum of (x) the time period ascribed to such demolition and removal in the Demolition and Removal Report plus (y) thirty (30) days after the expiration of the Term, subject to Force Majeure, but in no event longer than one hundred twenty (120) days after the expiration of the Term (the “**Post Term Removal Period**”); provided, however, that all of the CDU’s obligations and liabilities under the Lease (other than any rent or compensation obligations and the obligation to affirmatively operate the Premises or to maintain and repair those Improvements required to be demolished) shall be applicable during the Post Term Removal Period, including without limitation, the CDU’s obligations with respect to insurance and indemnification; and provided further, that, notwithstanding anything else to the contrary herein, CDU shall have no obligation to perform any demolition or removal unless such work can be conducted in compliance with Environmental Laws and is permitted by all governmental authorities with jurisdiction.

In the case of a termination of the Lease prior to the scheduled expiration date of the Term, any election by County to require CDU to remove the Improvements or a Portion Subject to Demolition must be made by County’s delivery of the County Removal Notice not later than sixty (60) days after the effective date of such termination, and if County elects to require CDU to demolish and remove all or a portion of the Improvements upon a termination of the Lease prior to the scheduled expiration of the Term, CDU shall complete such demolition and removal and otherwise comply with CDU’s surrender obligations under this Section 6.7.3 on or before one hundred twenty (120) days after the later of the date on which this Lease terminated and the date of County’s delivery of the County Removal Notice, subject to Force Majeure. Any such demolition and removal by CDU shall be subject to any applicable requirements under Environmental Law. With respect to a County Removal Notice received in conjunction with the scheduled expiration date of the Term, CDU shall within one hundred and twenty (120) days after receipt of the County Removal Notice, provide County with a written plan which sets forth CDU’s proposed method of securing the performance of CDU’s demolition and removal obligations. Such security may include a deposit of funds, a letter of credit, bond or other form of security in form, and from an issuer, satisfactory to County, or surplus funds in the Reserve Fund to the extent permitted by the Section 7.3.6 of this Lease (the “**Demolition Security**”). The amount of the Demolition Security shall be equal to the estimated costs to demolish and remove the Improvements as set forth in the Demolition and Removal Report, increased (a) to reflect the percentage change in the ENR Index from the date of the Demolition and Removal Report to the date on which CDU delivers the Demolition Security, and (b) thereafter increased annually to reflect the year-over-year increase in the ENR Index.

If the County fails to provide the County Removal Notice as provided above, CDU shall be under no obligation to demolish or remove the Improvements or any portion thereof. CDU shall surrender possession to County of the Premises in the condition in which such Improvements are required to be repaired and maintained under this Lease.

6.7.4 Duty to Remove Personal Property: Within thirty (30) days following the expiration of the Term or sooner termination of this Lease (subject to CDU's rights with respect to the Post Term Removal Period described in Section 6.7.3 above), CDU shall in all events remove, at its cost and expense, all furniture, equipment and other personal property that is not affixed to the Improvements. Should CDU fail to remove such furniture, equipment and other personal property within said period, and said failure continues for thirty (30) days after written notice from County to CDU, CDU shall lose all right, title and interest therein, same shall be deemed abandoned by CDU and County may elect to keep the same upon the Premises and Improvements or to sell, remove, or demolish the same, in which event CDU shall reimburse County for its Actual Costs incurred in connection with any such sale, removal or demolition in excess of any consideration received by County as a result thereof.

## 7 MAINTENANCE OF AREA 2 PROJECT AND RESERVE FUND:

7.1 County Responsibilities: County shall not be required or obligated to make any changes, alterations, additions, improvements, or repairs in, on, or about the Area 2 Project or any part thereof, or any improvements thereon during the term of this Lease. County, in its capacity as landlord, shall have the right with reasonable prior written notice to enter upon and inspect the Premises at any reasonable time during normal business hours for cleanliness, safety and compliance with this Lease, as long as such entrance is not done in a manner which would unreasonably interfere with the operation of business at the Premises.

7.2 CDU's Responsibility: Throughout the Term, CDU shall at CDU's sole cost and expense:

7.2.1 Keep, maintain, repair, and/or restore the Premises and the Area 2 Project and all equipment, physical structures or other Improvements of any kind which may exist or be erected, installed or made on the Premises in good repair and in a good, safe, clean, wholesome, and sanitary condition, including without limitation capital improvements and structural and roof repairs and replacement, as needed, and consistent with CDU's maintenance of its campus and campus facilities, and in accordance with the requirements of: (i) all Applicable Laws; (ii) the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction; (iii) any insurance companies insuring all or any part of the Area 2 Project, if applicable; (iv) County, at its reasonable discretion.

7.2.2 Use commercially reasonable efforts to protect the Premises from fire, vandalism, graffiti (which shall be removed or covered within 48 hours) and soil erosion.

7.2.3 Install, maintain and replace landscaping on the Premises consistent with CDU's landscaping of its campus and campus facilities.

7.2.4 Provide proper containers for trash and garbage which are screened from public view, to keep the Premises free and clear of rubbish and litter.

7.2.5 Not cause, or knowingly permit another to cause, any Medical Waste to be stored, handled, disposed of or otherwise treated on the Premises in violation of Applicable Law or this Lease. For purposes of this Lease, "Medical Waste" has the meaning set forth in the



California Medical Waste Management Act (Health & Safety Code, § 117690), as it may be amended. Medical Waste that is generated in the Premises may be stored, handled or disposed of and otherwise treated in the Premises so long as such storage, handling, disposal and treatment is conducted in accordance with (a) all standard industry practices the Permitted Use, (b) in compliance with all Applicable Laws, and (c) in compliance with all of the following requirements: (1) any unused sharps (i.e., discarded hypodermic, I.V. and other medical needles) and unused discarded scalpel blades shall be considered part of Medical Wastes; (2) no undue accumulations of Medical Waste shall be kept within the Premises; (3) all Medical Waste shall be kept in proper containers until disposal; (4) there shall be no mixing or disposal of any Medical Waste with any other waste in violation of any Applicable Law; (5) infectious waste (those wastes capable of causing disease), including tissue cultures, blood, tissue and organs, and other biological mater, shall be separated from other Medical Waste by containing them in disposable red plastic bags/containers which are impervious to moisture; (6) needles and sharps shall be placed in disposable rigid containers which can be sealed with a tight fitting lid; (7) all spills of Medical Waste shall be cleaned up immediately in accordance with Applicable Laws and good medical practices; (8) County shall not have any duty or obligation to remove any Medical Wastes from the Premises; and (9) CDU shall, and shall use commercially reasonable efforts to cause any permitted subtenant to, contract at all times during the Term of this Lease with a medical waste disposal company duly licensed and operating in California. Any other generation, storage, handling, or disposal of Medical Wastes is expressly prohibited.

7.2.6 Not commit or permit the commission of any waste upon the Premises.

7.2.7 Protect, indemnify and hold County Indemnitees harmless from and against any liens, fines or penalties resulting from CDU's failure to comply with all Applicable Laws.

7.2.8 Not permit conditions to exist upon the Premises or Improvements that induce, breed or harbor infectious plant diseases, rodents or noxious insects, and CDU shall take such measures as are appropriate to prevent any conditions from existing on the Premises or Improvements that create a danger to the health or safety of any persons occupying, using, working at, or patronizing the Premises or Improvements.

### 7.3 Reserve Fund:

7.3.1 Establishment of Reserve Fund: Commencing on the date the initial Reserve Study is prepared, CDU shall establish and maintain a reserve fund in accordance with the provisions of this Section 7.3 (the "**Reserve Fund**") for the cost of Permitted Capital Expenditures (as defined below) for the Premises. Commencing on the first day of the first month immediately following the date the initial Reserve Study is prepared and on the first day of each month thereafter and continuing through the remaining Term (and subject to reaching the Threshold Amount, as defined below), CDU shall make monthly contributions to the Reserve Fund on the same day that Monthly Minimum Rent payments are due each calendar month in the amounts established by the then most current Reserve Study (as described in this Section 7.3).

If at any time the then-existing balance in the Reserve Fund reaches the Threshold Amount (as defined below), CDU thereafter shall not be required to make further contributions to the Reserve Fund unless and until the Reserve Fund is applied in accordance with this Section 7.3, in which event CDU shall again make monthly contributions to the Reserve Fund in accordance with this Section 7.3.1 until the balance of the Reserve Fund reaches the Threshold Amount. The “**Threshold Amount**” shall mean the aggregate amount of contributions required to be made to the Reserve Fund over the five (5)-year period covered by the most recent updated Reserve Study. The Threshold Amount shall be adjusted as part of the Reserve Study update process described below.

CDU shall keep the Reserve Fund funded as required by the most recent Reserve Study (up to the Threshold Amount). All interest and earnings on the funds in the Reserve Fund shall be added to the Reserve Fund, and shall be treated as a credit against the Reserve Fund contributions otherwise required to be made by CDU pursuant to this Section 7.3.1. Failure to maintain and replenish the Reserve Fund, not cured within the time period set forth in Section 13.1.2, shall constitute an Event of Default. County shall be permitted and is authorized to engage a consultant, at County's sole cost and expense and upon reasonable prior written notice to CDU so as to not unreasonably interfere with or interrupt CDU's business operations, to review and/or monitor on an annual basis (but not more than once in any calendar year): (i) Reserve Fund expenditures, and (ii) the performance by CDU of the capital expenditures required under this Lease or the most recent Reserve Study.

- 7.3.2 Use of Reserve Fund: CDU and County agree that the purpose of the Reserve Fund shall be to provide funds for the Permitted Capital Expenditures as set forth in the most recent Reserve Study, which shall include the costs of improvements, additions, repairs, capital replacements, capital equipment, renovations or other capital upgrades that keep, maintain, repair, restore and enhance the quality of the Improvements, building systems and building equipment (the “**Unit Components**”) after completion of the Work (collectively, “**Permitted Capital Expenditures**”). The Unit Components shall include building exteriors, interiors, and building systems such as HVAC, mechanical, electrical, plumbing, vertical transportation/elevators, interior finishes, furnishings and equipment, low voltage and security systems, communications and audio video systems, landscape and irrigation systems, structural and roof components, walkways and driveways, windows and window shades, interior and exterior painting, and flooring. The Reserve Fund may be used only to fund Permitted Capital Expenditures as set forth in the then-current Reserve Study as it may be modified from time to time, or as may be approved from time to time by the Chief Executive Officer or her/his designee (the “**CEO**”). All specific purposes and costs for which CDU desires to utilize amounts from the Reserve Fund for Permitted Capital Expenditures, in each case not specified in the then-current Reserve Study, shall be subject to the CEO’s approval, which approval shall not be unreasonably withheld, conditioned or delayed. CDU shall not be required to obtain the CEO’s prior approval for the use of Reserve Funds for all Permitted Capital Expenditures as provided in the then-current Reserve Study, provided CDU delivers to the CEO at least thirty (30) days prior written notice of its intention to make said expenditures for a Permitted Capital Expenditure, which notice shall set forth the amount of such expenditure and when such Permitted Capital Expenditures will commence and be completed. In the event that during any calendar year CDU intends to spend less than required by the most recent Reserve Study, then CDU shall

be required to obtain the CEO's approval, which approval shall not be unreasonably withheld.

The Reserve Fund shall not be used for any of the following, all of which shall be separately funded by CDU: (a) the cost of any portion of the Work or the cost of correcting any defect in the Work; (b) the cost of curing any deficiencies arising from the failure of CDU to maintain and repair the Improvements in accordance with the requirements of this Lease; (c) costs or expenses reimbursed by insurance, warranties or any other third party; (d) the costs of the initial construction of any new non-replacement buildings or building additions; (e) the costs of new project amenities or new furnishings that do not replace existing amenities or furnishings mandated to be replaced under the most recent Reserve Study; (f) the cost of periodic, recurring or ordinary non-capital expenditures, repairs, maintenance or replacements that keep the Improvements or their systems in good operating condition, but that do not significantly add to their value or appreciably prolong their useful life or that otherwise constitute non-capital expenditures under generally accepted accounting principles consistently applied; (g) the costs for any necessary repairs to remedy any broken or damaged Unit Component; (h) the costs of furniture or appliances, except as expressly permitted by a Reserve Study or as otherwise approved by CEO; (i) the cost of any repair or replacement of an individual or a selected group of individual items, unless (A) such capital repair or replacement is part of a larger plan (which may be a phased plan as provided in the most recent Reserve Study) of capital repair or replacement of all, or substantially all, similar, or (B) such capital repair or replacement of an individual or selected group of individual items is expressly set forth in the most recent updated Reserve Study; or (j) as otherwise approved by CEO.

Without limiting the prohibition in clause (d) above, the Reserve Fund shall not be used for additional improvements, equipment or systems that were not part of the Improvements (or in replacement of or upgrade to such improvements, equipment or systems) upon completion of the Area 2 Project or subsequently installed as an approved Alteration under this Lease with CDU's other funds, except for such upgrades as are approved by CEO and only to the extent that the then-current Reserve Study anticipates use of the applicable Reserve Fund for such purposes or is updated to adjust the future monthly Reserve Fund contributions to account for the unanticipated expenditure. Notwithstanding anything to the contrary contained hereinabove, any omission in the Reserve Study (including any failure in the Reserve Study to include an item that should be repaired, maintained or replaced), shall not release CDU from any responsibility or obligation it may have to make a capital expenditure or repair for items not foreseen or included in the Reserve Study and/or part of the Reserve Fund.

- 7.3.3 Reserve Studies: In order to provide the requisite funds for the Reserve Fund, CDU shall cause a reserve study with respect to the Improvements, Permitted Capital Expenditures, and the Unit Components to be prepared on or before four (4) months after the issuance of a Temporary and/or Final (whichever occurs earlier) Certificate of Occupancy for any of the Improvements, and update the Reserve Study four (4) months prior to December 31<sup>st</sup> of every five (5) year anniversary date commencing on January 1<sup>st</sup> of the year following the issuance of said Certificate of Occupancy ("**Required Reserve Study**" or "**Reserve Study**"). CDU shall prepare each Reserve Study at its sole cost and expense and each

Reserve Study may be conducted and prepared internally by CDU. Each Reserve Study shall address the monthly contribution required to adequately fund the Permitted Capital Expenditures and maintain the Improvements and their constituent Unit Components for the full Term of this Lease. In the event of any conflict regarding the appropriate levels of contribution to the Reserve Fund recommended by CDU in the Reserve Study, on the one hand, and any report and/or property assessment prepared for the benefit of any Encumbrance Holder, regarding its own separate reserve fund, CDU shall take the views of such consultant into consideration, but the final decision as to the appropriate levels of contribution to the Reserve Fund shall be determined solely by CDU, and the Reserve Fund shall not duplicate monies being reserved by the Encumbrance Holder for the same Improvements or Unit Components (solely by way of example and for avoidance of doubt, if CDU determines that its Reserve Fund contribution should be \$500/month, and CDU's Encumbrance Holder requires that CDU make capital expenditure reserve contributions of \$400/month under the loan documents, the maximum amount of Reserve Fund contribution that CDU can be required to make under this Lease while CDU continues to make reserve contributions under its loan documents shall be \$100/month).

The first Reserve Study shall identify any existing maintenance and repair deficiencies that exist at the date of the first Reserve Study. CDU shall be required to remedy any such maintenance deficiencies at CDU's cost (without any use of the Reserve Fund) within ninety (90) days after the delivery to County of said first Reserve Study. If CDU requires additional time to complete all existing maintenance deficiencies, then CDU shall submit a schedule of repairs for CEO's written approval, which approval will not be unreasonably withheld.

Each Reserve Study shall determine the monthly contribution amount required to be made to the Reserve Fund. If CEO approves any expenditure from the Reserve Fund outside of those anticipated under the then-current Reserve Study (as previously updated), then such Reserve Study shall be updated within ninety (90) days following the date such expenditure is made to adjust the future monthly Reserve Fund contributions to take into consideration the unanticipated expenditure. Such updated Reserve Study shall remain applicable for the ensuing five (5)-year period, unless such updated Reserve Study is required to be further updated prior to the expiration of such five (5)-year period pursuant to this sentence.

Each Reserve Study shall, at a minimum, contain the following: (i) identification of all Unit Components that have a remaining useful life of less than thirty (30) years; (ii) identification of the probable remaining useful life of all Unit Components; (iii) an estimate of the cost of repair, replacement, or restoration of the Unit Components identified in clause (i); and (iv) an estimate of the total annual contribution to the Reserve Fund necessary to defray the cost to replace or restore the Unit Components identified in clause (i) during and at the end of their useful life, after subtracting total funds then held in the Reserve Fund as of the date of the study. CDU shall have sole and absolute discretion in determining which Unit Components to consider for each Reserve Study; provided, however, that when the useful life of any Unit Component becomes thirty (30) years or less, it shall be added to the Reserve Study.

For the purpose of each Reserve Study: (a) “useful life” is defined as the number of years the individual Unit Component is expected to serve its intended purpose if given regular and proper maintenance, and (b) “remaining useful life” is defined as the expected number of years the individual Unit Component will continue to serve its intended purpose prior to repair or replacement. In determining the remaining life of a Unit Component, a certain level of continued preventative maintenance is assumed, but shall be stated explicitly wherever possible in the applicable Reserve Study. CDU hereby agrees to make all improvements to all Unit Components that the Reserve Study recommends be replaced or upgraded, except as noted in Section 7.3.4.

CDU shall be required to renovate or replace Unit Components as Permitted Capital Expenditures (as identified in the Reserve Study) at the end of the expected useful life of such Unit Components and otherwise make expenditures prescribed in the most recent updated Reserve Study. CDU shall be required to make any such renovations or replacements within ninety (90) days after the expiration of the useful life of the applicable Unit Components and thereafter diligently pursue such work to completion.

- 7.3.4 End of Term Reserve Study: An end-of-term Reserve Study (the “**End of Term Reserve Study**”) shall be prepared and delivered to County no later than ten (10) years prior to the expiration of the Term. Prior to the preparation of the End of Term Reserve Study, County shall inform CDU as to whether it intends to require the demolition of some or all of the Improvements at the end of the Term. The End of Term Reserve Study shall determine the monthly amounts, if any, required to be deposited to the Reserve Fund to fully fund (when combined with any amounts already on deposit in the Reserve Fund) the expected cost of capital improvements and replacements during the remaining Lease Term or the expected demolition costs (if County has indicated that it intends to require demolition of some or all of the Improvements). The monthly contribution amounts required for the Reserve Fund shall take into consideration any then current balance in the Reserve Fund.

If County elects not to require CDU to demolish the Improvements or a Portion Subject to Demolition at the end of the Term, then: (i) the End of Term Reserve Study shall make any adjustment for the cost for the future replacement of the Improvements during the remaining Lease Term, (ii) the Reserve Fund payments thereafter required to be made by CDU shall continue to be used for purposes permitted under this Section 7.3, and (iii) any remaining funds in the Reserve Fund at the end of the Term shall be released to CDU.

If County elects to require CDU to demolish the Improvements at the end of the Term and requires CDU to provide security for its obligation to perform such removal obligations in accordance with Section 6.7.3 of the Lease, then CDU shall contribute to the Reserve Fund amounts thereafter required to be made by CDU towards CDU’s obligations to fund the security requirements in Section 6.7.3, and continue to fund any needed capital expenditures for any remaining Improvements, as determined by CEO in CEO’s reasonable discretion. As long as CDU makes the expenditures prescribed under the Reserve Studies (as updated from time to time) and complies with its obligations under this Lease with regard to the replacement of the Improvements during the Term and the demolition and removal of the Improvements at the end of the Term (if required), any surplus funds in the

Reserve Fund at the end of the Term shall be released to CDU after subtracting any amounts then owing by CDU to County under the Lease.

- 7.3.5 Reserve Fund Account: The Reserve Fund shall be held in a separate account established with an Institutional Lender (which may be CDU's Encumbrance Holder) or such other holder as County may approve (which approval shall not be unreasonably withheld, delayed or conditioned). For purposes of this Lease, "**Institutional Lender**" means: (i) a bank (state, federal or foreign qualified to do business in California), trust company (in its individual or trust capacity), insurance company, credit union, savings bank (state or federal), pension, welfare or retirement fund or system, real estate investment trust (or an umbrella partnership or other entity of which a real estate investment trust is the majority owner), federal or state agency regularly making or guaranteeing mortgage loans, investment bank, financing subsidiary of a Fortune 500 company, real estate mortgage investment conduit, or securitization trust; (ii) an entity actively engaged in commercial real estate financing and having total assets (on the date when the Reserve Fund Account is opened) of at least \$100,000,000; or (iii) any entity that is a wholly owned subsidiary of or is a combination of any one or more of the foregoing entities described in clauses (i) and/or (ii). CDU shall make deposits into the Reserve Fund as required hereunder and make withdrawals from the Reserve Fund account as required or permitted hereunder, but only for the permitted purposes and amounts set forth herein and in accordance with the then current Reserve Study and/or as otherwise permitted herein or approved by CEO. CDU shall have the right to maintain the Reserve Fund with a Permitted Encumbrance Holder and to grant such Permitted Encumbrance Holder a security interest in CDU's interest in the Reserve Fund account, subject to administration of the Reserve Fund in accordance with the requirements of this Section 7.3. Subject to the foregoing, the Reserve Fund account may concurrently satisfy a separate reserve fund requirement of CDU's Permitted Encumbrance Holder. The amounts to be added to the Reserve Fund shall be inclusive of amounts required to be deposited with and held by a Permitted Encumbrance Holder, provided that the Permitted Encumbrance Holder acknowledges that such amounts are subject to, and administered in accordance with, the requirements of this Section 7.3. On or before March 1 of each year, CDU shall provide and deliver to CEO evidence reasonably satisfactory to CEO of the existence of the account in which the Reserve Fund is held, and a report that details all deposits to, earnings on, and withdrawals (and the purpose of such withdrawals) from the Reserve Fund during the immediately preceding calendar year, and the balance of the Reserve Fund as of December 31 of the immediately preceding calendar year; and, upon not less than thirty (30) days prior written notice from CEO to CDU (not to be delivered more than three (3) times in any calendar year), CDU shall provide and deliver evidence of the balance then in the Reserve Fund.

## 8 NON-SUBORDINATION; FINANCING; QUIET ENJOYMENT:

### 8.1 Definitions:

- 8.1.1 "Foreclosure Transfer" means any transfer of CDU's leasehold interest in the Premises, pursuant to any judicial or non-judicial foreclosure or other enforcement of remedies under or with respect to a Permitted Encumbrance, or by voluntary deed or other transfer in lieu thereof, with respect to a Permitted Encumbrance.

- 8.1.2 “Foreclosure Transferee” means any transferee (including a Permitted Encumbrance Holder) that acquires title to CDU’s leasehold estate in the Premises, pursuant to a Foreclosure Transfer.
- 8.1.3 “Permitted Encumbrance” means any direct or indirect grant, pledge, transfer, assignment, deed of trust or mortgage, or other security instrument of or in all of any portion of CDU’s leasehold estate in the Premises (including, without limitation an assignment of CDU’s right to receive rents from subtenants with respect to the Premises) in connection with a Permitted Financing.
- 8.1.4 “Permitted Encumbrance Holder” means a lender (or lenders), that is the holder of a Permitted Encumbrance, including any and all affiliates of such Permitted Encumbrance Holder, which have succeeded by assignment or otherwise to any rights, interests or liabilities of the Permitted Encumbrance Holder with respect to the Permitted Encumbrance, or which have been designated by the Permitted Encumbrance Holder to exercise any rights or remedies under the Permitted Encumbrance or to take title to CDU’s leasehold estate in the Premises.
- 8.1.5 “Permitted Encumbrance Holder Notice” means a notice issued by County to a Permitted Encumbrance Holder of a default or breach on the part of CDU under this Lease, describing the CDU default or breach and identifying the type and duration of the Permitted Encumbrance Holder Cure Period.
- 8.1.6 CDU agrees that it shall not create or suffer any encumbrance upon the Premises or the Improvements without the written consent of County, not to be unreasonably withheld, delayed or conditioned, except in connection with a Permitted Financing (as defined below) and as otherwise permitted under this Lease and in no event shall CDU create or suffer any encumbrance against County’s feehold interest in the Premises. Except as permitted in the immediately preceding sentence, CDU shall, not without obtaining the written consent of County (not to be unreasonably withheld, delayed or conditioned), assign any of CDU’s interest under this Lease as security. Any consent required by this Section 8 shall be evidenced by letter signed by the CEO or any other County representative duly authorized to provide consent. CDU shall be provided a response to any request for consent pursuant to this Section 8 within thirty (30) days of such request; provided, however, that County’s failure to timely provide a response shall be deemed its disapproval. CDU agrees, without any cost or expense to County, to execute any instrument that is necessary or is reasonably requested by County to further effect the non-subordination of this Lease. CDU further agrees that in order to obtain County’s consent hereunder any financing by CDU shall be and shall always remain subordinate to County’s feehold interest in the Premises and the terms and conditions of this Lease (including, without limitation, all of those relating to assignment, subletting, and Permitted Uses) except as otherwise provided in this Lease to the contrary. CDU acknowledges and understands that County shall be entitled to withhold its consent hereunder to any proposed financing that does not meet with all of the foregoing requirements. Nothing in this Lease shall be construed as prohibiting the subtenant under a Sublease from assigning such Sublease as security, provided that such assignment shall be subject to the terms and conditions set forth in this Lease (including the provisions of this Section 8 set forth above) and those set forth in the Sublease.

- 8.2 The Parties acknowledge that CDU may seek to secure financing related to the Area 2 Project. CDU's proposed financing shall be a "**Permitted Financing**" if such financing is consented to by County within sixty (60) days after CDU shall have submitted to County documents evidencing the structure of the financing including the loan documents and any debt ratios and pro formas provided by the proposed lender to CDU or prepared by CDU. County shall not unreasonably withhold, delay or condition its approval to a proposed financing submitted by CDU to County. Notwithstanding anything to the contrary set forth herein, (a) CDU shall have the right to encumber its interest in this Lease and the leasehold estate created hereby with a Permitted Encumbrance in connection with a Permitted Financing (provided that in no event shall County's feehold interest in the Premises be encumbered as security related to any obligation for the Permitted Financing), (b) any Permitted Encumbrance Holder may initiate and complete a foreclosure and exercise any other rights and remedies against CDU and the leasehold estate (but not the feehold) under its Permitted Encumbrance, and (c) any Foreclosure Transferee may assign this Lease. County need not join in, or "subordinate the fee estate to" any Permitted Encumbrance. The following provisions shall apply to Permitted Financings, and shall control, notwithstanding anything to the contrary set forth in this Lease:
- 8.2.1 Foreclosure Transfer: The consent of the County shall not be required with respect to any Foreclosure Transfer of a Permitted Encumbrance.
- 8.2.2 Foreclosure Transferee: Following any Foreclosure Transfer, County shall recognize the Foreclosure Transferee as the tenant under this Lease and shall not disturb its use and enjoyment of the Premises, and the Foreclosure Transferee shall succeed to all rights of tenant under this Lease and this Lease shall be a direct lease between County and such Foreclosure Transferee, provided that the Foreclosure Transferee performs the full obligations of Tenant under this Lease from and after the Foreclosure Transfer and throughout the period that such Foreclosure Transferee holds the leasehold estate in the Premises.
- 8.2.3 Permitted Encumbrance Holder Liability: No Permitted Encumbrance Holder shall become liable to County for any of CDU's obligations under this Lease unless and until such Permitted Encumbrance Holder becomes a Foreclosure Transferee with respect to CDU's leasehold estate in the Premises. Foreclosure Transferee shall only be responsible for Tenant's obligations under this Lease during (and not after) the period of such Foreclosure Transferee's ownership of the leasehold estate in the Premises.
- 8.2.4 No Right to Terminate: No Foreclosure Transfer shall trigger any termination right under this Lease.
- 8.2.5 Modification of Lease. No modification or amendment of this Lease made without the prior written consent of a then-existing Permitted Encumbrance Holder shall be binding on any such Permitted Encumbrance Holder or Foreclosure Transferee.
- 8.3 Reserved.



- 8.4 Notice and Cure Rights of Permitted Encumbrance Holders: In the event of a conflict between the provisions set forth in this Section 8.4 and the provisions set forth in any other section of this Lease, the provisions of this Section 8.4 shall prevail.
- 8.4.1 Right to Cure: Each Permitted Encumbrance Holder shall have the right, but not the obligation, at any time during the term of its Permitted Encumbrance and in accordance with the provisions of this Section 8.4, to do any act or thing required of CDU in order to prevent termination of CDU's rights hereunder, and all such acts or things so done hereunder shall be treated by County the same as if performed by CDU.
- 8.4.2 Notice of Default: County shall not exercise its right to terminate this Lease or dispossess CDU unless and until (a) Permitted Encumbrance Holder Notice has been provided and (b) such Material Default remains uncured after the expiration of the applicable Permitted Encumbrance Holder Cure Period set forth in Section 8.4.3. The Permitted Encumbrance Holder Notice shall be sent simultaneously with any similar notice or notices of a CDU breach or default that County may be required to provide to CDU pursuant to Article 13.
- 8.4.3 Manner of Curing Default: A Permitted Encumbrance Holder shall have the right and the power to cure any CDU breach or default specified in a Permitted Encumbrance Holder Notice within the periods set forth in this Section 8.4.3, subject to County's right to cure CDU breaches and defaults pursuant to Sections 13.2.1 and 13.2.4, and, if such CDU breach or default is so cured, this Lease shall remain in full force and effect. CDU breaches and defaults may be cured by any Permitted Encumbrance Holder in the following manner within the time frames set forth below.
- 8.4.3.1 For CDU breaches or defaults in the payment of amounts due and owing under this Lease ("**CDU Payment Default**"), a Permitted Encumbrance Holder shall have the later of (i) thirty (30) days after its receipt of the earliest Permitted Encumbrance Holder Notice setting forth such CDU Payment Default, or (ii) expiration of the applicable cure period set forth in Section 13.1.1, to cure such CDU Payment Default by paying the unpaid amount causing such CDU Payment Default, together with any late fee or accrued interest payable thereon (if such late fee or accrued interest are set forth in the Permitted Encumbrance Holder Notice) to County, or such other applicable payee.
- 8.4.3.2 For CDU breach or defaults in the performance of any non-monetary covenants and/or obligations under this Lease ("**CDU Performance Default**"), a Permitted Encumbrance Holder shall have thirty (30) days (as extended by Unavoidable Delay) after the later of (a) its receipt of the earliest Permitted Encumbrance Holder Notice setting forth such CDU Performance Default or (b) expiration of the applicable cure period set forth respectively in Section 13.1.2 or elsewhere in this Lease, to cure such CDU Performance Default, if such CDU Performance Default can reasonably be cured within such thirty (30)-day period; or, if a Permitted Encumbrance Holder has promptly commenced to cure such CDU Performance Default within such thirty (30)-day period and has been diligently prosecuting the same, such CDU Performance Default cannot reasonably be cured within such thirty (30)-day period, then such Permitted Encumbrance Holder shall be provided with such reasonable additional time as is necessary to complete the cure, provided such Permitted Encumbrance Holder continues to diligently pursue such cure to completion.

8.4.3.3 If a CDU Performance Default cannot practicably be cured by a Permitted Encumbrance Holder without the need for such Permitted Encumbrance Holder to obtain possession of CDU's leasehold interest in this Lease, or if a CDU Performance Default cannot be cured by a Permitted Encumbrance Holder (for example, the insolvency of CDU, or abandonment of the Premises by CDU), then, in each case, if a Permitted Encumbrance Holder has delivered to County within thirty (30) days after its receipt of a Permitted Encumbrance Holder Notice a written undertaking wherein such Permitted Encumbrance Holder agrees (a) that it will commence foreclosure proceedings forthwith, and (b) will cure, or will ensure that the Foreclosure Transferee cures all tenant Lease breaches and defaults upon completion of the foreclosure and from and after the resultant Foreclosure Transfer, and if thereafter any such Permitted Encumbrance Holder actually commences foreclosure proceedings and prosecutes the same thereafter with due diligence, then the Permitted Encumbrance Holder Cure Period shall not commence until completion of such foreclosure proceedings and the resultant Foreclosure Transfer; provided, that if such Permitted Encumbrance Holder is prevented from commencing or continuing foreclosure proceedings by any bankruptcy stay, or any order, judgment or decree of any court or regulatory body of competent jurisdiction, and such Permitted Encumbrance Holder diligently seeks release from or reversal of such stay, order, judgment or decree, then the Permitted Encumbrance Holder shall have such additional time as reasonably necessary to complete such foreclosure proceedings and the resultant Foreclosure Transfer. Upon completion of any such Foreclosure Transfer, the Foreclosure Transferee shall have until the expiration of the applicable Permitted Encumbrance Holder Cure Periods set forth in this Article 8.4 to cure tenant Lease breaches and defaults upon completion of the foreclosure and from and after the resultant Foreclosure Transfer. The Permitted Encumbrance Holder shall have the right to terminate its foreclosure proceedings hereunder, in the event of a cure of a CDU Payment Default and/or CDU Performance Default giving rise to such foreclosure proceedings. Foreclosure Transferees shall not be responsible for curing CDU Payment Defaults and/or CDU Performance Defaults arising prior to a Foreclosure Transfer, and the County hereby acknowledges and agrees its recourse and remedies for such uncured CDU Payment Defaults and/or CDU Performance Defaults shall be against CDU.

8.4.4 Obligation to Enter Into New Lease: In the event that this Lease is terminated by reasons of bankruptcy, assignment for the benefit of creditors, insolvency or any similar proceedings, by operation of law, or for any other reason, County shall, upon the written request of the senior-most Permitted Encumbrance Holder holding a Permitted Encumbrance on CDU's entire leasehold estate under this Lease enter into a new lease (which shall be effective as of the date of termination of this Lease) with such Permitted Encumbrance Holder upon such Permitted Encumbrance Holder's written notice of its desire to enter into a new lease (the "**Designated Encumbrance Holder**"), for the then-remaining Term of this Lease on the same terms and conditions as are then contained in this Lease ("**New Lease**"), provided that the Designated Encumbrance Holder (i) makes its request for a New Lease within thirty (30) days after the date it receives the notice set forth in the following sentence from County, and (ii) promptly cures all then-existing CDU Payment Defaults which are reasonably curable, and thereafter diligently pursues such cure until completion. County shall notify all of the Permitted Encumbrance Holders (which have provided their addresses to, and have requested such notice from, County in writing)

holding a Permitted Encumbrance on either CDU's entire leasehold estate under this Lease of any Lease termination described in this Section 8.4.4 within thirty (30) days after the occurrence of such termination, which notice shall state (x) that this Lease has terminated in accordance with this Section 8.4.4 and (y) that such Permitted Encumbrance Holder has thirty (30) days following receipt of such notice within which to exercise their rights to a New Lease under this Section 8.4.4, or else they will lose such right. The Designated Encumbrance Holder's election to enter into a New Lease with County pursuant to this Section 8.4.4, shall be made by giving County written notice of such election within thirty (30) days after the Designated Encumbrance Holder's receipt of the above-described notice from County. Within a reasonable period after request therefor, County and the Designated Encumbrance Holder shall execute the New Lease, and from and after the effective date of the New Lease, the Designated Encumbrance Holder shall have the same rights provided to a Foreclosure Transferee under this Article 8. Any other subsequent transfer or assignment of the Designated Encumbrance Holder's rights and obligations under the New Lease shall be subject to all of the requirements of Article 8. If there are multiple Permitted Encumbrance Holders, then, upon execution of the New Lease, the lien priority of each of the more senior Permitted Encumbrance Holders (if any) shall be maintained in accordance with all terms and conditions of such Permitted Encumbrances, and the rights of the more junior Permitted Encumbrance Holders shall cease and terminate.

- 8.4.5 Fee Mortgages and Encumbrances: Any mortgage, deed of trust or other similar encumbrance granted by County upon its fee interest in the Premises after the Effective Date shall be subject and subordinate to all of the provisions of this Lease and to all Permitted Encumbrances (whether then in existence or later created) and, if requested by CDU or any Permitted Encumbrance Holder such fee encumbrance holder shall execute such recognition agreement reasonably required by CDU or such Permitted Encumbrance Holder to confirm such subordination.
- 8.4.6 No Merger: Without the written consent of each Permitted Encumbrance Holder, the leasehold interest created by this Lease shall not merge with the fee interest in all or any portion of the Premises, notwithstanding that the fee interests and the leasehold interests are held at any time by the same Person. This Section 8.4.6 shall have no effect upon the right of County to terminate CDU's leasehold interest by a termination of this Lease in accordance with the terms and provisions of this Lease, including without limitation, this Article 8.
- 8.4.7 Permitted Encumbrance Holder Third Party Beneficiary: Each of County and CDU agree that each Permitted Encumbrance Holder is a third-party beneficiary of this Lease to the extent of provisions relating to Permitted Encumbrance Holders and shall have the right to enforce the rights granted to Permitted Encumbrance Holders under this Lease directly against County and/or CDU, as applicable.
- 8.4.8 Permitted Encumbrance Holder Notification: Following recordation of a Permitted Encumbrance, any person or entity that is the holder of such Permitted Encumbrance desiring to avail itself of all the rights and benefits of a Permitted Encumbrance Holder hereunder shall send a written notice to the County, at the address set forth in Section 22.2, including (i) such Permitted Encumbrance Holder's name, (ii) confirmation of its interest

under a Permitted Encumbrance, and (iii) its address for receipt of Permitted Encumbrance Holder Notices hereunder. If any default occurs for which County intends to exercise any remedy, County shall promptly give each Permitted Encumbrance Holder a notice of such default. Any notice of default or termination from County to CDU shall have no effect unless and until County gives a copy of such notice to all Permitted Encumbrance Holders.

- 8.4.9 Special Cure Right: Without limiting the foregoing Permitted Encumbrance Holder cure rights under this Lease, County agrees that Permitted Encumbrance Holders shall have the right to cure any CDU Payment Defaults and/or CDU Performance Defaults through the exercise of remedies under the Permitted Encumbrance, provided such Permitted Encumbrance Holder commences the exercise such remedies within the time periods set forth in this Lease, and diligently pursues such cure to completion.
- 8.4.10 No Personal Liability. No Permitted Encumbrance Holder or Foreclosure Transferee shall ever have any liability under this Lease beyond its interest in this Lease and the Area 2 Project, even if it assumes this Lease. Any such liability shall: (a) not extend to or include any default that occurred before such Foreclosure Transferee took title to this Lease (or a New Lease), except as identified in a default notice delivered to Permitted Encumbrance Holder before such Foreclosure Transferee took title; and (b) terminate if and when any such Foreclosure Transferee assigns (and the assignee assumes) or abandons this Lease (or a New Lease).
- 8.4.11 Quiet Enjoyment. So long as this Lease has not been terminated and CDU is not in Material Default, County covenants that CDU (and any of its permitted assignees and subtenants) shall and may peaceably and quietly have, hold, and enjoy the Premises for the Term, subject to the terms of this Lease, without molestation, hindrance, or disturbance by or from County or by anyone claiming by or through County, and free of any encumbrance created or suffered by County.
- 8.4.12 Estoppel Certificates. Up to twice a year, each Party (a “**Requesting Party**”) may require the other party (a “**Certifying Party**”) to execute, acknowledge, and deliver to the Requesting Party (or directly to a designated third party) up to four original counterparts of a statement addressed to the Requesting Party, containing assurances as Requesting Party reasonably requests (an “**Estoppel Certificate**”). The Certifying Party shall sign, acknowledge, and return such Estoppel Certificate within 15 days after request, even if the Requesting Party is in default. Any Estoppel Certificate shall bind the Certifying Party
- 8.4.13 Further Assurances. Each party shall execute and deliver such further documents, and perform such further acts, as may be reasonably necessary to achieve the parties’ intent in entering into this Lease and/or assist in obtaining Permitted Financing (including execution of any reasonable forms of subordination, nondisturbance, and attornment agreements). Upon request from CDU or any Permitted Encumbrance Holder (prospective or current), County shall promptly, under documentation reasonably satisfactory to the Requesting Party: (a) agree directly with Permitted Encumbrance Holder that it may exercise all Permitted Encumbrance Holder’s rights in this Lease; (b) certify (subject to any then exception reasonably specified) that this Lease is in full force and effect, that no Lease

impairment has occurred, that to County's knowledge no default exists, the date through which Rent has been paid, and other similar matters as reasonably requested; and (c) provided CDU reimburses County's reasonable attorneys' fees and expenses, amend this Lease as any current or prospective Permitted Encumbrance Holder reasonably requests, provided such amendment does not materially adversely affect Landlord or reduce any payment.

9 LIENS:

9.1 General: CDU hereby covenants to keep the Premises and every part thereof free and clear of any and all liens or encumbrances of any kind whatsoever created by CDU's acts or omissions and/or created by the performance of any labor or furnishing of any material, supplies, or equipment contemplated hereunder. CDU further agrees to hold County and the Premises and all parts thereof free and harmless from any such CDU created liens, claims, or demands. County covenants to keep the Area 2 Project and every part thereof free and clear of any and all liens or encumbrances of any kind whatsoever created by County's acts or omissions or those of its agents, employees or contractors, and shall indemnify and hold CDU harmless from any such County-created liens or demands; provided, however, County's fee interest in the County Property (including the Premises) may be used as collateral by County (subject to the requirements in Section 8).

9.2 Mechanics' and other Liens: CDU shall pay, or cause to be paid, the total cost and expense of all works of improvement as that phrase is defined in the applicable mechanics' lien law in effect when the Work begins. CDU shall not permit any mechanic's, materialman's, contractor's, subcontractor's or other lien, arising out of the performance of the Lease, to stand against the Premises or the Area 2 Project, or any part thereof, except as provided in this Section 9.2. If any such lien shall be filed against the Premises or the Area 2 Project, CDU shall cause the same to be discharged within thirty days after actual notice of such filing, by payment, deposit, or bond. If CDU fails to discharge any such lien timely, County may, but shall not be obligated to, discharge the same, and any amount so paid or deposited by County and all Actual Costs and expenses incurred by County, including reasonable attorney's fees, shall become immediately due and payable by CDU to County, together with interest thereon computed at the rate of seven percent per annum. If CDU desires to contest any such lien, CDU shall notify County in writing of CDU's intention to do so within ten (10) business days after CDU's receipt of actual notice of the filing of and service upon CDU of such lien, or lose the right to contest. In such case, provided that CDU shall furnish the bond required by California Civil Code Section 3143 (or any comparable statute hereafter enacted for providing a bond freeing the Premises and the Area 2 Project from the effect of such lien), CDU shall not be in default until ten (10) business days after the final determination of the validity thereof, within which time CDU shall satisfy and discharge any such lien to the extent held valid, but the satisfaction and discharge of any such lien shall not, in any case, be delayed until execution is had upon any judgment rendered thereto. In the event of any such contest, CDU shall protect and indemnify County Indemnitees against all loss, Actual Cost, expense and damage, including reasonable attorneys' fees, directly resulting therefrom.

## 10 INDEMNIFICATION AND INSURANCE:

### 10.1 Indemnification:

10.1.1 CDU shall indemnify, defend and hold harmless the County Indemnitees from and against any and all liability, loss, injury or damage including (but not limited to) demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from or caused by (a) the operation, maintenance, use, or occupation of the Premises by CDU or its agents, officers, employees, licensees, concessionaires, permittees or subtenants, (b) the acts, omissions, or negligence of CDU, its agents, officers, employees, licensees, concessionaires, permittees or subtenants, (c) the failure of CDU, its agents, officers, employees, licensees, concessionaires, permittees or subtenants to observe and abide by any of the terms or conditions of this Lease or any applicable law, ordinance, rule, or regulation, or (d) the performance of the Work. This indemnity shall survive the termination or expiration of the Lease.

10.2 At least ten (10) days prior to the commencement of any Work or work, CDU's construction contractor shall provide County with the insurance policies as specified in Section 10.4.5.

10.3 General Insurance Provisions – CDU Requirements: Without limiting CDU's indemnification of County Indemnitees and during the Term, CDU shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in this Lease. These minimum insurance coverage terms, types and limits (the “**Required Insurance**”) are in addition to and separate from any other contractual obligation imposed on CDU pursuant to this Lease or by Permitted Encumbrances. County in no way warrants that the Required Insurance is sufficient to protect CDU for liabilities which may arise from or relate to this Lease.

10.3.1 Evidence of Coverage and Notice to County: Certificate(s) of insurance coverage (“**Certificate**”) satisfactory to County, and a copy of an Additional Insured endorsement (ISO form CG 20 26 or equivalent) confirming County and its Agents (defined below) has been given Insured status under CDU's General Liability policy, shall be delivered to County at the address shown below and provided prior to the start day of this Lease. Renewal Certificates shall be provided to County prior to CDU's policy expiration dates. County reserves the right to obtain complete, certified copies of any required CDU insurance policies at any time.

10.3.1.1 Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Lease by name or County assigned number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of CDU identified in this Lease. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, the amounts of the policy deductibles exceeding twenty-five thousand dollars (\$25,000.00), and list any County required endorsement forms.

10.3.1.2 Neither County's failure to obtain, nor County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by CDU, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

10.3.1.3 Certificates, copies of any required endorsements, and notices of cancellation shall be delivered to:

County of Los Angeles  
Chief Executive Office  
Real Estate Division  
320 West Temple Street, 7th Floor  
Los Angeles, California 90012  
Attn: Dean Lehman, Senior Manager

10.3.1.4 CDU also shall promptly report to County any injury or property damage accident or incident, including any injury to a CDU employee occurring on the Premises, and any loss, disappearance, destruction, misuse, or theft of County property entrusted to CDU. CDU also shall promptly notify County of any third- party claim or suit filed against CDU and/or CDU's construction contractor(s) which arises from or relates to this Lease and/or the performance of Work, and could result in the filing of a claim or lawsuit against CDU and/or County.

10.3.2 Additional Insured Status and Scope of Coverage: County, which is the County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively, County and its Agents), shall be provided additional insured status under CDU's General Liability policy with respect to liability arising from or connected with CDU's acts, errors, and omissions arising from and/or relating to CDU's operations on and/or its use of the Premises. County's additional insured status shall apply with respect to liability and defense of suits arising out of the CDU's acts or omissions, whether such liability is attributable to CDU or to County. The full policy limits and scope of protection also shall apply to County as an additional insured, even if they exceed CDU's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

10.3.3 Cancellation of or Changes in Insurance: CDU shall provide County with, or CDU's insurance policies shall contain a provision that County shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change.

10.3.4 Failure to Maintain Insurance: CDU's failure to maintain or failure to provide reasonably acceptable evidence that it maintains the Required Insurance within ten (10) business days of request therefor from County shall constitute a material breach of the Lease, upon which County immediately may terminate this Lease. County, at its sole discretion, may obtain

damages from CDU resulting from said breach. Alternatively, County may purchase the Required Insurance and without further notice to CDU, pursue CDU reimbursement.

- 10.3.5 Insurer Financial Ratings: CDU's insurance is to be provided by an insurance company authorized to do business in California, with an A.M. Best rating of not less than A:VII, unless otherwise approved by County.
- 10.3.6 CDU's Insurance Shall be Primary: CDU's insurance policies, with respect to any claims related to this Lease, shall be primary with respect to all other sources of coverage available to County. Any County maintained insurance or self-insurance coverage or programs maintained by County shall be in excess of and not contribute to any CDU coverage.
- 10.3.7 Waiver of Subrogation: To the fullest extent permitted by law, CDU waives its and its insurer(s) rights of recovery against County under all Required Insurance policies for any loss arising from or related to this Lease. CDU shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.
- 10.3.8 Deductibles: CDU's policies shall not obligate County to pay any portion of any CDU deductible.
- 10.3.9 Claims Made Coverage: If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the Effective Date. CDU understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Lease expiration, termination or cancellation.
- 10.3.10 Application of Excess Liability Coverage: CDU may use a combination of primary and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.
- 10.3.11 Separation of Insureds: All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.
- 10.3.12 County Review and Approval of Insurance Requirements: County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures.
- 10.4 Insurance Coverage Types and Limits: Without limiting CDU's indemnification of County and during the Term of this Lease, CDU shall provide and maintain the following insurance:



10.4.1 Commercial General Liability: Such insurance shall provide scope of coverage equivalent to ISO policy form CG 00 01, naming County and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$ 10 million
Products/Completed Operations Aggregate:	\$ 10 million
Personal and Advertising Injury:	\$ 5 million
Each Occurrence:	\$ 5 million

10.4.2 Automobile Liability: Such insurance shall provide scope of coverage equivalent to ISO policy form CA 00 01 with limits of not less than one million dollars (\$1,000,000) per accident for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of CDU's use of autos pursuant to this Lease, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

10.4.3 Workers Compensation and Employers' Liability: Such insurance or qualified self-insurance shall satisfy statutory requirements, which includes Employers' Liability coverage with limits of not less than one million dollars (\$1,000,000) per accident. If applicable to CDU's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

10.4.4 Commercial Property Insurance: Such insurance shall provide coverage for any improvements and betterments on the Premises; this coverage shall be at least as broad as that provided by the Causes-of-Loss Special Form (ISO form CP 10 30), excluding earthquake, and including flood and ordinance or law coverage. Insurance shall be written for the full replacement cost of the Improvements, with a deductible no greater than two hundred fifty thousand (\$250,000) or five percent (5%) of the Improvements' value, whichever is less. Insurance proceeds shall be payable to CDU and County as each of their interests may appear.

10.4.5 CDU Contractor Insurance Coverage Types and Limits: During the performance of the Work or any material alterations or material additional improvements to the Premises, CDU also shall provide and maintain, or cause its construction contractor to provide and maintain, the following insurance:

10.4.5.1 Commercial General Liability: Such insurance shall provide scope of coverage equivalent to ISO policy form CG 00 01, naming County and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$ 10 million
Products/Completed Operations Aggregate:	\$ 10 million
Personal and Advertising Injury:	\$ 5 million
Each Occurrence:	\$ 5 million

10.4.5.2 Builder's Risk Course of Construction Insurance: Such insurance shall:

10.4.5.2.1 Insure against damage from perils covered by the Causes-of-Loss Special Form (ISO policy form CP 10 30), and the perils of earthquake, flood, risk of transit loss, loss during storage (both onsite and offsite) and collapse during construction (without restricting collapse coverage to specified perils). Such insurance shall be extended to include boiler and machinery coverage for air conditioning, heating and other equipment during testing.

10.4.5.2.2 Cover all property to be installed (including labor) for the full contract value (without coinsurance) against loss or damage until completion.

10.4.5.3 Automobile Liability: Such insurance shall provide scope of coverage equivalent to ISO policy form CA 00 01 with limits of not less than one million dollars (\$1,000,000) per accident for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of contractor's use of autos pursuant to this Lease, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

10.4.5.4 Professional Liability/Errors and Omissions: Such insurance shall cover liability arising from any error, omission, negligent or wrongful act of the contractor, its officers or employees arising from or related to engineering and/or design of the Work, with limits of not less than two million dollars (\$2,000,000) per occurrence and four million dollars (\$4,000,000) in aggregate. The coverage shall also provide an extended two (2)-year reporting period commencing upon expiration, termination or cancellation of this Lease. Alternatively, contractor shall require such coverage to be maintained by the engineer and/or designer it engages to provide such engineering and design services.

10.4.5.5 Workers Compensation and Employers' Liability: Such insurance or qualified self-insurance shall satisfy statutory requirements, which includes Employers' Liability coverage with limits of not less than one million dollars (\$1,000,000) per accident. If applicable to contractor's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

## 11 PAYMENT AND PERFORMANCE BONDS:

11.1 Prior to the commencement of the Work, CDU shall provide, or cause CDU's contractor to provide, payment and performance security which satisfies the following terms and conditions.

11.2 All bonds shall be duly executed by a solvent surety company that is authorized by the State of California, is listed in the United States Department of the Treasury's Listing of Approved Sureties Treasury (Circular 570) (see [www.fms.treas.gov/c570/](http://www.fms.treas.gov/c570/)) and is satisfactory to County. The CDU and/or CDU's contractor(s) shall pay all premiums and costs thereof and incidental thereto.

11.3 Each bond shall be signed by both the contractor (as Principal) and the surety company.

- 11.4 Two surety bonds shall be provided with good and sufficient sureties: the first in the sum of not less than 100% of the contract price of the Work to assure the payment of claims of material men supplying materials to the contractor(s), subcontractors and mechanics and laborers employed by the contractor(s) on the Work, and the second in the sum of not less than 100% of the contract price of the Work to assure the faithful performance of the Work. Specifically:
- 11.4.1 The materials and labor bond (the “**Payment Bond**”) shall be so conditioned as to insure to the benefit of persons furnishing materials for or performing labor upon the Work. The Payment Bond shall be maintained by the contractor(s) in full force and effect until the Work is completed and accepted in accordance with the terms of the construction contract, and until all claims for materials, labor and subcontracts are paid.
- 11.4.2 The bond for faithful performance (the “**Performance Bond**”) shall be so conditioned as to assure the faithful performance by the contractor of all Work required pursuant to the terms of the construction contract, within the time limits prescribed, including any maintenance and warranty provisions, in a manner that is satisfactory and acceptable to County, that all materials and workmanship supplied by contractor will be free from original or developed defects, and that should original or developed defects or failures appear within a period of one year from the date of acceptance of the Work and Improvements, the contractor shall, at contractor’s own expense, make good such defects and failures and make all replacements and adjustments required, within a reasonable time after being notified by County to do so. The Performance Bond shall be maintained by the contractor in full force and effect during the performance of the Work and Improvements and for a period of one (1) year after final acceptance of the Work.
- 11.5 Should either of the Payment Bond or the Performance Bond become insufficient or reasonably be deemed unsatisfactory by County, the contractor shall replace such bond with good and sufficient bond within ten (10) days after receiving notice from County that such bond is insufficient or unsatisfactory.

## 12 REPAIR AND RESTORATION:

- 12.1 If, during the Term, the Improvements are damaged, CDU shall promptly cause the damage to be repaired and the Improvements restored to substantially the same condition as they were in immediately before such damage, provided that the insurance proceeds received are sufficient to effect such repair and restoration; and provided, further, that if the Improvements are damaged during the last five (5) years of the Term, CDU may elect to terminate this Lease rather than repair the damage.
- 12.2 Such damage shall be repaired and the Improvements restored to satisfactory condition as they were in immediately before the damage (subject to sufficiency of insurance proceeds to effect same) as promptly as is reasonably possible. All work shall be performed in a good and workmanlike manner and shall be completed as promptly as is reasonably possible and in accordance with all Applicable Laws. Commencement of the repair and restoration shall require (a) securing the area to prevent injury to persons and/or vandalism

to the Improvements and (b) the placement of a work order or contract for obtaining the labor and materials to accomplish the repair and restoration.

12.3 Notwithstanding any provision contained in this Lease to the contrary, if the Applicable Laws existing at the time of the damage do not permit the repair or restoration of the Improvements to substantially the same condition as prior to the occurrence of the damage, then either Party may terminate this Lease by giving no less than thirty (30) days' written notice to the other Party.

12.3.1 CDU hereby expressly waives the provisions of California Civil Code Sections 1932(2) and 1933(4) which relate to termination of leases when the leased premises is destroyed and agrees that any such termination shall be governed exclusively by the terms of this Lease.

### 13 DEFAULT:

13.1 Material Default: The occurrence of any of the following shall constitute a material default and breach of this Lease (each a "**Material Default**"), the occurrence of which shall allow County, in addition to any other rights or remedies at law or in equity, at its election, to terminate this Lease:

13.1.1 A failure by CDU to make any payment required to be made by CDU hereunder, as and when due, when such failure continues for a period of ten (10) days after CDU has received written notice thereof from County;

13.1.2 A failure by CDU to observe and perform any of CDU's non-monetary covenants and/or obligations under this Lease, including without limitation CDU's Obligations, when such failure continues for a period of thirty (30) days after CDU has received written notice thereof from County; provided, however, that if the nature of such failure is such that it cannot reasonably be cured within such thirty (30)-day period, a Material Default shall not occur, if CDU promptly within such period commences to cure such failure and thereafter diligently prosecutes such cure to completion. Failure to observe and perform non-monetary covenants and/or obligations shall not include those instances where the Premises are not in use because of remodeling, repairs, restoration, or the replacement of equipment, provided that such remodeling, repairs, restoration, and replacement are undertaken promptly and completed in a diligent manner by CDU. CDU's failure to observe and perform Section 6.3.5 shall not constitute a breach or a Material Default under this Lease;

13.1.3 Any bankruptcy, insolvency or similar proceeding shall be filed by or against CDU and the same shall not be dismissed within ninety (90) days;

13.1.4 If CDU shall abandon or fail to occupy the Premises for a period of thirty (30) consecutive days (other than as a result of remodeling, repairs, restoration or the replacement of equipment); or

13.1.5 If CDU no longer is a nonprofit medical or nonprofit science university.

- 13.2 Remedies: So long as a Material Default has occurred and is continuing, County, without further notice to CDU shall, in addition to any other remedies available under Applicable Law, have one or more of the following remedies at County's election:
- 13.2.1 Without barring later election of any other remedy and without terminating CDU's right to possession of the Premises, or any part thereof, County may require strict performance of all covenants and obligations under this Lease as the same shall accrue or become due, without terminating this Lease, and County shall have the right of action therefor without awaiting the end of the Lease, and may seek an injunction to compel CDU's performance of any such covenants and/or obligations under this Lease.
- 13.2.2 If County obtains possession of the Area 2 Project under a judgment pursuant to Section 1174 of the California Code of Civil Procedure (unless CDU obtains relief under Section 1179 of that Code) or if County, by written notice declares the Lease to be terminated because of a Material Default, then County may enter upon the Premises and remove any and all persons and or property whatsoever situated thereon, and place all or any portion of said property in storage for the account of and at the expense of CDU and dispose of such property in accordance with Applicable Laws; provided, however, the Improvements shall automatically, with no further action by either Party, become the property of County, and notwithstanding the foregoing provision, upon written request from County, CDU shall promptly execute a notarized quitclaim deed for the Improvements in favor of County or its designee. County shall be entitled to recover in one or more awards or judgment from CDU any amount necessary to compensate County for all the detriment proximately caused by CDU's failure to perform CDU's obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom. Such other amount shall include, but not be limited to, such expenses (including all Actual Costs) as County may have paid, assumed, or incurred in recovering possession of Premises and placing the Premises in good order and condition.
- 13.2.3 County may at County's election terminate this Lease by giving CDU notice of termination. On the giving of the notice to CDU, all CDU's rights in Area 2 Project shall terminate. County shall not be deemed to have terminated this Lease unless County shall have so declared in writing to CDU, nor shall County be deemed to have accepted or consented to an abandonment by CDU by performing acts intended to maintain or preserve the Premises, making efforts to relet the Premises or appointing a receiver to protect County's interest under this Lease. Promptly (but no later than thirty (30) days) after notice of termination, CDU shall surrender and vacate Area 2 Project, and County may re-enter and take possession of Area 2 Project, and the Improvements shall automatically, with no further action by either Party, become the property of County; notwithstanding the foregoing provision, upon written request from County, CDU shall promptly execute a notarized quitclaim deed for the Improvements in favor of County or its designee. Termination under this Section 13.2.3 shall not relieve CDU from any obligations under this Lease or from any claim for damages, in each case incurred or accruing against CDU prior to the date of termination. If County elects to terminate this Lease, County shall be entitled to recover from CDU: (a) the unpaid rent which had been earned at the time of termination; (b) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount

of such rental loss that the CDU proves could have been reasonably avoided; (c) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the CDU proves could be reasonably avoided; and (d) any other amount necessary to compensate County for all the detriment proximately caused by the CDU's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, and reasonable attorneys' fees. The worth at the time of award of the amount referred to in provision (c) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by County to mitigate damages caused by CDU's material default shall not waive County's right to recover any damages to which County is otherwise entitled.

- 13.2.4 Subject to CDU's and County's rights to contest as provided elsewhere in this Lease, if, at any time during the Term of this Lease, CDU fails, refuses, or neglects to fulfill any of its covenants or obligations under this Lease, County shall have the right, but not the obligation, to perform such covenant or obligation, but at the cost of and for the account CDU; provided, however, that County shall in no case perform any covenant or obligation of CDU unless and until CDU's failure to fulfill or perform such covenant or obligations has become a Material Default.
- 13.3 Relief: Nothing contained herein shall affect, change, or waive any rights of County or CDU to obtain equitable relief when such relief is otherwise appropriate, or to obtain the relief provided by Chapter 4 (commencing with Section 1159) of Title 3 of Part 3 of the Code of Civil Procedure, relating to actions for unlawful detainer, forcible entry, and forcible detainer.
- 13.4 Cumulative Remedies: The remedies of County and CDU as provided above are cumulative and in addition to, rather than exclusive of, any other remedy of County or CDU, respectively, herein given or that may be permitted by Applicable Law.
- 13.5 Nothing in this Section 13 shall be deemed to affect County Indemnitees' or CDU Indemnitees' right to indemnification under any indemnity clause or clauses set forth in this Lease.
- 14 WAIVER OF CONDITIONS OR COVENANTS: Any waiver by a Party of any default or breach by the other Party of any one or more of the covenants, conditions, terms or obligations under this Lease shall not be construed to be a waiver of any subsequent or other breach or default of the same or of any other covenant, condition, term or obligation under this Lease, nor shall failure on the part of a Party to require exact, full and complete compliance with any of the covenants, conditions, terms or obligations under this Lease be construed as in any manner changing the terms of this Lease, nor shall the terms of this Lease be changed or altered in any manner whatsoever other than by written agreement between County and CDU. No delay, failure, or omission of County to re-enter the Premises or of either Party to exercise any right, power, privilege, or option, arising from

any breach or default shall impair any such right, power, privilege, or option or be construed as a waiver of or acquiescence in such breach or default or as a relinquishment of any right. No notice to CDU or County shall be required to restore or revise “time is of the essence” after the waiver by the other Party of any breach or default. No option, right, power, remedy, or privilege of a Party shall be construed as being exhausted by the exercise thereof in one or more instance. The rights, powers, options, and remedies given to each Party by this Lease shall be cumulative.

- 15 EMINENT DOMAIN: If the whole or any part of the Premises shall be taken by any paramount public authority under the power of eminent domain, then the Term of this Lease shall cease as to the part so taken from the day the possession of that part shall be taken for any public purpose, and from that day CDU shall have the right to either cancel this Lease or to continue in the possession of the remainder of these Premises under the terms herein provided. All damages awarded for such taking shall belong to and be the property of County; provided, however, that County shall not be entitled to any portion of the award made for loss of the Improvements, or any personal property, equipment, and/or trade fixtures belonging to CDU immediately prior to the taking of possession by the condemning authority, nor for any separate claim available to CDU for any taking of its leasehold interest hereunder.

16 NO ASSIGNMENT OR SUBLETTING:

16.1 Definitions:

- 16.1.1 “**Assignment**” means to either directly or indirectly give, assign, hypothecate, encumber, transfer, or grant control of this Lease or any interest, right, or privilege therein, or the whole or any portion of the Premises including, without limitation, any of the following acts:

16.1.1.1 Any disposition(s) that effectuates a change in the majority control of CDU to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of this Lease.

16.1.1.2 Any assignment or transfer of this Lease or any interest therein in proceedings in attachment, garnishment or execution against CDU, or in voluntary or involuntary proceedings in bankruptcy or insolvency or receivership taken by or against CDU, the making by CDU of any general assignment for the benefit of creditors, or the filing of a petition for reorganization or arrangement under any law relating to bankruptcy.

16.1.2 “**Sublease**” means any lease, license, permit, concession or other interest in the Premises or the Improvements, or a right to use the Premises or a portion thereof, which is conveyed or granted by CDU to a third party, and which constitutes less than the unrestricted conveyance of the entire CDU’s interest under this Lease.

16.2 Unique Identity; Right to Sublease or Assign: Because of its unique and specialized activities, skills and missions, the identity of the tenant under this Lease is a material benefit to County and is the most substantial and material part of CDU’s consideration to County under this Lease. CDU acknowledges that the Rent (but not the total consideration) due

under the Lease is a below market cash rental rate and that County's interest in entering into this Lease and the substantial majority of its consideration under this Lease is to provide the Premises to CDU based on (a) CDU's unique and specialized activities, skills and missions and (b) the use of the Premises for the specific Permitted Uses, which benefit the community. The foregoing and any other provision in this Lease to the contrary notwithstanding:

- 16.2.1 CDU shall have the right to assign this Lease to an entity Controlled by or under common Control with CDU (an "**Affiliate**") in conjunction with the arrangement of a Permitted Financing, provided that such Affiliate shall be bound by all terms and conditions of this Lease and provided that such Affiliate shall be a non-profit entity.
- 16.2.2 Except as otherwise permitted under Section 16.2.1 above, CDU shall not, without the prior written consent of County (which consent shall not be unreasonably withheld, delayed or conditioned), enter into an Assignment or Sublease. No Sublease shall affect any obligations of CDU or rights of County under this Lease, all of which shall continue in full force and effect notwithstanding any Sublease. Any Sublease shall expire no later than one hour before the expiration of the Term of this Lease. The fact that any subtenant causes any default shall not relieve CDU of CDU's obligation to cure it. CDU shall take all steps reasonable and necessary to prevent any such default.
- 16.3 Material Default: Any Assignment or Sublease by CDU not otherwise permitted under this Lease (other than an Assignment or Sublease consented to in writing by County or otherwise permitted by this Lease) shall immediately constitute a Material Default of this Lease which shall entitle County, at its discretion, to terminate this Lease.
- 16.4 No Contestation: CDU shall (a) not contest the non-assignability of this Lease in any manner and (b) indemnify the County Indemnified Parties in the event of any breach or default by CDU under this Section 16.
- 16.5 Assignment Ineffective: No Assignment (other than an Assignment consented to in writing by County or otherwise permitted under this Lease) by or through CDU shall vest any rights in any purported assignee, and any such Assignment shall be void and of no effect.
- 16.6 Survival: The terms of this Section 16 shall survive the termination of the Lease.
- 17 OWNERSHIP OF IMPROVEMENTS DURING TERM: Until expiration or sooner termination of this Lease, the Improvements and all alterations, additions, or betterments made thereto by CDU shall be owned by CDU. County shall have no right, title or interest therein except as expressly set forth in this Lease; provided, however, that CDU's rights and powers with respect to the Improvements are subject to the term and limitations of this Lease. Once constructed, the Improvements shall not be removed from the Premises, nor shall CDU waste, destroy or modify any Improvements except as specifically permitted by this Lease.



18     REVERSION OF IMPROVEMENTS AND SURRENDER:

- 18.1     Assignment of Improvements: At the expiration or sooner termination of the Term, at the election of County, and without notice to CDU, and provided that County has not previously elected, in accordance with this Lease, to have some or all of the Improvements demolished, all structures, buildings, Improvements and all alterations, additions, and betterments thereto, and all other improvements made to or upon the Premises shall remain upon and be surrendered with the Premises as part thereof and title thereto shall automatically vest in County without compensation therefor to CDU; notwithstanding the foregoing provision, upon County's written request, CDU shall promptly execute a notarized quitclaim deed for the Improvements in favor of County or its designee. CDU shall promptly assign or cause to be assigned to County all warranties to which CDU may have rights applicable to the Work or any portion thereof provided by any manufacturers, designers and constructors of the Work or any portion thereof. CDU agrees to take such other action as may be necessary to effectuate the assignment granted to County pursuant to this Section 18.
- 18.2     Repair of Damage: CDU shall repair all damage (structural or otherwise) caused by any such demolition or removal; provided that damage to improvements which are obsolete economically or functionally or which are not material need not be repaired so long as the Improvements are or are made structurally sound.
- 18.3     Personal Property: Any personal property and trade fixtures not removed by CDU by the end of the Term (including the Demolition Period) shall be deemed abandoned by CDU and shall, without compensation to CDU, then become County's property free and clear of all claims to or against them by CDU or any other person, except as otherwise provided in this Lease.

19     HAZARDOUS SUBSTANCES:

- 19.1     Definition: The term Hazardous Substances means:
- 19.1.1   all "hazardous substances" as defined in California Health and Safety Code Sections 25316 and 108125, those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8 and all "hazardous substances or "hazardous materials" defined in Health and Safety Code Section 25501.
- 19.1.2   petroleum, any petroleum by-products, waste oil, crude oil or natural gas;
- 19.1.3   any material, waste or substance that is or contains asbestos or polychlorinated biphenyls, or is radioactive, flammable or explosive; and
- 19.1.4   any substance, product, waste or other material of any nature whatsoever which is or becomes defined, listed or regulated as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "solid waste," "radioactive material," or similarly defined substance pursuant to any Applicable Laws, including the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601 *et seq.*; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 *et seq.*;

the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 *et seq.*; the California Health & Safety Code and all other analogous State of California and local statutes, ordinances and regulations, including, without limitation, any dealing with underground storage tanks.

- 19.1.5 Notwithstanding the foregoing, "Hazardous Substances" shall not include any of the foregoing materials or substances described in Sections 19.1.1 through 19.1.4 that are of the types and in quantities customarily used in the ordinary course of construction, use, occupancy or operation of university buildings and related parking and access similar to the Area 2 Project including, without limitation, (a) office, cleaning, building maintenance, and construction materials and supplies used in reasonable quantities and in the ordinary course of the construction, occupancy or operation of the Project, and (b) gasoline or diesel fuel in the tanks of automobiles and other machines located on the Premises (whether during construction or otherwise); but only so long as, in the case of (a) and (b) they are always stored, maintained, used and disposed of in compliance with all Applicable Laws.
- 19.2 Warranties and Representations: CDU hereby warrants and represents (a) that it will not cause the presence, use, storage, or disposal of any Hazardous Substances on or about the Premises without the prior written consent of County and (b) that it shall comply with all Applicable Laws and regulations concerning the use, release, storage, and disposal by CDU, its employees, agents, and contractors of Hazardous Substances on the Premises.
- 19.3 Notice: CDU agrees to immediately notify County upon CDU becoming aware that Hazardous Substances have been released on the Premises during the Term.
- 19.4 Indemnity: CDU agrees to indemnify, defend, and hold harmless County Indemnitees, from and against all liability, expense (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence or release of Hazardous Substances on the Premises during the Term, caused by CDU or its successors, assigns, subtenants, co-providers, or any of their respective employees, contractors, guests, patients, licensees, or agents, at any time after the Effective Date. The indemnities provided in this Section 19.4 shall survive the termination or expiration of this Lease.
- 19.5 Contaminated Soil: Notwithstanding anything to the contrary in this Section 19 or elsewhere in this Lease, if the soil at the Premises is determined to be contaminated and CDU is required to remove and/or remediate such soil in order to develop the Area 2 Project, or if CDU is required or needs to take action to address (by removal, remediation or otherwise) any other Hazardous Substances located on, under, within, beneath, about, or being released or moved from, the Premises, then CDU and the County shall share the costs of same 50/50 up to Seven Hundred Thousand Dollars (\$700,000.00); provided, however, that in no event shall County be required to contribute in excess of Three Hundred Fifty Thousand Dollars (the "**Contaminated Soil Reimbursement**") in the aggregate toward same; provided, further, that (i) the Contaminated Soil Reimbursement shall be paid by County to CDU in the form of a dollar-for-dollar credit against Rent, which credit may not exceed fifty percent (50%) of the Base Rent for any year of the Term and (ii) County shall have no obligation to pay the Contaminated Soil Reimbursement to CDU unless

County has provided its written consent (which consent shall not be unreasonably withheld, delayed or conditioned) to the contract in respect of such soil removal and/or remediation and/or other action addressing such Hazardous Substances pursuant to this Section 19.5, which consent may be evidenced in a writing delivered to CDU or by County's (or any other party acting on behalf of or for the benefit of County) execution of said contract.

- 20 ADMINISTRATION: The CEO or her authorized designee shall have the authority to administer this Lease on behalf of County.
- 21 COUNTY'S LOBBYISTS: CDU and each County lobbyist or County lobbying firm, if any, as defined in Los Angeles County Code Section 2.160.010, retained by CDU to lobby County shall, fully comply with County's Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of CDU or any County lobbyist or County lobbying firm retained by CDU to lobby County to fully comply with County's Lobbyist Ordinance shall constitute a material breach of this Lease upon which County may immediately terminate or suspend this Lease.
- 22 NOTICES: Notices desired or required to be given under this Lease or any Applicable Law may be given by enclosing such notice in a sealed envelope with postage prepaid, registered mail, return receipt requested, with the United States Postal Service or by a recognized provider of overnight delivery. Notice shall be deemed received on the date it is actually received or delivery is refused by addressee, unless such date is not a business day, in which case notice shall be deemed received on the next following business day. Addresses and persons to be notified may be changed by providing at least thirty (30) days' written notice to the other Party, except that CDU shall at all times maintain a mailing address in County.
- 22.1 Notices to CDU shall be addressed as follows:

1. Charles R. Drew University of Medicine and Science  
1731 East 120th Street  
Los Angeles, California 90059  
Attn: Vice President of Administration and Infrastructure

With a copy to:

2. Charles R. Drew University of Medicine and Science  
1731 East 120th Street  
Los Angeles, California 90059  
Attn: General Counsel

- 22.2 Notices to County shall be addressed as follows:

1. Chief Executive Office  
Real Estate Division  
320 West Temple Street, 7th Floor  
Los Angeles, California 90012  
Attn: Dean Lehman, Senior Manager

With a copy to:

2. County of Los Angeles  
Office of the County Counsel  
500 West Temple Street, 6th Floor  
Los Angeles, California 90012  
Attn: Property Division

23 HOLDING OVER:

- 23.1 If CDU holds over after the expiration of the Term (and any Demolition Period) for any cause, with or without the express or implied consent of County, such holding over shall be deemed to be a tenancy from month-to-month only, and shall not constitute a renewal or extension of the Term. Such holdover shall be subject to the same terms, conditions, restrictions and provisions as herein contained.

24 GENERAL PROVISIONS:

- 24.1 Marginal Headings: The Section titles in this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.
- 24.2 Time: Time is of the essence for this Lease and each and all of its provisions in which performance is a factor.
- 24.3 Recordation: The Parties shall promptly execute, acknowledge, and deliver duplicate originals of a memorandum of lease with their respective signatures acknowledged by a notary public in the form attached hereto as Exhibit E (the “**Memorandum of Lease**”). CDU shall pay any transfer and/or recording taxes caused by such recordation. If the Parties amend this Lease in a way that makes a prior Memorandum of Lease inaccurate or incomplete, then the Parties shall record a memorandum of such amendment, and CDU shall pay for any transfer or recording taxes associated with such recording.
- 24.4 Prior Agreements: The Lease, agreements incorporated by reference and Exhibits hereto contain all of the agreements of the Parties with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the Parties. This Lease shall not be effective or binding on any Party until fully executed by both Parties.
- 24.5 Unavoidable Delay: Any prevention, delay, non-performance or stoppage due to any of the following causes shall excuse non-performance for a period equal to any such prevention, delay, non-performance or stoppage. The causes referred to above are: strikes, lockouts, labor disputes, failure of power, irresistible superhuman cause, acts of public enemies, riots, insurrections, civil commotion, inability to obtain labor or materials or reasonable substitutes for either, casualties not contemplated by insurance provisions of this Lease, a moratorium or change in Applicable Law occurring after the Effective Date and prior to the date on which entitlements for the Project have been obtained, which reasonably, unexpectedly and temporarily, delays the entitlements or issuance of permits, or other

cause beyond the reasonable control of the Party obligated to perform. Any such delay shall be detailed in a written notice given by the Party claiming such delay to the other Party within fifteen (15) days after the Party claiming such delay reasonably should have known of the event giving rise to the claim of delay, which notice shall, at a minimum, reasonably specify the (i) nature of the delay, (ii) the date the delay commenced and (if not ongoing) ended and (iii) the reason(s) such delay is an Unavoidable Delay.

- 24.6 Severability: Provided that no Party shall be deprived of the substantial benefit of its bargain, 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 such other provisions shall remain in full force and effect.
- 24.7 Cumulative Remedies: No remedy or election hereunder shall be deemed exclusive but shall wherever possible be cumulative with all other remedies at law or in equity.
- 24.8 Choice of Law and Forum: This Lease shall be governed by the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the courts of County.
- 24.9 Interpretation: Unless the context of this Lease clearly requires otherwise: (i) the plural and singular numbers shall be deemed to include the other; (ii) the masculine, feminine and neuter genders shall be deemed to include the others; (iii) “or” is not exclusive; and (iv) “includes” and “including” are not limiting.
- 24.10 Title: CDU hereby acknowledges the fee title of County in and to the Premises, and covenants and agrees never to assail, contest or resist such fee title.
- 24.11 No Presumption Against Drafter: Each of the Parties has jointly participated in the negotiation and drafting of this Lease. In the event an ambiguity or a question of intent or interpretation arises, this Lease shall be construed as if drafted jointly by each of the Parties and no presumptions or burdens of proof shall arise favoring any party by virtue of the authorship of any provisions of this Lease.
- 24.12 Independent Status; No Third Party Beneficiaries: This Lease is by and between County and CDU. It is not intended and shall not be construed to create the relationship of agent, servant, employee, partnership, joint venture or association as between County and CDU. County and CDU mutually acknowledge that no business or financial relationship exists between them other than as landlord and tenant, and that County is not responsible in any way for the debts of CDU or any other party. Without limiting any other provision of this Lease, CDU understands and agrees to bear the sole responsibility and liability for furnishing Workers’ Compensation benefits to any person for injuries arising from or connected with the Work or any other construction at the Premises. Except as for provisions expressly intended to benefit Permitted Encumbrance Holders, this Lease is not intended and shall not be construed to give any third party any interest or rights with respect to or in connection with any agreement or provision contained herein or contemplated hereby.
- 24.13 Exhibits: All references in this Lease to exhibits shall be construed as though the words “hereby made a part hereof and incorporated herein by this reference” were, in each case,

appended thereto. In the event of a conflict between this Lease and any of the exhibits attached hereto, the terms of this Lease shall govern.

- 24.14 Time For County Action: Notwithstanding anything to the contrary contained in this Lease, whenever CEO determines that a County action required hereunder necessitates approval from or a vote of one or more of County's boards or commissions or County's Board of Supervisors, the time period for County performance of such action shall be extended as is reasonably necessary in order to secure such approval or vote, and County shall not be deemed to be in default hereunder in the event that it fails to perform such action within the time periods otherwise set forth herein.
- 24.15 County Costs: CDU shall promptly reimburse County for the Actual Costs incurred by County in the review, negotiation, preparation and documentation of any County approvals or consents sought by CDU pursuant to this Lease.
- 25 NONDISCRIMINATION IN EMPLOYMENT: CDU certifies and agrees that all persons employed by CDU and/or the affiliates, subsidiaries or holding companies of CDU are and shall be treated equally without regard to or because of race, religion, ancestry, national origin, or sex, and in compliance with all anti-discrimination provisions, existing or as later amended, of the Los Angeles County Code and the laws of the United States of America and the State of California.
- 25.1 CDU certifies and agrees that its contractors, sub-contractors, vendors, and subtenants are and shall be selected without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination provisions, existing or as later amended, of the Los Angeles County Code and the laws of the United States of America and the State of California.
- 25.2 All employment records of CDU shall be open for inspection and re-inspection at any reasonable time during the term of this Lease for the purpose of verifying CDU's compliance with this Section 25.
- 26 ASSURANCE OF COMPLIANCE WITH CIVIL RIGHTS LAWS: CDU hereby assures that it will comply with all applicable local, federal, and state civil rights statutes to the end that no person shall, on the grounds of race, religion, color, sex, age, physical disability, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, nor be otherwise subjected to discrimination under, CDU or under any project, program, or activity supported by this Lease.
- 27 ACKNOWLEDGMENT OF INELIGIBILITY OF RELOCATION ASSISTANCE: CDU expressly acknowledges that CDU will be in possession of the Premises as a result of County's previously acquired property interest. In recognition of such fact, CDU hereby disclaims any status as a "displaced person" as such is defined in Government Code Section 7260, and hereby acknowledges its ineligibility for relocation assistance as provided in Government Code Section 7260 through 7276, inclusive, as interpreted in Title 25, Chapter 6, Section 6034(b)(1) of the California Code of Regulations.

- 28     SOLICITATION OF CONSIDERATION: It is improper for any County officer, employee or agent to solicit consideration in any form from another party with the implication, suggestion or statement that the provision of the consideration may secure more favorable treatment in the award of this Lease or that failure to provide such consideration may negatively affect County's offer to lease. No party shall offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent who has had any involvement in the negotiation, consummation or administration/management of this Lease.
- 28.1   Reporting of Solicitation: CDU 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 at (213) 974-0914 or (800) 544-6861.
- 29     PUBLIC RECORDS: CDU acknowledges that any written information submitted to and/or obtained by County from CDU or any other person or entity having to do with or related to this Lease and/or the Premises, either pursuant to this Lease or otherwise may be a public record open to inspection by the public pursuant to the California Records Act (Government Code §§ 6250, *et seq.*) as now in force or hereafter amended, or any Applicable Laws in substitution thereof, or otherwise made available to the public, unless such information is exempt from disclosure pursuant to the applicable sections of the California Records Act. In the event that a public records act request is made for any financial statements and records and County determines that the records must be turned over, County shall give CDU fifteen (15) days' written notice prior to turning over such records so that CDU can take any necessary action.
- 30     NON-PROFIT COVENANT: At all times during the Term of this Lease, CDU shall (a) operate the Premises for the Permitted Use and (b) remain qualified as a 501(c)(3) Organization. CDU's breach of the foregoing covenant shall constitute a Material Default. For purposes hereof, a "501(c)(3) Organization" means an organization that (a) meets the requirements of Section 145 of the Internal Revenue Code of 1986, as amended, and (b) is operating in reliance on a determination letter from the Internal Revenue Service (which has not been revoked or withdrawn) recognizing such organization's tax exempt status under Section 501(c)(3) of the Internal Revenue Code.
- 31     COUNTERPARTS; ELECTRONIC SIGNATURES: This Lease and any other document necessary for the consummation of the transaction contemplated by this Lease may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically. An electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Lease and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect

as if a paper original of this Lease had been delivered had been signed using a handwritten signature. County and CDU (i) agree that an electronic signature, whether digital or encrypted, of a party to this Lease is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intended to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv) hereby waive any defenses to the enforcement of the terms of this Lease based on the foregoing forms of signature. If this Lease has been executed by electronic signature, all parties executing this document are expressly consenting under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("E-SIGN") and California Uniform Electronic Transactions Act ("UETA")(Cal. Civ. Code § 1633.1, et seq.), that a signature by fax, email or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

SIGNATURE PAGE FOLLOWS



IN WITNESS WHEREOF, this Lease is executed to be effective as of the Effective Date.

<p>TENANT:</p> <p>CHARLES R. DREW UNIVERSITY OF MEDICINE AND SCIENCE, a California nonprofit corporation</p> <p>By: _____ Name: David M. Carlisle, MD, PhD Title: President and CEO</p>	<p>LANDLORD:</p> <p>THE COUNTY OF LOS ANGELES, a body corporate and politic,</p> <p>FESIA A. DAVENPORT Chief Executive Officer</p> <p>By: _____ John T. Cooke Assistant Chief Executive Officer</p> <p>ATTEST:</p> <p>DEAN C. LOGAN Registrar-Recorder/County Clerk</p> <p>By _____ Deputy</p> <p>APPROVED AS TO FORM: DAWYN R. HARRISON Interim County Counsel</p> <p>By _____ Senior Deputy</p>

**EXHIBIT A**  
**Legal Description of the County Property**

**LEGAL DESCRIPTION**

The land referred to herein is situated in the State of California, County of Los Angeles Unincorporated and described as follows:

Parcel 1:

Lots 1, 2 and 5 in Tract No. 18356, in the County of Los Angeles, State of California, as per map recorded in Book 535, Page(s) 17 and 18 of Maps, in the office of the County Recorder of said County.

Except all oil, gas, hydrocarbons and other minerals lying in and under 500 feet below, the surface of property, without right of surface entry as granted to Kesco Inc., by deed recorded December 10, 1959 in Book D-689, Page 844 of Deeds.

Parcel 2:

The Westerly 50 feet of Lot 46, Rico Acres, in the County of Los Angeles, State of California, as shown on map filed in Book 13 Page 82, of Maps, in the office of the Recorder of said County.

Parcel 3:

The Easterly 50 feet of the Westerly 100 feet of Lot 46 Rico Acres, in the County of Los Angeles, State of California, as per Map, recorded in Book 13 Page 82 of Maps, in the office of the County Recorder of said County.

Parcel 4:

That portion of Lot 46, Rico Acres, in the County of Los Angeles, State of California, as shown on map filed in Book 13 Page 82, of Maps, in the office of the Recorder of the County of Los Angeles, within, a strip of land 80 feet wide, lying 40 feet on each side of the following described center line:  
Beginning at the Easterly terminus of that certain course of North 89°49'21" East 160.00 feet in the Southerly boundary of that certain 40 foot strip of land described in Parcel 22-12 of final order of condemnation in favor of the County of Los Angeles, for 120th Street, a certified copy of which was recorded as Document No. 3377, on April 16, 1968, in Book D-3872, Page 611 of Official Records in the office of said Recorder; thence North 89°51'42" East along the Easterly prolongation of said certain course 18.61 feet to the beginning of a tangent curve concave to the North and having a radius of 1200 feet, thence Easterly along said curve 617.71 feet to the beginning of a reverse curve concave to the South, tangent to a straight line which is parallel with the Southerly line of said lot and which passes through the intersection of a line parallel with and 30 feet Northerly, measured at right angles, from the Northerly line of Lot 115, Springdale Tract, as shown on map filed in Book 6, Page 194, of said Maps with a line parallel with and 30 feet Easterly, measured at right angles, from the Westerly line of said last mentioned lot, and having a radius of 1200 feet thence Easterly along said reverse curve 611.21 feet to said straight line.

Excepting therefrom that portion thereof which lies within the Westerly 100 feet. of said Lot 46.

Also excepting therefrom that portion thereof which lies within the Easterly 84.62 feet of said Lot 46.

Parcel 5:

The Westerly 61 feet of the Easterly 84.62 feet of Lot 46, Rico Acres, in the County of Los Angeles, State of California, in Book 13 Page 82 of Maps, in the office at the County Recorder of said County and state.

Parcel 6:

Lot 47 and the Easterly 23.62 feet of Lot 46, Rico Acres, in the County of Los Angeles, State of California,

as shown on a Map filed in [Book 13 Page 82](#) of Maps in the office of the County Recorder of said County.

Except: The Easterly 96 feet of the Southerly 105 feet of said Lot 47.

Sellers reserve all rights to oil, gas and other hydrocarbon substances below a depth of 500 feet, with no right of surface entry.

Parcel 7:

The East 48 feet of the South 105 feet of Lot 47 of Rico Acres Tract, in the Rancho Tajauta, in the County of Los Angeles, State of California, as per map recorded in [Book 13 Page 82](#) of Maps, in the office of the County Recorder of said County.

Parcel 8:

The Westerly 48 feet of the Easterly 96 feet of the Southerly 105 feet of Lot 47, Rico Acres, in the County of Los Angeles, State of California, as shown on Map filed in [Book 13 Page 82](#) of Maps in the office of the County Recorder of said County.

Parcel 9:

The Westerly 50 feet of Lot 48 of Rico Acres, in the County of Los Angeles, State of California, as per map recorded in [Book 13 Page 82](#) of Maps in the office of the County Recorder of said County.

Parcel 10:

The Easterly 41 feet of the Westerly 91 feet of Lot 48, Rico Acres, in the County of Los Angeles, State of California, as shown on Map filed in [Book 13 Page 82](#) of Maps in the office of the County Recorder of said County.

Excepting therefrom all oil, gas, petroleum, minerals, hydrocarbon substances, and kindred substances deposited in, lying under, or flowing through, without, however, the right to the use of the surface or subsurface areas of said property to a depth of 500 feet measured vertically from the surface of said property for the purpose of production or development of any such substances as described in deed recorded April 30, 1970 as Instrument No. [150](#) of Official Records.

Parcel 11:

The Easterly 54.14 feet of Lot 48 of Rico Acres, in the Rancho Tajauta, in the County of Los Angeles, State of California, as per map recorded in [Book 13 Page 82](#) of Maps in the office of the County Recorder of said County.

Parcel 12:

The East 42 feet of the West 133 feet of Lot 48 of Rico Acres, in the County of Los Angeles, State of California, as per map recorded in [Book 13 Page 82](#) of Maps in the office of the County Recorder of said County.

Parcel 13:

The Southerly 100 feet of Lot 49, of Rico Acres, in the County of Los Angeles, State of California, as shown on map filed in [Book 13 Page 82](#) of Maps in the office of the County Recorder of the County of Los Angeles.

Parcel 14:

Lot 49, Rico Acres, in the County of Los Angeles, State of California, as shown on map filed in [Book 13 Page 82](#) of Maps in the office of the County Recorder of the County of Los Angeles.

Excepting therefrom the Southerly 100 feet thereof.

Parcel 15:

The Southerly 85.52 feet of the East half of Lot 50, Rico Acres, in the County of Los Angeles, State of California, as shown on map filed in [Book 13 Page 82](#) of Maps in the office of the County Recorder of the County of Los Angeles.

Parcel 16:

The East half of Lot 50, Rico Acres, in the County of Los Angeles, State of California, as shown on map filed in [Book 13 Page 82](#) of Maps in the office of the County Recorder of the County of Los Angeles.

Excepting therefrom the Southerly 85.52 feet thereof.

Parcel 17:

The West half of Lot 50, Rico Acres, in the Rancho Tajauta, in the County of Los Angeles, State of California, as per map recorded in [Book 13 Page 82](#) of Maps in the office of the County Recorder of said County.

Parcel 18:

That portion of that abandoned 119th Street formerly Allen Avenue which would pass by operation of the law with the conveyance of said land as abandoned by resolution of the Board of Supervisors of the County of Los Angeles, a certified copy of which was recorded October 13, 1972 as Instrument No. [4121](#), of Official Records.

APN: 6149-028-919  
(End of Legal Description)

**EXHIBIT B**

**Depiction of the County Property**

See Next Page



17345586.9  
227041-10001

# EXHIBIT C-1

Charles Drew University – Medical School  
File with: **MARTIN LUTHER KING JR HOSPITAL (1)**  
A.I.N. 6149-028-919  
I.M. 084-197  
S.D. 2

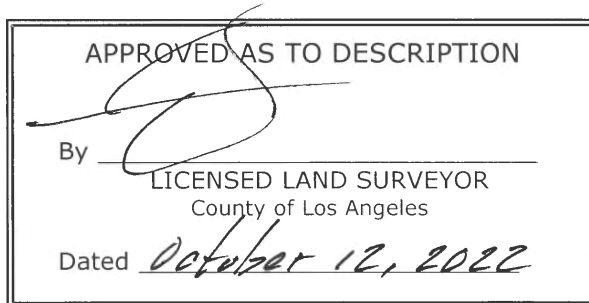
## LEGAL DESCRIPTION

### CDU Lease Parcel:

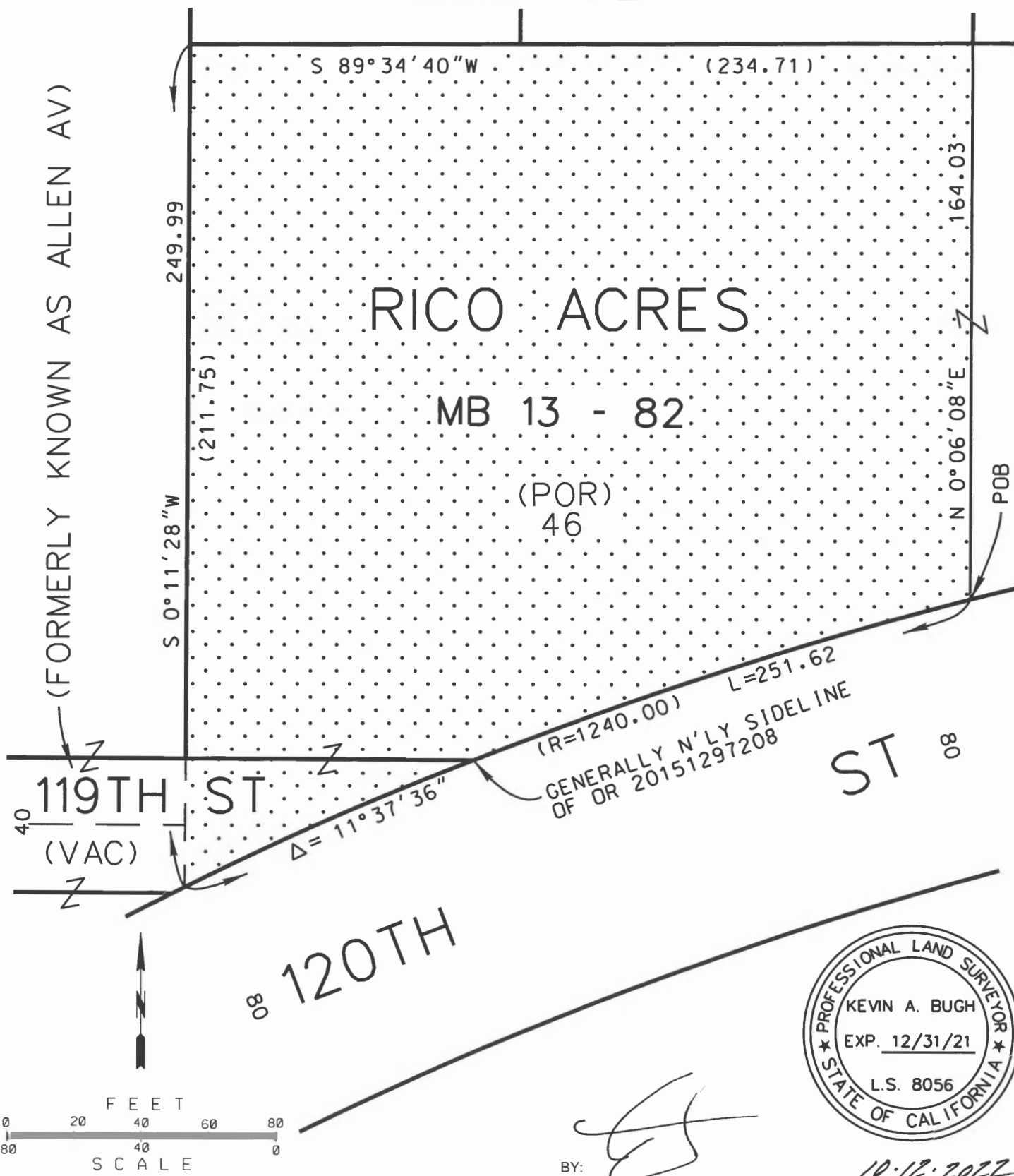
That portion of Allen Avenue, 40 feet wide and Lot 46, Rico Acres, as shown on map recorded in Book 13, page 82, of Maps, in the office of the Registrar-Recorder/County Clerk of the County of Los Angeles, within the following described boundaries:

Beginning at the intersection of the generally northerly sideline of 120th Street, as described in deed recorded on October 22, 2015, as Instrument No. 20151297208, of Official Records, in said office, and the easterly line of said lot; thence northerly, along said easterly line, to the northeasterly corner of said lot; thence westerly, along the northerly line of said lot, to the northwesterly corner of said lot; thence southerly, along the westerly line of said lot and its southerly prolongation, to said generally northerly sideline; thence generally easterly, along said generally northerly sideline, to the point of beginning.

Containing: 1.09± Acres.



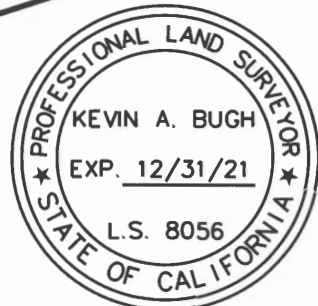
# EXHIBIT C-2 Depiction of the Premises



**NOTE:**  
 ( ) RECORD DISTANCES.  
 POB DENOTES POINT OF BEGINNING.

**LEGEND:**  
 [Stippled Area] LEASE PARCEL AREA

BY:   
 LICENSED SURVEYOR



10.12.2022  
 DATE

REFERENCE:	LOS ANGELES COUNTY PUBLIC WORKS SURVEY/MAPPING & PROPERTY MANAGEMENT DIVISION			
IM 084-197 A.I.N. 6149-028-919	PROJECT: <b>Charles Drew University - Medical School</b>			
	FILE WITH: MARTIN LUTHER KING JR HOSPITAL (1)			
PROJECT I.D. MPM0001090	PREPARED BY J BURGESS	DATE 10/12/2022	SHEET 1 OF 1	



The site plan for Parcel #46 shows a large rectangular area with a dashed red line indicating the 'EXTENT OF SITE IMPROVEMENT'. The plan includes several existing features and proposed changes:

- EXISTING BUILDING TO BE REMOVED:** Two large rectangular buildings are shown with dashed outlines, indicating they are to be removed.
- EXISTING TREES TO BE REMOVED TYP.:** A series of circular symbols along the left side of the parcel indicate trees to be removed.
- EXISTING CURB TO REMAIN:** A dashed line along the bottom left corner indicates the curb to remain.
- EXISTING DRIVEWAY TO REMAIN:** A dashed line along the bottom edge indicates the driveway to remain.
- EXISTING WROUGHT IRON FENCE TO REMAIN:** A dashed line along the top left corner indicates the fence to remain.
- EXISTING PARKING TO REMAIN:** A dashed line along the top edge indicates the parking area to remain.
- EXISTING METAL GATE TO REMAIN:** A dashed line along the left edge indicates the gate to remain.
- PROPERTY LINE:** A dashed line runs along the top and right sides of the parcel.
- SETBACK LINE:** A dashed line runs along the bottom edge of the parcel.
- 120TH STREET:** A road runs along the bottom edge of the parcel.
- MLK COMMUNITY:** A label at the bottom right corner of the plan.

Other labels on the plan include 'CDU WILLOWBROOK GREEN APARTMENTS', 'CDU STUDENT CENTER', 'CDU KECK BUILDING', 'CDU APLA BUILDING (2-STORY)', and 'KING DREW MAGNET HIGH SCHOOL'.

The site plan for Parcel #46 shows a large rectangular area with a dashed red line indicating the 'EXTENT OF SITE IMPROVEMENT'. The plan includes several existing features and proposed changes:

- EXISTING BUILDING TO BE REMOVED:** Two large rectangular buildings are shown with dashed outlines, indicating they are to be removed.
- EXISTING TREES TO BE REMOVED TYP.:** A series of circular symbols along the left side of the parcel indicate trees to be removed.
- EXISTING WROUGHT IRON FENCE TO REMAIN:** A dashed line along the top left boundary indicates a fence to remain.
- EXISTING PARKING TO REMAIN:** A dashed line along the top boundary indicates parking to remain.
- EXISTING METAL GATE TO REMAIN:** A dashed line along the left boundary indicates a gate to remain.
- EXISTING CURB TO REMAIN:** A dashed line along the bottom left boundary indicates a curb to remain.
- EXISTING DRIVEWAY TO REMAIN:** A dashed line along the bottom boundary indicates a driveway to remain.
- SETBACK LINE:** A dashed line along the bottom boundary indicates a setback line.
- PROPERTY LINE:** A dashed line along the bottom boundary indicates the property line.
- 120TH STREET:** A road running along the bottom of the parcel.
- MLK COMMUNITY:** A label at the bottom right corner of the plan.

Other labels on the plan include 'CDU WILLOWBROOK GREEN APARTMENTS', 'CDU STUDENT CENTER', 'CDU KECK BUILDING', 'CDU APLA BUILDING (2-STORY)', 'KING DREW MAGNET HIGH SCHOOL', 'PARCEL #46', '234'-8 1/2"', '27'-9 1/2"', '27'-5 1/2"', '27'-5"', '10'-4"', '248'-10 1/2"', '103'-11"', and 'EV'.

120<sup>TH</sup> STREET

## EXHIBIT E

### Form of Memorandum of Lease

Recording Requested by and  
When Recorded, Return to:

Latham & Watkins LLP  
335 South Grand Avenue  
Los Angeles, CA 90071-1560  
Attention: Kim N. A. Boras

(Space above this line for Recorder's use)

### MEMORANDUM OF LEASE

This MEMORANDUM OF LEASE ("**Memorandum**"), is executed as of \_\_\_\_\_, 2022 (the "**Effective Date**") by **COUNTY OF LOS ANGELES**, a body corporate and politic ("**Lessor**"), and **CHARLES R. DREW UNIVERSITY OF MEDICINE AND SCIENCE**, a California nonprofit corporation ("**Lessee**").

### WITNESSETH:

WHEREAS, Lessor has control and jurisdiction over certain property identified as Assessor's Parcel Number 6149-028-919 (the "**Property**") and has demised a portion of the Property, as more particularly described on **Exhibit A** (the "**Premises**"), to Lessee pursuant to that certain Ground Lease and Agreement for Development, Construction and Operation of Area 2, dated as of the Effective Date, made by and between Lessor and Lessee (the "**Lease**"); and

WHEREAS, Lessor and Lessee wish to record this Memorandum in order to give constructive notice of Lessee's leasehold interest in the Premises;

NOW, THEREFORE, in consideration of the foregoing recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. Lessor has leased to Lessee, and Lessee has leased from Lessor the Premises, for the term, at the rental and upon the terms, covenants and conditions set forth in the Lease, which Lease is by this reference incorporated herein and made a part hereof as fully as if set forth herein at length.

2. Subject to the terms, covenants and conditions contained in the Lease, the Premises is leased for an initial term that commenced on Effective Date and that expires on the sixtieth (60<sup>th</sup>) anniversary of the Effective Date, subject to Lessee's option to extend the term for two additional ten (10) year terms.

3. This Memorandum is being made and entered into solely for the purpose of providing notice of the Lease. In the event of any conflict between this Memorandum and the Lease, the Lease shall control.

4. This Memorandum may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signature and acknowledgment pages may be detached from counterparts to form one original instrument which may be recorded.

*[Remainder of page intentionally left blank - signature page follows]*

IN WITNESS WHEREOF, the undersigned have executed this Memorandum as of the Effective Date.

**LESSEE:**

**CHARLES R. DREW UNIVERSITY OF  
MEDICINE AND SCIENCE, a California  
nonprofit corporation**

By: \_\_\_\_\_  
Name: David M. Carlisle, MD, PhD  
Title: President and CEO

**LESSOR:**

**COUNTY OF LOS ANGELES**

FESIA A. DAVENPORT  
Chief Executive Officer

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

**ATTEST:**

DEAN C. LOGAN  
Registrar-Recorder/County Clerk

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

**APPROVED AS TO FORM:**

DAWYN R. HARRISON  
Interim County Counsel

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

***Lessor***

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California                    )  
  )  
County of Los Angeles            )

On \_\_\_\_\_, 2022, before me, \_\_\_\_\_,  
a Notary public, personally appeared

\_\_\_\_\_, who proved to me 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

*Lessee*

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California                    )  
  )  
County of Los Angeles            )

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Signature \_\_\_\_\_ (Seal)



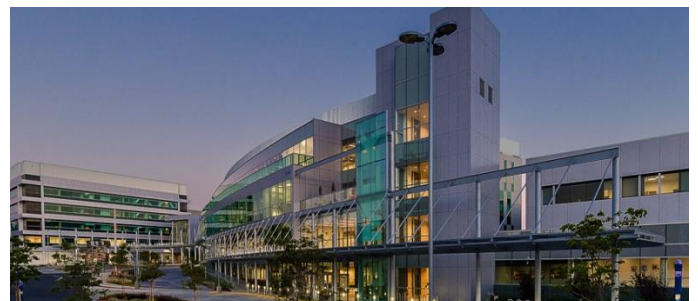


# COUNTY OF LOS ANGELES

## LOCAL AND TARGETED WORKER HIRE POLICY IMPLEMENTATION GUIDELINES

May 2020

**NOW HIRING**  
**LOCAL CONSTRUCTION JOBS AVAILABLE**



**LOCAL AND TARGETED WORKER HIRE PROGRAM – IMPLEMENTATION GUIDELINES**

Pre



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**Note:** The Local and Targeted Worker Hire Policy Program Implementation Guidelines are meant to be a guide, and should only be used as a supplement to your understanding of the County of Los Angeles Board of Supervisors Policy Number 5.270, Countywide Local and Targeted Worker Hire Policy approved by the Board on June 11, 2019. These guidelines may be modified at the Chief Executive Office's discretion.

## INTRODUCTION

The County of Los Angeles Board of Supervisors recognizes the use of Los Angeles County's investment in public works, County-financed affordable housing projects and developer-financed economic development projects on County property as a catalyst for local job creation, construction careers training, and revenue generation for the County. On September 6, 2016, the County Board of Supervisors approved the Countywide Local and Targeted Worker Hire Policy (Policy). This Policy establishes a pathway for the County to enhance employment opportunities for Local and Targeted Workers who face multiple barriers to employment.

### Purpose and Scope

The purpose of these guidelines is to assist County departments, commissions and agencies administering project development agreements, including but not limited to; ground leases, loan agreements, grant agreements, design-build contracts and contracts for County capital and construction projects that require Board approval with implementation of the Policy. The Chief Executive Office, in consultation with County Counsel, Public Works, Internal Services, and Community Development Commission has developed these guidelines for purposes of implementing this Policy.

### How to Use These Guidelines

These guidelines are a ready reference for County departments, commissions and agencies; and are meant to be a guide to supplement your understanding of this Policy for inclusion in contractual documents regarding County-sponsored construction related projects. Sample forms, Terms and Definitions, Frequently Asked Questions, Local and Targeted Worker Hire Referral Process, Program Reporting and Monitoring Requirements, and Other Resources are provided in this booklet. These materials were designed to assist County departments, commissions and agencies to meet the minimum requirements provided in the Policy.

## **LOCAL AND TARGETED WORKER HIRE POLICY – HIRING GOALS**

All prime Contractors providing services under the above-mentioned project agreements and/or contracts must comply with the Policy requirements and hiring goals established by the County, as outlined below. Depending on the total Project Budget as determined by the County, or the total Job Order Contract Work Order amount, one of the following Hiring Goals of the Policy requirements shall apply:

- Mandatory Hiring Goals
- Best Efforts Hiring Goals
- All Projects Hiring Goals

### Project Budget Greater than \$2.5 Million (Mandatory Hiring Goals)

For projects with a total project budget greater than \$2.5 million, with the exception of affordable housing projects, there shall be a **mandatory** hiring goal of at least 30 percent of California Construction Labor Hours performed by either Tier 1 or Tier 2 Qualified Local Residents on each project.

California Construction Labor Hours is defined as all craft worker hours performed on the project by California residents, excluding the hours performed by off-site material fabricators, designers, project office staff, or vendors.

For projects with a total project budget greater than \$2.5 million, with the exception of affordable housing projects, there shall be a **mandatory** hiring goal of at least 10 percent of California Construction Labor Hours on the project performed by those classified as a Targeted Worker.

Hours worked by a Targeted Worker who is also a Tier 1 or Tier 2 Qualified Local Resident may be applied towards the 30 percent goal; and

For projects with a total project budget greater than \$2.5 million, with the exception of affordable housing projects, there shall be a **mandatory** requirement to use a Jobs Coordinator to facilitate implementation of the Targeted hiring requirement of this Policy. The costs for a Jobs Coordinator shall be negotiated between the contractor and the Jobs Coordinator, and shall be paid for by the contractor. The County is not and shall not be in privity of contract with any Jobs Coordinator.

The Jobs Coordinator shall play an integral part in the success of Contractors/Subcontractors in meeting the Targeted Worker hiring requirement. The Jobs Coordinator may be selected from the approved Jobs Coordinators list available at the Los Angeles County Metropolitan Transportation Authority (Metro) website. The link to this list is: [http://media.metro.net/about\\_us/pla/images/job\\_coordinator\\_panel.pdf](http://media.metro.net/about_us/pla/images/job_coordinator_panel.pdf). The approved Jobs Coordinators list in effect as of the date of the publication of this guideline is attached as Attachment 1. Alternatively, contractors that can demonstrate internal capacity through their human resources to meet Targeted Worker hiring requirements may do so. Minimum qualification and responsibilities of Jobs Coordinators are Attachment 2 and 3.

The Contractor shall ensure the **mandatory** hiring requirements provided for Local and Targeted Workers are met in accordance with this Policy.

#### Project Budget of \$500,000 to \$2.5 million (Best Efforts Hiring Goals)

For projects with a total project budget of \$500,000 to \$2.5 million, with the exception of affordable housing projects, there shall be a **best effort** hiring goal of at least 30 percent of California Construction Labor Hours performed by either Tier 1 or Tier 2 Qualified Local Residents on each project. There is no Targeted Worker hiring requirement;

#### Job Order Contracts Work Order and Hiring Goals

For Job Order Contracts (JOCs), each work order amount issued pursuant to the contract shall determine the mandatory and best effort hiring goals. Each JOC work order amount greater than \$2.5 Million will comply with the Mandatory Hiring Goals as indicated above. Each JOC work order amount between \$500,000 to \$2.5 million will comply with the Best Efforts Hiring Goals as indicated above.

#### Housing Projects Hiring Goals

For affordable housing projects and mixed-use affordable housing projects that include County-funded facilities receiving funds administered by Community Development Commission (CDC), and Housing Authority of County of Los Angeles (HACOLA) projects with a project budget greater than \$2.5 million, there shall be a **best effort** hiring goal of at least 30 percent of California Construction Labor Hours be performed by either Tier 1 or Tier 2 Qualified Local Residents. Also, at least 10 percent of California Construction Labor Hours on the project be performed by those classified as a Targeted Workers. Hours worked by a Targeted Worker who is also a Tier 1 or Tier 2 Qualified Local Resident may be applied towards the 30 percent goal; and

The Contractor shall ensure posting a wide array of its construction job advertisements and/or seeking the assistance of a community service provider organization if necessary to ensure the **best efforts** hiring requirement provided for Local Workers are met in accordance with this Policy.

### All Projects Hiring Goals

For all projects, with the exception of affordable housing projects, a minimum ratio of one apprentice hour for every five journeyman hours shall be enforced, per State Labor code requirement, and contractors shall strive to obtain half of all apprentice hours on the project be performed by Local and Targeted Workers. Hours worked by an apprentice who is also a Targeted Worker or a Local Resident may be applied towards the 30 percent Local Resident and/or the 10 percent Targeted Worker hire goals.

### Policy Exemptions

Exceptions for projects in jurisdictions enforcing their own local hiring policy, and for projects with Federal or State funding prohibitions on geographic preferences will be determined on a case-by-case basis by Chief Executive Office (CEO), in consultation with the County Board of Supervisors Offices and County Counsel, and the exemption shall be stated in the corresponding Board letter.

Affordable housing projects financed with federal funds subject to 24 CFR Part 135 will follow local hiring and training guidelines promulgated through section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by certain Housing and Urban Development financial assistance can be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

For public housing modernization projects, bidding contractors must fill out a Business Hiring Survey (Survey) that identifies available job openings. The Survey is included in all solicitation materials, reviewed at pre-bid conferences, and discussed at regular meetings with construction project contractors.

## LOCAL AND TARGETED WORKER HIRE POLICY – RESIDENCY AND ELIGIBILITY REQUIREMENTS

### Local Worker Residency Preference Areas:

Area	Residency Requirement	Contractor Requirement
Tier 1	<p>An individual's primary residency is within five (5) miles of the proposed project site <b>and</b> is within a Qualifying Zip Code.</p> <p>If a qualifying Zip Code is partially located within the 5-mile radius, then the entire Zip Code is considered as a Tier I Zip Code, and workers living in that entire Zip Code area may qualify as Tier I hire.</p> <p>If a project is to be constructed at multiple non-contiguous locations, the qualifying Tier 1 zip codes will be calculated based upon a 5-mile radius of all of the combined project locations. Should the determination of a 5-mile radius of the combined project locations site prove to be impractical, all qualified Tier 1 and Tier 2 zip codes may be utilized without consideration of the 5-mile radius.</p>	<p>The Contractor and its subcontractors shall <u>first</u> meet the Local Worker Hire participation requirement by employing Qualified Local Residents from Tier 1. If the Contractor is unable to meet their entire Local Worker Hire need from this area, it must submit to the Project Manager or designated County representative a statement on company letterhead certifying that it has exhausted all available qualified Local Workers from this area during a 48-hour period before pursuing Qualified Local Residents from Tier 2.</p>
Tier 2	<p>An individual's primary residency is within a Qualifying Zip code; and (2) that Qualifying Zip Code is beyond five (5) miles of the proposed project site.</p>	

### Targeted Worker Eligibility Criteria:

	Policy
Category	<p>A targeted worker is an individual who is both a County resident and faces one or more of the following barriers to employment:</p> <ol style="list-style-type: none"><li>1. Has a documented annual income at or below 100 percent of the Federal Poverty Level;</li><li>2. Has no high school diploma or GED;</li><li>3. Has a history of involvement with the criminal justice system;</li><li>4. Is experiencing protracted unemployment (receiving unemployment benefits for at least 6 months);</li><li>5. Is a current recipient of government cash or food assistance benefits;</li><li>6. Is homeless or has been homeless within the last year;</li><li>7. Is a custodial single parent;</li><li>8. Is a former foster youth;</li><li>9. Is a veteran, or is the eligible spouse of a veteran of the United States armed forces, under Section 2(a) of the Jobs for Veterans Act (38 U.S.C.4215[a]);</li><li>10. Is an eligible migrant and seasonal farmworker;</li><li>11. Is currently an English language learner;</li><li>12. Is an older Individual (55+);</li><li>13. Is disabled; or</li><li>14. Is an individual with a low level of literacy.</li></ol>

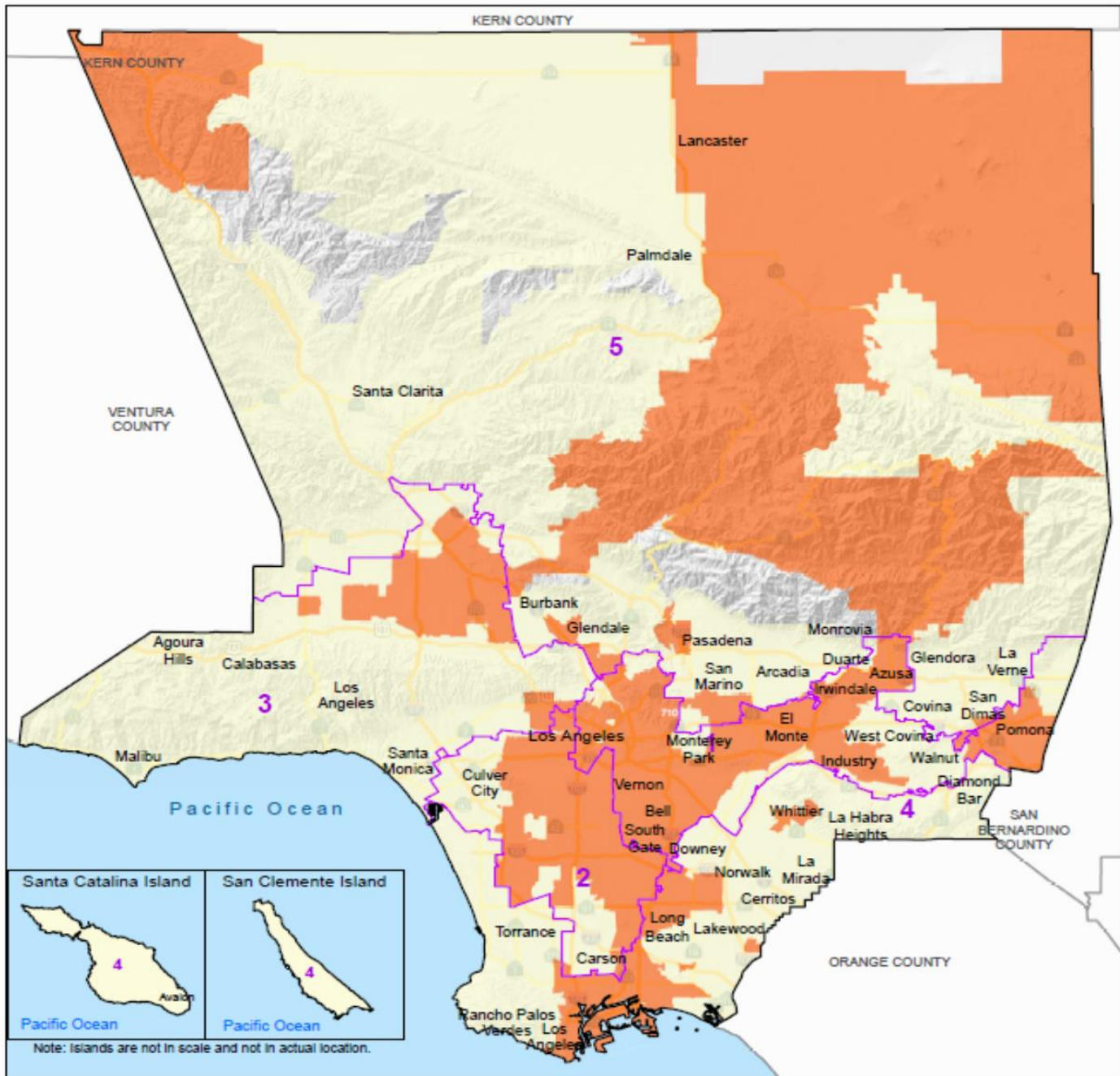
## POLICY REQUIREMENT HIRING GOALS

	Project Budget Greater than \$2.5 Million <b>Mandatory Hiring Goals</b>	Project Budget of \$500,000 to \$2.5 million <b>Best Efforts Hiring Goals</b>	Affordable Housing Projects
<b>Local Worker Hiring</b> Tier 1 or Tier 2	At least 30 percent of California Construction Labor Hours performed.	At least 30 percent of California Construction Labor Hours performed.	Affordable housing projects financed with federal funds subject to 24 CFR Part 135 will follow local hiring and training guidelines promulgated through section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by certain Housing and Urban Development financial assistance can be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.  For public housing modernization projects, bidding contractors must fill out a Business Hiring Survey (Survey) that identifies available job openings. The Survey is included in all solicitation materials, reviewed at pre-bid conferences, and discussed at regular meetings with construction project contractors
<b>Targeted Hiring</b>	At least 10 percent of California Construction Labor Hours on the project performed by those classified as a Targeted Worker.  Hours worked by a Targeted Worker who is also a Tier 1 or Tier 2 Qualified Local Resident may be applied towards the 30 percent goal.	N/A	
<b>Job Coordinator</b>	Use of a Job Coordinator to facilitate implementation of the Targeted hiring requirement.	N/A	
<b>Apprentice Hours</b>	A minimum ratio of one apprentice hour for every five journeyman hours shall be enforced, per State Labor code requirement, and contractors will strive to obtain half of all apprentice hours on the project be performed by Local and Targeted Workers.  Hours worked by an apprentice who is also a Targeted Worker or a Local Resident may be applied towards the 30 percent Local Resident or the 10 percent Targeted Worker hire goal.	A minimum ratio of one apprentice hour for every five journeyman hours shall be enforced, per State Labor code requirement, and contractors will strive to obtain half of all apprentice hours on the project be performed by Local Workers.  Hours worked by an apprentice who is also a Local Resident may be applied towards the 30 percent Local Resident hire goal.	



## COUNTY MAP

### Zip Code Tabulation Areas Where Percentage of Families Below 200% FPL is Higher Than Countywide Percentage - Los Angeles County





# COUNTY OF LOS ANGELES – COUNTYWIDE LOCAL AND TARGETED WORKER HIRE PROGRAM

## Qualifying Zip Codes (Under 200% Federal Poverty Level)<sup>1</sup>

Zip Code	Region	SD1	SD2	SD3	SD4	SD5
90001	Florence /South Central (City of LA)	X	X			
90002	Watts (City of LA)		X			
90003	South Central (City of LA)		X			
90004	Hancock Park (City of LA)	X	X	X		
90005	Koreatown (City of LA)		X	X		
90006	Pico Heights (City of LA)	X	X			
90007	South Central (City of LA)	X	X			
90008	Baldwin Hills /Crenshaw (City of LA) /Leimert Park (City of LA)		X			
90010	Wilshire Blvd (City of LA)		X	X		
90011	South Central (City of LA)	X	X			
90012	Civic Center (City of LA) /Chinatown (City of LA)	X				
90013	Downtown Los Angeles (City of LA)	X	X			
90014	Los Angeles	X	X			
90015	Downtown Los Angeles (City of LA)	X	X			
90016	West Adams (City of LA)		X			
90017	Downtown Los Angeles (City of LA)	X				
90018	Jefferson Park (City of LA)		X			
90019	Country Club Park (City of LA) /Mid City (City of LA)		X			
90020	Hancock Park (City of LA)		X	X		
90021	Downtown Los Angeles (City of LA)	X	X			
90022	East Los Angeles	X				
90023	East Los Angeles (City of LA)	X				
90026	Echo Park /Silverlake (City of LA)	X				
90028	Hollywood (City of LA)			X		
90029	Downtown Los Angeles (City of LA)	X	X	X		
90031	Montecito Heights (City of LA)	X				
90032	El Sereno (City of LA) /Monterey Hills (City of LA)	X				X
90033	Boyle Heights (City of LA)	X				
90034	Palms		X			
90035	West Fairfax		X	X		
90036	Park La Brea		X	X		
90037	South Central (City of LA)		X			
90038	Hollywood (City of LA)			X		
90040	Commerce, City of	X				
90042	Highland Park (City of LA)	X				X
90043	Hyde Park (City of LA) /View Park /Windsor Hills		X			
90044	Athens		X			
90047	South Central (City of LA)		X			
90057	Westlake (City of LA)	X	X			
90058	Vernon	X	X			
90059	Watts (City of LA) /Willowbrook		X			
90061	South Central (City of LA)		X			
90062	South Central (City of LA)		X			

<sup>1</sup> Source: 2017 ACS 5YR SF

Zip Code	Region	SD1	SD2	SD3	SD4	SD5
90063	City Terrace	X				
90065	Cypress Park (City of LA) /Glassell Park (City of LA) /Mt. Washington	X				
90089	USC (City of LA)	X	X			
90201	Bell /Bell Gardens /Cudahy	X				
90220	Compton /Rancho Dominguez		X			
90221	East Rancho Dominguez		X		X	
90222	Compton /Rosewood /Willowbrook		X			
90242	Downey				X	
90247	Gardena		X		X	
90250	Hawthorne (Holly Park)		X			
90255	Huntington Park /Walnut Park	X	X			
90260	Lawndale		X		X	
90262	Lynwood		X		X	
90270	Maywood	X				
90280	South Gate		X			
90301	Inglewood		X			
90302	Inglewood		X			
90303	Inglewood		X			
90304	Lennox		X			
90501	Torrance		X		X	
90601	Whittier	X			X	
90602	Whittier				X	
90640	Montebello	X				
90706	Bellflower				X	
90710	Harbor City (City of Los Angeles)		X		X	
90716	Hawaiian Gardens				X	
90723	Paramount				X	
90731	San Pedro (City of LA) /Terminal Island (City of LA)				X	
90744	Wilmington (City of LA)		X			
90802	Long Beach				X	
90804	Long Beach				X	
90805	North Long Beach (Long Beach)		X		X	
90806	Long Beach				X	
90810	Carson /Long Beach		X		X	
90813	Long Beach				X	
91001	Altadena					X
91042	Tujunga (City of LA)					X
91046	Glendale (Verdugo City)					X
91103	Pasadena					X
91201	Glendale					X
91203	Glendale					X
91204	Glendale (Tropico)					X
91205	Glendale (Tropico)					X
91303	Canoga Park (City of LA)			X		
91331	Arleta (City of LA) /Pacoima (City of LA)			X		
91335	Reseda (City of LA)			X		
91340	San Fernando			X		
91343	North Hills (City of LA)			X		X
91352	Sun Valley (City of LA)			X		X

Zip Code	Region	SD1	SD2	SD3	SD4	SD5
91401	Van Nuys (City of LA)			X		
91402	Panorama City (City of LA)			X		
91405	Van Nuys (City of LA)			X		
91406	Van Nuys (City of LA)			X		
91411	Van Nuys (City of LA)			X		
91502	Burbank					X
91601	North Hollywood (City of LA)			X		
91605	North Hollywood					X
91606	North Hollywood			X		
91702	Azusa	X				X
91706	Baldwin Park /Irwindale	X				X
91731	El Monte	X				X
91732	El Monte	X				X
91733	South El Monte					X
91744	City of Industry /La Puente /Valinda	X				
91746	Bassett /City of Industry /La Puente	X				
91755	Monterey Park	X				
91766	Phillips Ranch /Pomona	X				
91767	Pomona	X				X
91768	Pomona	X			X	X
91770	Rosemead	X				
91776	San Gabriel	X				X
91801	Alhambra					X
93243	Lebec					X
93534	Lancaster					X
93535	Hi Vista	X	X			
93543	Littlerock /Juniper Hills					X
93544	Llano					X
93550	Palmdale /Lake Los Angeles					X
93552	Palmdale					X
93560	Rosamond					X
93591	Palmdale /Lake Los Angeles					X

## POLICY IMPLEMENTATION

This Implementation Guidelines issued in conjunction with the Local and Targeted Worker Hire Policy provides standard language and definitions as a guide to notify proposers of the County's Policy for compliance of hiring Local and Targeted Workers. These guidelines are meant to facilitate the hiring of Local and Targeted Workers and should be used by all County departments, commissions and agencies administering related construction projects as well as Contractors and Subcontractors. Applicable referenced policy language shall be included in all Board-awarded County construction and development project documents. In addition:

- All requests for Solicitation/Proposal/Invitations for Bid (RFP/IFB), specifications must require all contractors submitting bids or proposals to agree to the terms of the County of Los Angeles (County) Local and Targeted Worker Hiring Policy.
- All construction project general contracts must include a provision obligating the Contractor and its Subcontractors to comply with the terms of the Countywide Local and Targeted Worker Hiring Policy through execution of an agreement.
- The construction contract must include provisions establishing enforcement and compliance of the Local and Targeted Worker Hiring Policy.

### Administration and Compliance

County Departments, Commissions and Agencies:

All participating County departments, commissions and agencies shall submit a Quarterly Summary Report of its contractors' data measures including, compliance of the Apprentice and Local and Targeted worker hiring for the preceding three months, as directed by the CEO.

Contractors:

Prior to commencing work, the Contractor, on behalf of itself and its Subcontractors, shall submit a report to the County Project manager or designated County representative that contains a workforce hiring plan (source of hiring Local and Targeted worker, trades to be requested, number of workers per trade, etc.) for the hiring of qualified Local and Targeted Workers and the assignment and use of the subcontractors' workforce to meet the Local and Targeted Worker Hiring requirement. The Contractor, on behalf of itself and its Subcontractors, shall submit monthly a Workforce Utilization Report (Form B) to report the actual number of California Construction Labor hours worked and the actual number of hours worked by Local and Targeted workers. Contractors shall submit Workforce Utilization Report (Form B) as directed by the County to the Project Manager or designated County representative no later than fifteenth calendar day of each month for the preceding month. If the fifteenth day falls on a weekend or holiday, the Report shall be due the following business day.

The Contractor and its Subcontractors shall use the Craft Employee Request Form (Form A) for all requests for dispatch of qualified Local Residents and Targeted workers, apprentices and journeymen from: the County's Department of Workforce Development, Aging and Community Services – America's Job Centers, a community service provider, a union hiring hall, or another source, in the event that assistance from these entities in obtaining such workers is needed

The Contractor and its subcontractors shall first meet the Local Worker Hire participation requirement by employing Qualified Local Residents from Tier 1. If the Contractor is unable to meet their entire Local Worker Hire need from this area, it must submit to the Project Manager or

designated County representative a statement on company letterhead certifying that it has exhausted all available qualified Local Workers from this area during a 48-hour period before pursuing Qualified Local Residents from Tier 2.

The Contractor, on behalf of itself and its Subcontractors, shall submit monthly a Status Report (Form D) to report actual Apprentice and journeyman hours worked, Targeted worker data and workers demographic profile. Contractors shall submit Status Report (Form D) as directed by the County to the Project Manager or designated County representative no later than fifteenth calendar day of each month for the preceding month. If the fifteenth day falls on a weekend or holiday, the Status Report shall be due the following business day.

The County may, in its sole discretion, elect to provide an online system for the Contractor and its Subcontractors to input the data required in the Status and Workforce Utilization Reports. If the County so elects, the Contractor and Subcontractors shall utilize that online system in lieu of completing and submitting the Status and Workforce Utilization Reports (forms B and D).

#### Monthly Mandatory Compliance Withholding

The Contractor's compliance with the Policy requirements will be evaluated monthly.

To enforce compliance on contracts containing **mandatory** hiring goals, an amount will be withheld from the monthly progress payment to the Contractor in proportion to the deficit percentage of the mandated Local and Targeted Hiring Goal percentage and the actual percentage obtained. This possible withholding shall commence with the second full month after issuance of the Notice to Proceed, to allow the contractor to fully mobilize for the project. The maximum that may be withheld during the duration of the project is one percent (1%) of the total construction contract amount, but not to exceed \$500,000, comprised of 0.75% for Local Worker goal compliance, and 0.25% for Targeted Worker goal compliance. This amount is called the Mandatory Compliance Withholding (MCW) amount. The MCW will be divided by the number of construction months in the baseline construction schedule to determine the Monthly Mandatory Compliance Withholding (MMCW) amount for non-compliance.

*Mandatory compliance withholding (MCW) amount is determined as follows:*

- Construction contract amount multiplied by Local/Targeted Worker goal compliance percentage (0.75% / 0.25%).

Construction Contract amount X .75% = Mandatory Compliance Withholding (MCW) for Local Workers

Construction Contract amount X .25% = Mandatory Compliance Withholding (MCW) for Targeted Workers

*Monthly Mandatory Compliance Withholding (MMCW) amount is determined as follows:*

- Mandatory Compliance Withholding amount divided by the baseline duration of the construction contract (number of months).

Mandatory Compliance Withholding (MCW) = Monthly Mandatory Compliance Amount (MMCW)  
Baseline Duration of Contract (in months)

*The actual amount, if any, withheld each month will be determined in the following manner:*

- 1) Actual Local/Targeted Hire Percentage for the month (a) = divide the actual Local/Targeted hire worker hours for the month by the actual California Construction Labor hours for the month
  - If this number is greater than or equal to 30% for Local Worker Hire, then there will be no amount withheld during this month.

- If this number is greater than or equal to 10% for Targeted Worker Hire, then there will be no amount withheld during this month.
- 2) Obtained Percentage of Actual Local/Targeted Hire for the month (c) = divide the actual Local/Targeted worker hire percentage (a) by the mandatory Local/Targeted hire percentage (b)
  - 3) Unmet percentage of the Local/Targeted Hire (d) = one minus percentage of actual Local/Targeted hire (c)
  - 4) Monthly Withholding Amount (f) = multiply unmet percentage of Local/Targeted hire by the MMCW (d x e)

The mathematical process for the above is as follows:

#### Local Worker Monthly Withholding Calculation <sup>2</sup>

Actual Local Worker Hire Percentage (a)	Mandatory Local Worker Hire Goal (b)	Obtained Percentage Local Worker Hire (c) (c=a / b)	Unmet Percentage of Local Worker Hire (d) (d=1-c)	Local Worker MMCW (e)	Monthly Withholding Amount (f) (f=d*e)
Actual Local Worker Hire Hours Actual California Construction Labor Hours	30%	Actual Local Worker Hire Percentage Mandatory Local Worker Hire Percentage (30%)	1-Percentage of Local Worker Hire	\$XXX	Unmet Percentage of Local Worker Hire * \$XXX

#### Targeted Worker Monthly Withholding Calculation<sup>1</sup>

Actual Targeted Worker Hire Percentage (a)	Mandatory Targeted Worker Hire Goal (b)	Obtained Percentage Targeted Worker Hire (c) (c=a / b)	Unmet Percentage of Targeted Worker Hire (d) (d=1-c)	Targeted Worker MMCW (e)	Monthly Withholding Amount (f) (f=d*e)
Actual Targeted Worker Hire Hours Actual California Construction Labor Hours	10%	Actual Targeted Worker Hire Percentage Mandatory Targeted Worker Hire Percentage (10%)	1-Percentage of Targeted Worker Hire	\$XXX	Unmet Percentage of Targeted Worker Hire * \$XXX

#### Final Reconciliation of MCW

If, at the completion of a project, the County has withheld funds due to the monthly MMCW calculations, a final reconciliation will be performed to determine the contractor's ultimate compliance with the Local and Targeted Work Hiring **mandatory** requirements based on the total actual Local and Targeted Worker hours incurred on the project. This reconciliation will be based on the same formulae specified above for the monthly withholding calculations, except that: (1) the Actual Local and Targeted Worker Hire percentages shall be calculated based on the total project hours instead of the monthly hours; and (2) the MCW shall be used instead of the MMCW. If, after taking into account all hours of project work performed, the Local and Targeted Worker Hiring **mandatory** requirements of the Policy have been satisfied for a Project, then the Contractor and its Subcontractors working on that Project shall be deemed to be in compliance,

<sup>2</sup> Local and Targeted Worker Monthly Withholding Calculation Examples available in Attachment 4

and all withheld funds shall be paid to the contractor. The County will not be required to pay interest on any amounts withheld during the term of the contract.

If, after taking into account all hours of project work performed, the Local and Targeted Worker Hiring **mandatory** requirements of the Policy have not been satisfied for a Project, then the Contractor and its Subcontractors working on that Project shall be deemed to not be in compliance, and the final calculated withholding amount shall be retained by the County as liquidated damages for the contractor's failure of compliance.

#### Construction Contract Amount

Construction contract amount is the base construction contract value and does not include change orders. Change orders requiring Board approval will increase construction contract value. Construction contract value increased as a result of Board approved change order(s) does not affect the initial Hiring Goal (from best effort to mandatory). Change orders approved by the Board which result in Design-build construction contract value does not include design allowance.

#### Baseline Contract Duration

Baseline construction duration may be adjusted due project circumstances, with County approval. Should baseline construction duration be adjusted, it will become effective the month the County approves the adjustment. The MMCW will be recalculated for the effective month and months to follow. The final project compliance evaluation will be based on the adjusted baseline construction duration.

#### Exception to Full Compliance with Targeted Worker Hiring Mandatory Requirements

If the Targeted Worker Hiring mandatory requirements of the Policy have not been satisfied as required for a Project, the Contractor nonetheless may be deemed to be in compliance if the Contractor demonstrates both (a) that the Contractor and each of its Subcontractors have complied with all other requirements of the Policy, and (b) that the Contractor and each of its Subcontractor have satisfactorily demonstrated the following:

- Documented contact with the union, Department of Workforce Development, Aging and Community Services, America Job Centers or with an agency that supports and provides employment and training services for Targeted Workers in construction employment, and in which instance the agency did not refer a qualified Targeted Worker to the Contractor or Subcontractor within 48 hours of the job request for fair consideration of the Targeted Worker.



## Best Effort Compliance

In concert with the Policy **best efforts** requirements, at the conclusion of the project, the County will conduct a final evaluation of the Contractor's compliance with the Local Worker Hiring to assess if the Contractor has applied its **best efforts** to meet the Local Worker Hiring requirements of the Policy.

All applicable construction contracts shall contain a provision whereby the County and the Contractor specifically agree that the Local and Targeted Hire participation MCW amount, minus the total value of previous releases, in direct proportion to the actual Local and Targeted hire participation levels achieved by the Contractor shall be imposed as liquidated damages, and not as a forfeiture or penalty. It shall be further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained due to the Contractor's inability to achieve the Local and Targeted Worker Hiring **mandatory** requirements.

For construction contracts where the work is performed for a private County Lessee, the Lessee shall be responsible for administration of all aspects of the Local and Targeted Worker Policy, including the calculation and deduction of the Local and Targeted Hire participation MCW. At the conclusion of the project, the Lessee shall pay the designated County representative any such amounts collected, and shall provide a full report to the designated County Representative of all monthly information required to be collected in accordance with the Policy.

## County Reporting

CEO will provide quarterly reports to the Offices of the Board of Supervisors and the Economic Development Policy Committee on the compliance of data measures of the Local and Targeted and Apprentice Worker Hire Policy requirements. CEO will annually, report if the goal requirement percentages can be feasibly increased based on documented performance.

County departments, commissions, and agencies administering construction projects under this Policy will be required to monitor and provide enforcement of the Policy. It should be noted the Contractor is ultimately responsible for its and its Subcontractors' compliance with the County's Policy requirements.

## Referral Process for Local and Targeted Worker Hiring Policy

The following resources may be used to connect Contractors/Subcontractors to workers meeting the definition of a Local and Targeted Worker, should the Contractor/Subcontractor require assistance. Additional Community Service Providers may be used by Contractors/Subcontractors to identify Local Residents and Targeted Workers.

- Los Angeles County Workforce Development, Aging, and Community Services: <http://wdacs.lacounty.gov/>
- LA Jobs: <https://www.jobsla.org/vosnet/Default.aspx>
- Cal Jobs: <http://www.caljobs.ca.gov/vosnet/Default.aspx>
- Helmets to Hardhats: <https://www.helmetstohardhats.org>
- America's Job Center of California: <http://www.americasjobcenter.ca.gov/>



## **Terms and Definitions**

<b>America Job Centers</b>	A network of public and private partners working together to support workers and businesses by serving their employment and training needs. Centers are funded by the Federal Workforce Investment Act (WIA) and most services are available at no cost.
<b>Best Effort</b>	Documentation that Contractor has complied with all requirements of the Policy including documented contact to hire local workers the unions, Department of Workforce Development, Aging and Community Services, America Job Centers or with an agency that supports and provides employment and training services for local and targeted workers in construction employment.
<b>California Construction Labor Hours</b>	All craft worker hours performed on the project by California residents, excluding the hours performed by off-site material fabricators, designers, project office staff, or vendors.
<b>Certified Payroll Reports</b>	In accordance with the requirements of Section 1776 of the Labor Code, State of California Certified Payroll Reports.
<b>Community Service Provider</b>	A network of public and private partners working to support workers and businesses by serving their employment and training needs. Some centers are funded by the Federal Workforce Investment Act (WIA) and most services are available at no cost.
<b>Craft Employee Request Form</b>	Form A used by the contractor/subcontractor to request dispatch of craft workers (including, but not limited to, apprentices and journeymen), who are Local Residents or Targeted Workers, from a Community Service Provider or union hiring hall in the event that assistance in obtaining such workers is needed.
<b>Jobs Coordinator</b>	An individual or firm that facilitates implementation of the Targeted Worker hiring requirements of the County of Los Angeles for the contractors/subcontractors. The Jobs Coordinator must be able to demonstrate or document to the County the requisite qualifications and/or experience to fulfill the duties and responsibilities as outlined in this Implementation Guidelines.
<b>Local and Targeted Worker Hire Policy</b>	On June 11, 2019, the County Board of Supervisors approved Board Policy No. 5.270 to implement Countywide Local and Targeted Worker Hire requirements on ALL construction projects based on the project budgets or work order amount (for JOC) provided for these projects.
<b>Local Worker (Resident)</b>	An individual who resides in the County of Los Angeles in a zip code within a five-mile radius of the project or resides within a County zip code where the average percentage of households living below 200 percent of the FPL is greater than the County average for such households.
<b>Targeted Worker</b>	An individual who resides in County of Los Angeles and face at least one of the barriers to employment, as outlined in the Local and Targeted Worker Hire Policy.
<b>Status Report</b>	Form D used by the contractor/subcontractor to report actual project hours worked by Apprentice and Journeyman. Targeted Worker categories and demographic profiles are also reported on this form.
<b>Workforce Utilization Report</b>	Form B used by the contractor/subcontractor to report the actual project hours and percentage worked by Tier 1 and 2 Local and Targeted Workers, including the hours of the subcontractors' workforce to meet the Policy hiring goal.
<b>Qualifying Zip Codes</b>	Form C reflects a Zip Code within the County of Los Angeles, where either: (1) the average percentage of households living below 200 percent of the Federal Poverty Level (FPL) for that individual's primary residency's Zip Code is greater than the County average for such households; or (2) the Zip Code is one of 11 additional Zip Codes determined by the Board on September 6, 2011 to be a Zip Code where at least 30 percent of the population is living in poverty, and with an unemployment rate of at least 150 percent of the national average.

## Frequently Asked Questions

**Q: Which County departments are affected by the new Local and Targeted Worker Hire Policy?**

**A:** All County departments, commissions and agencies administering project development agreements, including but not limited to; ground leases, loan agreements, grant agreements, design-build contracts, and contracts for County capital and construction projects that require Board approval are affected in accordance with the project value thresholds.

Example: County Funded Projects

Project Budget	Policy Threshold	Local Hire Required	Targeted Worker Required	Apprentice Hours Required	Policy Goal	Exception(s)
≤\$499,999	N/A	N/A	N/A	N/A	N/A	N/A
\$2.501M	>\$2.5M	YES	YES	YES	<b>Mandatory:</b> 30% labor hours from Local Hires  <b>Mandatory:</b> 10% labor hours from Targeted Worker Hire  <b>Best Efforts:</b> 1 apprentice hour for every five journeyman hours – half of apprentice hours performed by Local and Targeted Workers	Affordable Housing
\$1M	\$500,000 to \$2.5M	YES	N/A	YES	<b>Best Efforts:</b> 30% labors hours from Local Hires  <b>Best Efforts:</b> 1 apprentice hour for every five journeyman hours – half of apprentice hours performed by Local Workers	Affordable Housing
State/Federal Funds	See Above	See Above	See Above	See Above	See Above	May ask for Exemption

Example: Affordable Housing and Mixed-Use Housing Projects

Project Budget	Policy Threshold	Local Hire Required	Targeted Worker Required	Apprentice Hours Required	Policy Goal	Exception(s)
≤\$499,999	N/A	N/A	N/A	N/A	N/A	N/A
>\$2.5M w/County Funds		>\$2.5M	YES	YES	<b>Best Efforts:</b> 30% labor hours from Local Hires  <b>Best Efforts:</b> 10% Targeted Worker Hire  <b>Best Efforts:</b> 1 apprentice hour for every five journeyman hours – half of apprentice hours performed by Local and Targeted Workers	Jurisdictions enforcing its own local hire or targeted worker hire policy; and projects with Federal and State funding

**Q: Does the new Local and Targeted Worker Hire Policy apply to private development on County property?**

A: Yes, the new policy applies to all project development agreements, including ground leases, loan agreements; grant agreements, design/build contracts, and construction contracts.

**Q: Does the new Local and Targeted Worker Hire Policy apply to Amendments?**

A: Only if the amendment requires Board approval.

**Q: Does the Local and Targeted Worker Hire Policy apply to maintenance and repair projects?**

A: The Policy applies to Board approved contracts. If any part of a maintenance or repair project is performed using a Board approved contract and the Policy monetary threshold is met then the Policy applies. If the maintenance or repair is performed without a Board approved contract or the monetary threshold of the Policy is not met then the Policy does not apply.

**Q: Are there any exemptions to the policy?**

A: Exemptions may be granted for projects in which jurisdictions enforcing their own local hiring policy, and for projects with Federal or State funding prohibitions on hiring preferences. Exemption requests must be stated in the Board letter seeking approval of the contract or the project with sufficient justification.

**Q: Is there a Local hire requirement for programs that receive Federal funding of any kind?**

A: Yes, Affordable housing projects financed with federal funds subject to 24 CFR Part 135 will follow local hiring and training guidelines promulgated through section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by certain Housing and Urban Development financial assistance can be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

**Q: What is the definition of a Targeted Worker?**

A: A targeted worker is an individual who is both a County resident and faces one or more of the following barriers to employment:

1. Has a documented annual income at or below 100 percent of the Federal Poverty Level;
2. Has no high school diploma or GED;
3. Has a history of involvement with the criminal justice system;
4. Is experiencing protracted unemployment (receiving unemployment benefits for at least 6 months);
5. Is a current recipient of government cash or food assistance benefits;
6. Is homeless or has been homeless within the last year;
7. Is a custodial single parent;
8. Is a former foster youth;
9. Is a veteran, or is the eligible spouse of a veteran of the United States armed forces, under Section 2(a) of the Jobs for Veterans Act (38 U.S.C.4215[a]);
10. Is an eligible migrant and seasonal farmworker;
11. Is currently an English language learner;
12. Is an older Individual (55+);
13. Is disabled; or
14. Is an individual with a low level of literacy.

**Q: Are there penalties for failing to meet the hiring requirements?**

A: Yes, to enforce compliance on contracts containing **mandatory** hiring goals, an amount will be withheld from the monthly progress payment to the Contractor in proportion to the deficit percentage of the mandated Local and Targeted Hiring Goal percentage and the actual percentage obtained. The maximum that may be withheld during the duration of the project

is one percent (1%) of the total construction contract amount, but not to exceed \$500,000. This amount is called the Mandatory Compliance Withholding (MCW) amount.

**Q: How often are the Contractor/Subcontractors required to report to the County?**

A: Contractors/Subcontractors must provide required reports (Worker Utilization Report – Form B and Status Report – Form D) monthly to the Project Manager or designated County representative.

**Q: How often are departments, commissions, and agencies required to report?**

A: Departments, commissions and agencies provide quarterly compliance data measures of the Local and Targeted and Apprentice Worker Hire requirements to the CEO. The CEO provides a summary level to the Board of Supervisors quarterly based on data received from departments, commissions and agencies.

## ATTACHMENTS

Attachment 1: Prequalified Jobs Coordinators

Attachment 2: Jobs Coordinator Minimum Qualifications

Attachment 3: Responsibilities of The Jobs Coordinator

## FORMS

Form A: Craft Employee Request Form

Form B: Workforce Utilization Report

Form B: Workforce Utilization Report – Sample Calculations

Form C: Status Report

Form D: Sample Local and Targeted Worker Hiring Withholding Calculations

**Prequalified Jobs Coordinators (5/3/2017)**

Attachment 1

A-Selah, LLC Dr. OnyekamBuashie Amatokwu 10650 S. Gramercy Place Los Angeles, CA 90047 TEL: 323.755.2783 FAX: 323.755.2783 a.selah@yahoo.com	Casamar Group, LLC Joe Garcia 23445 Glenridge Drive Santa Clarita, CA 91321 TEL: 661.254.2373 FAX: 661.253.0549 jgarcia@casamargroup.com
Del Richardson & Associates, Inc. Del Richardson 510 S. La Brea Avenue Inglewood, CA 90301 TEL: 310.645.3729 FAX: 310.645.3355 Del.Richardson@drainc.com	DPA – D. Pickett & Associates, Inc. Donetta Pickett 2909 San Francisco Avenue Long Beach, CA 90806 TEL: 213.422.0646 dpickett@dpa-grp.com
Gail Charles Consulting Services Gail Charles 33655 Wild Horse Way Yucaipa, CA 92399 TEL: 909.797.0692 FAX: 909.797.0675 Gail.charles@charleslegalservices.com	Harris & Associates John W. Harris 865 S. Figueroa Street, Suite 2750 Los Angeles, CA 90017 TEL: 213.489.9833 FAX: 213.489.3761 john@jwharrislaw.com
Managed Career Solutions, Inc. Dr. Philip Starr 3333 Wilshire Blvd., Suite 405 Los Angeles, CA 90010 TEL: 213.355.5312 FAX: 213.381.5053 pstarr@mcscareergroup.com	Modern Times, Inc. Joseph Hernandez 1892 E. Alta Dena Drive Altadena, CA 91001 TEL: 213.810.6105 FAX: 626.316.7103 joe@moderntimesinc.com
Parsons Constructors, Inc. Daniel Sloan 100 West Walnut Street Pasadena, CA 91124 TEL: 206.295.3303 FAX: 626.440.2516 Dan.sloan@parsons.com	PDA Consulting, Inc. Michael Ector 110 La Brea Avenue, Suite 420 Inglewood, CA 90301 TEL: 310.680.3740 FAX: 310.680.4098 mike.ector@pdaconsultinggroup.com
Playa Vista Job Opportunities and Business Services Ernest Roberts 4112 S. Main Street Los Angeles, CA 90037 TEL: 323.432.3955 FAX: 323.432.3995 eroberts@pvjobs.org	SGI Construction Management Evan M. Scott 199 S. Hudson Avenue Pasadena, CA 91101 TEL: 626.395.7474 FAX: 626.395.9494 escott@sgicm.com
The Solis Group Gary A. Hamm 145 Vista Avenue, Suite 104 Pasadena, CA 91107 TEL: 626.685.6989 FAX: 626.685.6985 ghamm@thesolisgroup.com	UAW – Labor Employment and Training Corporation Southeast Los Angeles Crenshaw Work Source Center Roy Kim 3965 South Vermont Avenue Los Angeles, CA 90037 TEL: 323.730.7900 ext. 221 FAX: 323.334-2558 rbkim@selawsc.com

### Jobs Coordinator Minimum Qualifications

A minimum of 3 years' experience as a firm providing Jobs Coordinator services. Successful candidates for Jobs Coordinators must be able to demonstrate the in-depth ability, experience, and possess the necessary staff capable of providing required services.

A successful Jobs Coordinator firm must demonstrate they possess working relationships with the Building Trades, Targeted Workers and signatory craft councils and unions operating within County of Los Angeles' jurisdiction by describing previous interactions, relationships, and partnerships with these party's/groups.

A successful Jobs Coordinator firm must be able to demonstrate that it has experience on small and large-scale projects.

A successful Jobs Coordinator firm must demonstrate that they possess experience with Targeted Worker populations.

A successful Jobs Coordinator firm must have experience in working with work-source centers, faith-based organizations and other Community Based Organizations (CBOs).

A successful Jobs Coordinator firm must be familiar with incentive programs and tax credit subsidies provided by the State and Federal government to hire workers that fit the corresponding category. Jobs Coordinator to describe their experience in working with these programs.

### Responsibilities of The Jobs Coordinator

Play an integral part in the success of its partners in obtaining the Targeted Workers hiring percentages. It is the responsibility of the Prime Contractor to designate a Jobs Coordinator who will effectively perform the following:

- The Jobs Coordinator shall develop, create, design and market specific programs to attract Targeted Workers for construction opportunities (e.g. handouts and fliers for “walk-ins” demonstrating program entrance procedures).
- The Jobs Coordinator shall coordinate services for contractors to use in the recruitment of Targeted Workers.
- The Jobs Coordinator shall educate and assist contractors on incentives provided by state or federal programs for on-the-job training and employer tax credits.
- The Jobs Coordinator shall conduct orientations, job fairs and community outreach meetings in the local community.
- The Jobs Coordinator shall screen and certify the Targeted Workers status.
- The Jobs Coordinator shall establish a referral and retention tracking mechanism for placed Targeted workers and apprentices.
- The Jobs Coordinator shall network with the various work source centers, community and faith-based organizations and other non-profit entities that provide qualified Local and/or Targeted Workers.
- The Jobs Coordinator shall coordinate with the various building trades crafts for referral and placement of Targeted Workers.
- The Jobs Coordinator shall maintain a database of pre-qualified Targeted Workers for referral.
- The Jobs Coordinator shall be the point of contact to provide information about available job opportunities on projects.
- The Jobs Coordinator shall assist the Subcontractors with their documentation effort and other reports as it relates to their Targeted Worker hiring requirements.
- The Jobs Coordinator shall work closely with County staff, the building trades and Subcontractors in achieving the Targeted hiring goals.
- The Jobs Coordinator shall work closely with Workforce Development, Aging and Community Services, local agencies, such as America’s Job Centers of California, Social Enterprises, and local community-based organizations to outreach, recruit and create a pipeline to employ residents from the community in which the project is located.



# BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

<b>CLUSTER AGENDA REVIEW DATE</b>	11/16/2022		
<b>BOARD MEETING DATE</b>	12/6/2022		
<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>	CEO		
<b>SUBJECT</b>	HARBOR-UCLA MEDICAL CENTER CAMPUS FIRST AMENDMENT TO THE OPTION TO LEASE AGREEMENT WITH THE LUNDQUIST INSTITUTE FOR BIOMEDICAL INNOVATION AT THE HARBOR-UCLA MEDICAL CENTER CAMPUS FOR A BIOSCIENCE TECHNOLOGY PARK		
<b>PROGRAM</b>	N/A		
<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>	Option must be extended as deadline for satisfaction of Tier 1 conditions expires on December 31, 2022.		
<b>COST &amp; FUNDING</b>	Total cost:	Funding source:	
	\$		
	TERMS (if applicable):		
	Explanation:		
<b>PURPOSE OF REQUEST</b>	Request for approval of, and delegation of authority to execute, a First Amendment to the Option to Lease Agreement (Option Agreement) with the Lundquist Institute for Biomedical Innovation (TLI) at the Harbor-UCLA Medical Center Campus for a Bioscience Technology Park (Biotech Park).		
<b>BACKGROUND (include internal/external issues that may exist including any related motions)</b>	The County and TLI entered into an Option Agreement on December 30, 2020, for a proposed biotechnology park. The Option Agreement has a total term of 25 years, with a maximum of 15 years to develop Phase 1 and a maximum of 10 years thereafter to develop any future development. TLI is required to satisfy the Tier 1 conditions for Phase 1 by December 30, 2022 and must satisfy the Tier 2 conditions for the first building, exercise the option, and enter into the first ground lease by December 30, 2024. Given the on-going Restorative Care Village study and the continuing Master Plan construction activities, the parties agreed for the need to extend all the deadlines set forth in the Option Agreement by two years. The proposed First Amendment to the Option Agreement will set the effective date of the option on December 30, 2022.		
<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: Michael Rodriguez, Chief Program Specialist (213) 974-4246 mgrodriguez@ceo.lacounty.gov		



FESIA A. DAVENPORT  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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

Board of Supervisors  
HILDA L. SOLIS  
First District

HOLLY MITCHELL  
Second District

SHEILA KUEHL  
Third District

JANICE HAHN  
Fourth District

KATHRYN BARGER  
Fifth District

December 6, 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:

**HARBOR-UCLA MEDICAL CENTER CAMPUS  
FIRST AMENDMENT TO THE OPTION TO LEASE AGREEMENT  
WITH THE LUNDQUIST INSTITUTE FOR BIOMEDICAL INNOVATION  
AT THE HARBOR-UCLA MEDICAL CENTER CAMPUS  
FOR A BIOSCIENCE TECHNOLOGY PARK  
(SECOND DISTRICT) (3 VOTES)**

**SUBJECT**

Request for approval of, and delegation of authority to execute, a First Amendment to the Option to Lease Agreement (Option Agreement) with the Lundquist Institute for Biomedical Innovation (TLI) at the Harbor-UCLA Medical Center Campus for a Bioscience Technology Park (Biotech Park).

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the recommended actions are within the scope of the Harbor-UCLA Medical Center Campus Master Plan (Master Plan) project impacts analyzed in the Environmental Impact Report (EIR) previously certified by the Board.
2. Approve and authorize the Chief Executive Officer, or her designee, to execute the First Amendment to the Option Agreement with TLI to extend the deadlines set forth in the Option Agreement.

3. Approve and authorize the Chief Executive Officer, or her designee, to execute any ancillary documentation, approved as to form by County Counsel, that is necessary to effectuate the First Amendment to the Option Agreement, and to implement and effectuate the terms of the First Amendment to the Option Agreement and the development of the Biotech Park, as set forth herein.

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

The purpose of the recommended actions is to approve and authorize the Chief Executive Officer to execute the First Amendment to the Option Agreement to extend the Option Agreement deadlines for two years.

The County and TLI entered into an Option Agreement on December 30, 2020, for a proposed biotechnology park contemplated to be developed in two phases. The Option Agreement grants TLI the exclusive option to ground lease land within the Harbor-UCLA Medical Center Campus subject to meeting certain conditions referred to as the Tier 1 and Tier 2 conditions. When TLI is ready to develop Phase 1 of the project, TLI will submit a site plan identifying the desired location and meet all Tier 1 and Tier 2 conditions, before the parties enter into a ground lease for the specific site for each specific building. Tier 1 conditions are baseline conditions that must be met to develop all the buildings contemplated in Phase 1, including a phasing plan, parking plan, and relocation plans. Tier 2 conditions are site specific conditions that must be met to build a specific building in Phase 1, including evidence of funding, and a leasing and operation plan. Any development in Phase 2 will also be subject to meeting all Tier 1 and Tier 2 conditions.

The Option Agreement has a total term of 25 years, with a maximum of 15 years to develop Phase 1 and a maximum of 10 years thereafter to develop any future development. TLI is required to satisfy the Tier 1 conditions for Phase 1 by December 30, 2022 and must satisfy the Tier 2 conditions for the first building, exercise the option, and enter into the first ground lease by December 30, 2024.

The parties agree that it would be in their best interests to extend the dates of implementation of the Option Agreement. It was agreed that the Option Agreement deadlines would be extended by two years, including moving the Tier 1 condition deadline to December 30, 2024.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Option Agreement and the proposed amendment support the Countywide Strategic Plan Goal II.1, which calls for driving economic and workforce development in the County, and Strategic Plan Goal III.3.2, which calls for maximizing use of County assets, guiding strategic investments, and supporting economic development, in ways that are fiscally responsible and align with the County's highest priority needs. The creation of the Biotech Park will generate construction jobs and biotech jobs by providing space in the County for newly emerging biotech companies and by providing a funding mechanism for community benefits.

### **FISCAL IMPACT/FINANCING**

The First Amendment to the Option Agreement will have no fiscal impact.

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

The nonprofit, TLI, formerly known as LA BioMed, has been located at the Harbor-UCLA Medical Center Campus for nearly 70 years, and has worked in partnership with the County generating new medical paradigms, diagnostics, therapies, and devices for use all over the world. TLI currently leases an approximately 11-acre portion of the medical campus, pursuant to multiple ground leases with the County.

Pursuant to Government Code section 26227, the Board may make available real property, not needed for County purposes, to non-profit entities for the operation of programs, which serve public purposes and are necessary to meet the social needs of the populace of the County. The County is currently using the property, which is the subject of the Option Agreement, but said property, or portions of said property, will not be needed for County purposes at the time of possession by TLI.

On November 16, 2021, the Board approved a motion to authorize a feasibility study on the merits and cost to create a Restorative Care Village on the Harbor-UCLA Medical Center Campus. Said study includes consideration of the location of the proposed Biotech Park and is due to the Board in June of 2023. Given this study and the continuing Master Plan construction activities, the parties agreed for the need to extend all the deadlines set forth in the Option Agreement by two years. The proposed First Amendment to the Option Agreement will set the effective date of the option on December 30, 2022.

## **ENVIRONMENTAL DOCUMENTATION**

On December 20, 2016, the Board approved the Master Plan and certified the final EIR for the Master Plan project, in compliance with CEQA. A Notice of Determination was filed on December 21, 2016. The EIR for the Master Plan project analyzed the development of a new Biotech Park building(s) up to 250,000 square feet on the western portion of the property.

The recommended actions, which extend the deadlines in the Option Agreement to develop a Biotech Park totaling 250,000 square feet on approximately seven to nine acres at the northwest portion of the Harbor-UCLA Medical Center Campus, are within the scope of the impacts analyzed in the previously certified EIR. There are no changes to the project, or to the circumstances under which the project is undertaken, that require further review under CEQA. Once design is complete and prior to implementing the proposed project, the County will review the project to determine whether further findings under CEQA are necessary.

Upon the Board's approval, the Chief Executive Office will file a Notice of Determination with the Registrar-Recorder/County Clerk, in accordance with section 21152 of the California Public Resources Code.

The location of the documents and other materials constituting the record of the proceedings upon which the Board's decision is based in this matter, is as follows: Chief Executive Office, Asset Management Branch, Capital Programs Division, 500 West Temple Street, Room 754, Los Angeles, CA 90012.

## **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The First Amendment to the Option Agreement will not impact any current services in the area. To the extent TLI desires to exercise its option on areas then in use by the County, TLI will be required to relocate any affected staff, furniture, fixtures, and equipment and County operations, including securing replacement space, at no cost to the County. TLI is required to construct and operate the Biotech Park without impacting the operation of the hospital.

The Honorable Board of Supervisors  
December 6, 2022  
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## **CONCLUSION**

It is requested that the Executive Office of the Board return the adopted, stamped Board letter to the Chief Executive Office, 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:MGR:gb

Attachment

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

## **FIRST AMENDMENT TO OPTION AGREEMENT**

### **(BIOSCIENCE TECHNOLOGY PARK AT HARBOR-UCLA MEDICAL CENTER)**

THIS FIRST AMENDMENT TO OPTION AGREEMENT (“**Amendment**”) dated as of \_\_\_\_\_, 2022 (the “**Amendment Effective Date**”), by and between the COUNTY OF LOS ANGELES (“**County**”) and the LUNDQUIST INSTITUTE FOR BIOMEDICAL INNOVATION AT HARBOR-UCLA MEDICAL CENTER, a California nonprofit public benefit corporation (“**Optionee**”). County and Optionee may be referred to in this Agreement individually as “**Party**” and collectively as the “**Parties**.” This Amendment is entered into with reference to the following facts and circumstances:

#### **RECITALS**

A. On December 30, 2020 (the “**Option Agreement Effective Date**”), the County and the Optionee entered into that certain Option to Lease Agreement (Bioscience Technology Park at Harbor-UCLA Medical Center) (“**Option Agreement**”), which is incorporated by reference as if set forth herein. Capitalized terms not defined in this Amendment shall have the meaning set forth in the Option Agreement.

B. The County is implementing a project to substantially renovate and replace the current Harbor-UCLA Medical Center (“**Hospital Replacement**”).

C. The Parties acknowledge that portions of the Premises will be used for construction staging, laydown and other purposes for the Hospital Replacement, and that existing buildings in the Premises continue to be used and occupied by Hospital and County employees to provide service and care to the community.

D. The Board of Supervisors approved a Motion on November 16, 2021, to cause the County to undertake a feasibility study to assess the comparative merits of creating a Harbor-UCLA Medical Center Campus Restorative Care Village (“**Feasibility Study**”), which could potentially impact the location and scope of the Project.

E. The Parties agree that it would be in their best interests to extend the dates of implementation of the Option Agreement.

F. On December 6, 2022, the Board of Supervisors authorized the Chief Executive Officer to execute an Amendment to the Option Agreement to extend the dates of the implementation of the Option Agreement.

G. In light of the foregoing, the County and Optionee agree to extend the dates for implementation of the Option Agreement as set forth herein.

## AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and Optionee agree as follows:

1. The Effective Date of the Option Agreement is hereby amended to be December 30, 2022. All references to the “Effective Date” in the Option Agreement that require action to be taken within a specified period of time from the Option Agreement Effective Date, and which have not yet occurred, shall be and hereby are extended by two (2) calendar years and shall refer instead to December 30, 2022. Without limiting the foregoing, the Option Agreement is hereby amended as follows:

a. Option Term. The Option Term shall be for a maximum of twenty-five (25) years from December 30, 2022.

b. Satisfaction of Tier 1 Conditions. Pursuant to Section 5.1 of the Option Agreement, Optionee shall obtain the County’s approval of the Tier 1 Conditions prior to December 30, 2024. Pursuant to Section 3.1 of the Option Agreement, Optionee shall use commercially reasonable efforts to satisfy all the Tier 1 Conditions for Phase I prior to December 30, 2024.

c. Development of Site 1. Pursuant to Section 3.2.1(ii) of the Option Agreement, Optionee shall complete construction of, and obtain a temporary or permanent certificate of occupancy for the base shell and core together with a permanent certificate of occupancy for at least one occupied tenant space for Building 1 prior to December 30, 2027.

d. Timing of Future Development. The Parties agree that pursuant to Section 3.3 of the Option Agreement, the outside date for Optionee to obtain entitlements for the Future Development and to exercise the Option with respect to the first Lease of any Site to be developed under the Future Development shall be December 30, 2037 (the fifteenth (15<sup>th</sup>) anniversary of December 30, 2022).

e. Activities by Optionee/Use of Premises. Optionee will not undertake any of the actions described in Sections 8 or 9 of the Option Agreement prior to December 30, 2022, with the exception of the Tier 1 Condition set forth in Section 5.1.6 (Developer Qualifications) of the Option Agreement. During the period prior to the Optionee’s satisfaction of the Tier 1 Conditions under the Option Agreement, the County may use the Premises for any purpose deemed necessary or appropriate by the County, including, without limitation for the Hospital Replacement or other construction projects in the Harbor-UCLA Medical Center campus but subject to Section 2.3 of the Option Agreement.

2. Except as expressly set forth herein, all the terms and provisions of the Option Agreement shall remain unchanged and in full force and effect.

3. This Amendment contains the entire agreement between the Parties, with the recitals at the beginning of the Amendment expressly incorporated, and no statements, promises, or inducements made by either Party or agent of either Party that is not contained in the



Amendment shall be valid or binding. This Amendment may not be enlarged, modified, or altered except by writing signed by the Parties.

4. This Amendment may be signed in counterparts, which together shall constitute one and the same agreement. Signatures may be delivered by PDF or other electronic means and shall have the same effect as an original signature.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, County and Optionee have entered into this Amendment as of the date first set forth above.

ATTEST:

DEAN C. LOGAN  
Registrar-Recorder/County Clerk

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

COUNTY OF LOS ANGELES, a  
body politic and corporate

FESIA A. DAVENPORT  
Chief Executive Officer

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

APPROVED AS TO FORM:

DAWYN R. HARRISON,  
Acting County Counsel

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

APPROVED AS TO FORM:

COZEN O'CONNOR

By: \_\_\_\_\_  
Paul S. Rutter

LUNDQUIST INSTITUTE FOR  
BIOMEDICAL INNOVATION AT  
HARBOR-UCLA MEDICAL CENTER, a  
California nonprofit public benefit  
corporation

By: \_\_\_\_\_  
Name: David Meyer  
Its: President & Chief Executive Officer