



COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICER
Fesia A. Davenport

OPERATIONS CLUSTER AGENDA REVIEW MEETING

DATE: February 8, 2023
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 – Carlos Arreola/Anthony Baker**
2. **INFORMATIONAL ITEM(S):**
 - A) Board Memo:
CHIEF EXECUTIVE OFFICE RISK MANAGEMENT ANNUAL REPORT
FISCAL YEAR 2021-22 (ITEM NO 30-A, BOARD MEETING OF
FEBRUARY 6, 2018)
CEO/RM - Steven T. Robles, Assistant CEO/County Risk Manager
 - B) Board Letter:
APPROVE SOLE SOURCE AMENDMENT NUMBER EIGHT TO EXTEND
AGREEMENT NUMBER 78034 WITH SENTINEL OFFENDER SERVICES,
LLC TO PROVIDE CONTINUED LOS ANGELES COUNTY OFFENDER
MONITORING SYSTEM SERVICES
LASD/CIO – Alex Madera, Contracts Manager and Lt. Richard Canfield
 - C) Board Letter:
SEVEN-YEAR LEASE
DEPARTMENT OF MENTAL HEALTH
19231 VICTORY BOULEVARD, RESEDA
CEO/RE - Nevin Harrison, Principal Real Property Agent

CONTINUED ON PAGE 2

D) Board Letter:
TEN-YEAR LEASE
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
611 NORTH BRAND BOULEVARD, GLENDALE
CEO/RE - Michael Navarro, Section Chief of Lease Acquisitions

3. **PRESENTATION/DISCUSSION ITEMS:**

None available.

4. **Public Comment**

(2 Minutes Each Speaker)

5. **NOTICE OF CLOSED SESSION**

CS-1 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Subdivision (d)(1) of Government code Section 54956.9)

Jovany Macias v. County of Los Angeles, et al.

Los Angeles Superior Court Case No. 20STCV29396

Department: Registrar-Recorder/County Clerk

6. **Adjournment**

FUTURE AGENDA TOPICS

CALENDAR LOOKAHEAD:

- A) CEO/RE - REQUEST FOR DELEGATED AUTHORITY TO THE CHIEF EXECUTIVE OFFICER TO NEGOTIATE AND EXECUTE REAL ESTATE AGREEMENTS AT COUNTY-OWNED TELECOMMUNICATION TOWERS: CASTRO PEAK IN MALIBU AND ROLLING HILLS IN RANCHO PALOS VERDES
- B) CEO/RE - AUTHORIZE THE EXECUTION OF AN AMENDMENT TO THE ENA AMONG THE COUNTY, THROUGH LACDA, LACMTA, AND WIP-A, LLC A SUBSIDIARY OF WATT COMPANIES, INC., TO EXTEND THE TERM AND AUTHORIZE THE ASSIGNMENT OF THE ENA FOR DEVELOPMENT OF THE PROPERTY LOCATED AT THE EXPO/CRENSHAW STATION SITE

BOARD LETTER/MEMO CLUSTER FACT SHEET

☐ Board Letter

☒ Board Memo

☐ Other

CLUSTER AGENDA REVIEW DATE	2/8/2023	
BOARD MEETING DATE	2/28/2023	
SUPERVISORIAL DISTRICT AFFECTED	X All <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> 5 th	
DEPARTMENT(S)	Chief Executive Office	
SUBJECT	Chief Executive Office Risk Management Annual Report, Fiscal Year 2021-22 (Item No. 30-A, Board meeting of February 6, 2018)	
PROGRAM	N/A	
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input type="checkbox"/> Yes X No	
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes X No	
	If Yes, please explain why:	
DEADLINES/ TIME CONSTRAINTS	This annual report is due to the Board the first week of February; however, an extension was approved by the Fourth District to February 28, 2023.	
COST & FUNDING	Total cost: \$ N/A	Funding source: N/A
	TERMS (if applicable):	
	Explanation:	
PURPOSE OF REQUEST	The purpose of the report is to inform the Board of a summarized Cost of Risk in Liability and Workers' Compensation exposures; assist Departments to recognize the nature and extent of their exposures and losses; and provide direction on risk management strategies to be taken in the current and subsequent fiscal years.	
BACKGROUND (include internal/external issues that may exist including any related motions)	<p>Details of the number, type, and cost of claims are included in the annual report, along with risk categories and prevention activities implemented by CEO Risk Management.</p> <p>The total of all costs related to Liability and Workers' Compensation increased by 12.7% over Fiscal Year 2021-22.</p> <p>Total liability (AL, GL, MM) claim expenses increased 22.5% from FY 2020-21 to FY 2021-22.</p> <p>Workers' Compensation claim expenses increased 14.5% from FY 2020-21 to FY 2021-22.</p> <p>The County's Total Cost of Risk increased from 2.00% to 2.01% of the County's operating budget; this represents a 0.5% increase over Fiscal Year 2021-22.</p>	
EQUITY INDEX OR LENS WAS UTILIZED	<input type="checkbox"/> Yes X No If Yes, please explain how:	
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input type="checkbox"/> Yes X No If Yes, please state which one(s) and explain how:	
DEPARTMENTAL CONTACTS	Name, Title, Phone # & Email: <ul style="list-style-type: none"> Steven T. Robles, Assistant Chief Executive Officer/County Risk Manager (213) 351-5346 SRobles@ceo.lacounty.gov	



Chief Executive Office.

COUNTY OF LOS ANGELES

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, CA 90012
(213) 974-1101 ceo.lacounty.gov

CHIEF EXECUTIVE OFFICER

Fesia A. Davenport

February 15, 2023

DRAFT

To: Supervisor Janice Hahn, Chair
 Supervisor Hilda L. Solis
 Supervisor Holly J. Mitchell
 Supervisor Lindsey P. Horvath
 Supervisor Kathryn Barger

From: Fesia A. Davenport
 Chief Executive Officer

CHIEF EXECUTIVE OFFICE RISK MANAGEMENT ANNUAL REPORT, FISCAL YEAR 2021-22 (ITEM NO 30-A, BOARD MEETING OF FEBRUARY 6, 2018)

Attached is the *Chief Executive Office Risk Management Annual Report, Fiscal Year 2021-22*. The purpose of the report is to inform the Board of Supervisors (Board) of a summarized Cost of Risk in Liability and Workers' Compensation (WC) exposures; assist departments to recognize the nature and extent of their exposures and losses; and provide direction on risk management strategies to be taken in the current and subsequent fiscal years (FY).

It was previously reported to the Board that as the County of Los Angeles (County), State, and federal courts resume pre-pandemic operations, there would be the expectation that paid losses would increase. This year's report reflects these expectations, both in frequency of claims and the cost to resolve the claims.

Details of the number, type, and cost of claims are included in the attached report. The following is a summary of the risk categories.

Total Cost of Risk

The total of all costs related to Liability and WC increased by \$89.4 million to \$796.2 million, which represents a 12.7 percent increase over FY 2020-21. The County's Total Cost of Risk increased from 2.00 to 2.01 percent of the County's operating budget; this represents a 0.5 percent increase over FY 2020-21. The Total Cost of Risk is measured as a percentage of the County's operating budget.



Vehicle Liability¹

Vehicle accident claims increased by 14 to 819, which represents a 1.7 percent increase over FY 2020-21. The cost of claims and lawsuits increased by \$11.0 million to \$26.7 million, which represents a 70.3 percent increase over FY 2020-21. The cost increase can be attributed to one case that was resolved for approximately \$16 million.

Other General Liability¹

These claims have increased by 8,285 to 10,540, which represents a 367.4 percent increase over FY 2020-21. The increase in Other General Liability claims is due to the Dominguez Hills/Carson odor incident. The cost of claims and lawsuits decreased by \$13.1 million to \$38.5 million, which represents a 25.3 percent decrease over FY 2020-21.

Employment Practices Liability (non-Workers' Compensation)¹

These claims have increased by 73 to 189, which represents a 62.9 percent increase over FY 2020-21. The cost of claims and lawsuits increased by \$8.1 million to \$24.9 million, which represents a 48.1 percent increase over FY 2020-21. This risk category has been low for several years; however, we experienced a number of older claims being resolved this FY, as well as an abnormal number of claims emanating from two departments.

Law Enforcement Liability¹

These claims have decreased by 1 to 574, which represents a 0.2 percent decrease over FY 2020-21. The cost of claims and lawsuits increased by \$22.9 million to \$58.1 million, which represents a 65.2 percent increase over FY 2020-21. The cost increase can be attributed to two cases that were resolved for approximately \$34 million.

Medical Malpractice Liability¹

These claims have decreased by 52 to 90, which represents a 36.6 percent decrease over FY 2020-21. The cost of claims and lawsuits decreased by \$1.1 million to \$3.5 million, which represents a 23.8 percent decrease over FY 2020-21.

¹ In FY 2020-21, County Counsel implemented a new system to manage litigation activities and CEO implemented a new system to manage claim activities with data exchange between the two systems. These systems allow the County to generate more accurate reporting and classification studies based on our specific needs. Therefore, these reports will have different costs associated with the departments. CEO reports on tort liability and Worker's Compensation claims, while County Counsel reports on both non-tort and tort liability cases and does not report on Workers' Compensation matters. County Counsel's Annual Litigation Cost Report should be utilized to evaluate trends related to litigation expenses, and the CEO Risk Management Annual Report should be used to analyze Workers' Compensation and Liability claim trends.

Workers' Compensation

These claims have increased by 1,660 to 13,807, which represents a 13.7 percent increase over FY 2020-21. The cost of claims and lawsuits increased by \$59.4 million to \$468.4 million, which represents a 14.5 percent increase over FY 2020-21. The cost increase can be attributable to statutory changes in physician charges and payments to injured workers.

The Chief Executive Office – Risk Management Branch (CEO Risk Management) continues to work with departments to prevent injuries and lower costs through guided assistance, and training and education initiatives, including:

- Collaboration with departments to create and implement effective Corrective Action Plans (CAPs) to improve policies and training to prevent future liabilities.
- Collaboration with the County's medical provider departments to create and foster "Just Culture" which improves communication and best practices that have shown to ultimately lower our overall risk.
- Measurement of departments' risk performance and focused loss prevention efforts to improve departments experiencing higher loss trends.

This report represents the combined efforts of the entire CEO Risk Management team. Input and analysis were provided by staff of Liability Claims and Recovery, Loss Control and Prevention, Office of Privacy, Risk Management Finance, Risk Management Inspector General, Risk Transfer, and Workers' Compensation.

Should you have any questions concerning this matter, please contact me or Steven T. Robles, Assistant Chief Executive Officer/County Risk Manager, at (213) 351-5346 or SRobles@ceo.lacounty.gov.

FAD:JMN
STR:sg

Attachment

c: All Department Heads



County of Los Angeles

Risk Management

Inside County Risk FY 2021-22 Annual Report

Steven T. Robles
County Risk Manager
February 15, 2023

LA County Library

Youth Development

Public Social Services

Economic Development

Medical Examiner-Coroner

Auditor-Controller

Board of Supervisors

Regional Planning

Public Defender

Museum of Art

LACERA

Assessor

Public Works

District Attorney

Beaches and Harbors

Health Services

Sheriff

Fire

County Counsel

Chief Executive Office

Alternate Public Defender

Public Health

Child Support Services

Animal Care and Control

Treasurer and Tax Collector

Agricultural Commissioner/Weights and Measures

Arts and Culture

Parks and Recreation

Mental Health

Probation

Human Resources

**RISK
MANAGEMENT**

Justice, Care and Opportunities

Aging and Disabilities

Consumer and Business Affairs

Superior Court

Children and Family Services

Museum of Natural History

Military and Veterans Affairs

Registrar-Recorder/County Clerk



Hilda L. Solis
First District



Holly J. Mitchell
Second District



Lindsey P. Horvath
Third District



Janice Hahn
Fourth District



Kathryn Barger
Fifth District

COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS



CHIEF EXECUTIVE OFFICE
RISK MANAGEMENT BRANCH

2021-22

Inside
County Risk
Risk Management Annual Report



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RISK HORIZON

The number and type of losses we experience are generally predictable over the horizon of many years. However, there are events and risks that we have identified that will increase these losses both in frequency and severity, as follows:

- The State of California (State) increased medical-legal reporting fees that physicians can charge. This year alone, we experienced a \$13 million increase. These fee increases will continue to impact the Workers' Compensation Program.
- Recently-passed Workers' Compensation legislation, Senate Bill 1277), will increase Workers' Compensation frictional and litigation costs, and have a negative impact on public safety budgets.
- Workers' Compensation temporary disability expenses increased from \$34.6 million in Fiscal Year (FY) 2020-21 to \$37.9 million in FY 2021-22, an increase of 9.5%. This increase was driven by an unprecedented 13.5% increase in the State temporary disability rate. Since the State temporary disability rate is tied to increases (not decreases) in the State Average Weekly Wage, we anticipate the Workers' Compensation Program will continue to experience increases in temporary disability expenses.
- Medical Injury Compensation Reform Act (MICRA) was a limit placed on medical malpractice claims/lawsuits passed by the legislature in 1975. In 2022, the State increased the MICRA limit from \$250,000 to \$500,000 effective January 1, 2023, with subsequent increases beyond \$1 million. This will impact the costs associated with medical malpractice claims/litigation and the departments that are impacted by these types of risks.
- California's Child Victims Act, Assembly Bill 218) allowed claims/lawsuits to be filed against the County of Los Angeles (County) with no statute of limitations. Claims/lawsuits must be filed before December 31, 2022; however, the County has already received hundreds of claims that will significantly increase costs primarily to the Department of Children and Family Services and the Probation Department over the next 2-7 years.
- Cyber and Privacy intrusion by third parties remain a high risk. Both privacy and cybersecurity risks can occur through cyber-attacks by external threat actors, privacy and cybersecurity incidents or breaches involving the County's numerous third-party vendors, or even internally through employee actions or errors. The County must remain vigilant and continue to implement proactive cybersecurity and data protections, regularly perform risk assessments of business processes involving County data, systems, and information assets, provide ongoing employee privacy and cybersecurity training, and deploy specific policies and procedures, and decrease and avoid data and cybersecurity privacy risks.

*The County's objective
is to minimize the
Cost of Risk*

RISK MANAGER'S MESSAGE

The County Chief Executive Office – Risk Management Branch (CEO Risk Management) is pleased to provide its Risk Management Annual Report for FY 2021-22.

In previous fiscal years, we focused on improving the County's risk culture and operational capabilities. These initiatives ultimately led to an enterprise risk model that embeds risk management into the planning, execution, and completion of all Board of Supervisors' (Board) priorities and operational functions of the County.

As these programs begin to mature, we are realizing significant results, including: the ability to attract multiple insurers to cover our larger loss exposures, the elimination of hundreds of Workers' Compensation claims, predictable loss development, and increased third-party recoveries.

Over the last several years, we have been focusing on updating the data management associated with claims and litigation. The comprehensive Risk Management Information Platform (RMIP) has already proven to be flexible, reliable, and user friendly. In fact, the COVID-19 pandemic generated various mandates to manage County exposures and we were able to transition our RMIP to provide relevant information to keep in legal compliance and better manage employees impacted by the pandemic.

We have now begun developing the next generation of Audit Analytics. Utilizing artificial intelligence and machine learning, this system will allow for continuous auditing of the touch points within our systems to ensure the best possible outcomes, system integrity, and recovery. Furthermore, the Audit Analytics platform has proven capabilities to detect anomalies among our vast Workers' Compensation transactions to alert us of potential fraud, waste, and abuse.

In FY 2021-22, we continued to focus on managing various initiatives to track and reduce COVID-19 spread amongst County employees. However, we have transitioned our attention on loss control initiatives as we move away from pandemic restrictions. As such, we have implemented a multi-year plan to control costs and reduce liability, as follows:

1. The expansion of purchasing commercial insurance to protect against the risk of catastrophic loss events.
2. An aggressive claim closure program has been implemented to finalize Workers' Compensation claims for employees who no longer work for the County. This benefits the injured worker as it gives more control over the administration of their health care, and it benefits the County as it lowers our long-term liabilities.
3. The development and implementation of a comprehensive Risk Financing Plan to lower our long-term Workers' Compensation liabilities.

RISK MANAGER'S MESSAGE (CONTINUED)

Overall, the County's Cost of Risk remains near the industry standard of 2.0%. Below is a brief trend indicator for the categories of loss we typically observe and how it contributes to the overall Cost of Risk.

The frequency increase indicator is marked in red as we will typically see increased costs associated with the increased claims. Conversely, as we see downward trends (marked in green) in claims, we can usually expect to see lower costs in the future. However, this year we had some unusually large incidents that disrupted the trends. For example, the Department of Public Works (Public Works) had an increase of approximately 8,300 claims due to the Dominguez Channel odor incident.

This year's annual report is organized to allow for identification of claim trends specific to General Liability and sub-categorized areas, including Law Enforcement, Employment, Medical Malpractice, Automobile, and General Liability. These categories represent different exposures and prevention requirements that will allow County departments the ability to focus efforts according to specific losses. Lastly, as directed by the Board on March 9, 2021, we have added department performance metrics and opportunities to focus on loss prevention, privacy and Workers' Compensation/return-to-work.

Claim Type	% Change in Frequency		% Change in Expense
Workers' Compensation	13.7%		14.5%
Automobile Liability	1.7%		70.3%
General Liability - Other	367.4%		-25.3%
Law Enforcement Liability	-0.2%		65.2%
Employment Practices Liability	62.9%		48.1%
Medical Malpractice Liability	-36.6%		-23.8%
Total	62.2%		17.5%
Cost or Risk (excluding non-County agencies)			2.0%

Note: Increase in Other General Liability claims is due to the Dominguez Hills/Carson odor complaints.

Many opportunities to lower our overall costs remain. The remainder of this report outlines our key objectives for the upcoming FY and the specific cost drivers impacting our overall Cost of Risk.

KEY OBJECTIVES—FISCAL YEAR 2022-23

CEO Risk Management provides leadership and direction for the County's Risk Management and Privacy programs. Key objectives for FY 2022-23 include:

- Implement performance and audit monitoring of our Third-Party Administrators (TPAs) and vendors to increase performance, lower costs, and provide better services to our injured workers.
- Implement the next generation Fraud, Waste, and Abuse analytics system to ensure the best possible outcomes, system integrity, and loss recovery.
- Diagnose and implement any remaining improvements to RMIP.
- Implement additional communication channels to injured workers, including an online Workers' Compensation portal.
- Further develop the privacy incident response policy and protocols to address cybersecurity incidents and expand vendor management functions to further protect the County's data and information.
- Continue to lower the unfunded liabilities in Workers' Compensation by closing claim exposures, funding liabilities, and capping losses with catastrophic loss insurance.
- Implement strategies to assist in lowering Workers' Compensation claim costs in the Safety classification to better engage departments, identify cost drivers, and assist in loss control implementation.
- Assess and implement advanced Risk Financing strategies that target long-term liabilities in Workers' Compensation claim costs.



PREVENTION

IDENTIFY

SOLUTION

COST

RECOVERY

COST OF RISK

The Cost of Risk is the ratio of the expenditures for the County's various cost of claims paid, divided by the County's Operating Budget in a specific FY. The effectiveness of the County's risk management programs, policy decisions, and the effects of State and federal regulations are reflected in the Cost of Risk since it includes paid Workers' Compensation claims, General Liability claims, and the cost to defend a myriad of tort and non-tort-related claims. The Cost of Risk also includes the costs associated with loss control and prevention programs, insurance premiums, and operational and administrative expenses.

During FY 2021-22, the County experienced an increase in the Cost of Risk of 0.5%.

THE COUNTY'S OBJECTIVE IS TO MINIMIZE ITS TOTAL COST OF RISK

Detailed information is listed in the "Statistics" section of this report regarding the number of claims and expenses for each of the last three FYs by department for Workers' Compensation, State of California Labor Code (LC) 4850 and Salary Continuation, Automobile Liability, General Liability, Employment Practices Liability, Law Enforcement Liability, and Medical Malpractice.

The table on the next page illustrates the totality of all categories of risk as related to the County's Operating Budget.



COST OF RISK₁

Category	FY 2019-20	FY 2020-21	FY 2021-22
Workers' Compensation			
Workers' Compensation Expense	\$401,160,401	\$409,016,919	\$468,381,386
Labor Code 4850/Salary Continuation	\$127,304,869	\$133,418,720	\$162,510,229
Workers' Compensation Expense Total	\$528,465,270	\$542,435,639	\$630,891,614
Liability			
Liability Expense Total	\$181,216,667	\$144,939,061	\$173,641,389
Purchased Insurance (premium and fees)	\$25,344,978	\$28,476,443	\$28,973,000
Cost of Risk	\$735,026,915	\$715,851,144	\$804,533,003
Cost of Risk (excluding non-County agencies)	\$724,361,149	\$706,762,945	\$796,246,419
Total County Operating Budget (000)	\$33,328,813	\$35,328,479	\$39,576,967
Cost of Risk (Excluding non-County agencies as a percentage of the County's Operating Budget)	2.17%	2.00%	2.01%

1. Detailed Cost of Risk Information can be found in Exhibit G of this report.
2. Labor Code 4850 benefits are provided to defined safety officers. The benefit pays full salary tax free for one year while they are disabled due to an industrial injury and cannot work. The County provides certain employees salary continuation benefits that restore 70% of their wages tax free while they are unable to work due to an industrial injury. The benefit is available for one year from the date of the industrial injury.

RISK FINANCING

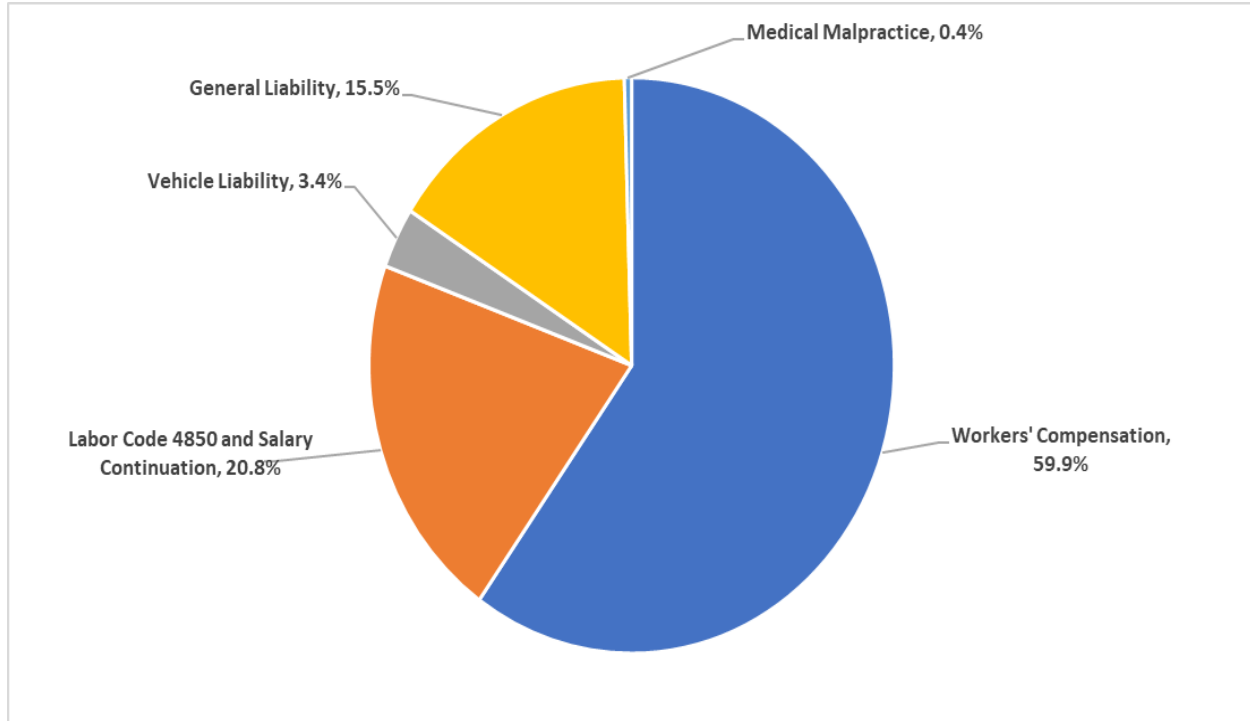
The County currently finances nearly all losses on a cash basis; therefore, any liability or Workers' Compensation claim that arises is subject to cash payment by the County, regardless of size. Based on the nature and scope of County operations, natural disasters, and external influences, County departments will be susceptible to large claims that significantly impact expenses. The results of FY 2021-22 illustrate this susceptibility as the top-10 claims of each expense category accounted for significant portions of expense, as follows: Law Enforcement top-10 claims accounted for 68.8% of expenses; General Liability top-10 claims accounted for 38.4% of expenses; Automobile Liability top-10 claims accounted for 78.3% of expenses; Medical Malpractice top-10 claims accounted for 64.7% of expenses; and Employment Liability top-10 claims accounted for 37.4% of expenses. The County has instituted several risk management techniques to manage the cost of large loss claims outside of litigation management. Minimizing the frequency of claims minimizes the possibility of one of those claims becoming a large loss. The County currently utilizes loss control and prevention best practices specific to departments that are coordinated through the CEO, as follows:

- Corrective Action Plans and/or Summary Corrective Action Plans are required for all settlements with an indemnity amount in excess of \$100,000 and as requested by the Risk Management Inspector General (RMIG). These plans summarize the nature of the claim and identify the root cause of the problem and corrective action steps to be taken by the department, or the County as a whole, to minimize the potential for similar events to occur.
- CEO Risk Management's Loss Control and Prevention Unit updated several online training modules to address the risk factors that contribute to vehicle accidents, and issued notices to departments that were experiencing increased claims.
- Risk Management Plans are developed by each department on an annual basis. These plans provide an overview of each department's risk management program, significant risk issues for that department, and mitigation measures or goals designed to prevent or minimize the given exposure.
- CEO Risk Management provides reporting and early trend analysis capabilities through departmental-specific dashboards. This includes a drill-down capacity to identify the "Top-5 Causes of Concern" for each type of loss.
- Contractual risk transferring of large loss potential involves reviewing, recommending, and constructing departmental insurance contract language, including indemnification language and proper endorsement usage that is consistent throughout the County and formulated to provide protection to the various contractors and the County, should an adverse event occur. County Counsel and CEO Risk Management collaborate with departments in this endeavor.

OVERALL COSTS

The overall Cost of Risk graph below illustrates that Workers' Compensation accounts for 59.9% of the Cost of Risk. For FY 2021-22, this represents approximately \$468 million.

PERCENTAGE OF TOTAL COST PAID BY CLAIM TYPE – FY 2021-22



CLAIM SEVERITY (TOTAL COST PAID) - ALL CLAIMS 1,2,3 - FY 2019-20 THROUGH FY 2021-22

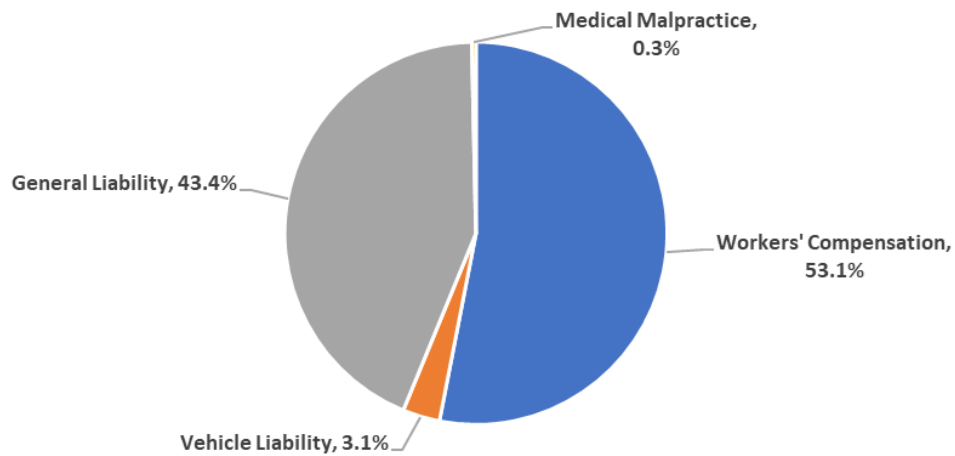
Claim Type	FY 2019-20	FY 2020-21	FY 2021-22
Workers' Compensation	\$401,160,401	\$409,016,919	\$468,381,386
Labor Code 4850 and Salary Continuation	\$127,304,869	\$133,418,720	\$162,510,229
Vehicle Liability	\$28,176,437	\$15,685,346	\$26,706,807
Law Enforcement Liability	\$38,228,175	\$35,150,030	\$58,073,978
Employment Practices Liability	\$30,242,152	\$16,816,246	\$24,897,057
Other General Liability	\$58,032,882	\$51,547,333	\$38,489,633
Medical Malpractice	\$7,918,033	\$4,579,751	\$3,489,914
TOTAL	\$691,062,949	\$666,214,345	\$782,549,004

1. Data does not include unemployment costs.
2. Data includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments (i.e., MTA, Foothill Transit). This information includes County Counsel tort claims.
3. Amount Paid is the total of the transactions paid by coverage code in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of occurrence date; does not include Reported But Not Paid (RBNP) or Incurred But Not Reported (IBNR) reserves.
4. Workers' Compensation paid does not reflect State of California Labor Code 4850 and Salary Continuation payments, which are shown separately.

CLAIM FREQUENCY BY CLAIM TYPE – FY 2021-22

In further demonstrating the impact of Workers' Compensation on the total risk management program, the graph below illustrates that Workers' Compensation accounts for over half of all claims.

Percentage of Claim Frequency by Claim Type -
FY 2021-22



CLAIM FREQUENCY (TOTAL NUMBER OF CLAIMS FILED) BY CLAIM TYPE FY 2019-20 THROUGH FY 2021-22

Claim Type ^{1,2}	FY 2019-20	FY 2020-21	FY 2021-22
Workers' Compensation	12,375	12,147	13,807
Vehicle Liability	1,149	805	819
Law Enforcement Liability	568	575	574
Employment Practices Liability	138	116	189
Other General Liability	3,022	2,255	10,540
Medical Malpractice	156	142	90
TOTAL	17,408	16,040	26,019

1. Total number of claims filed by fiscal year regardless of date of occurrence; count includes all suffixes.
2. Includes County Counsel tort claims, but not agencies that are not County departments (i.e., MTA, Foothill Transit).

Note: Increase in Other General Liability claims is due to the Dominquez Hills/Carson odor complaints.

The methods and activities of managing the overall Cost of Risk are outlined in the remainder of this FY 2021-22 Annual Report.

WORKERS' COMPENSATION PROGRAM

The County's self-insured Workers' Compensation Claim Administration Program is the largest such local governmental program in the State of California. As a mandated employer-funded social benefit program, it is responsible for administering approximately 32,000 open Workers' Compensation claims with over 13,400 new claims reported in FY 2021-22. Statutorily mandated benefits are delivered through processes established under four Third-Party Administrator (TPA) contracts, three Medical Management and Cost Containment contracts (MMCCs), and a Pharmacy Benefit Management (PBM) Network. CEO's Workers' Compensation On-Site County Representatives (OSCRs) aid TPA staff, County departments, and injured workers. In addition, OSCRs authorize high-value settlements and payment transactions, perform fiscal reconciliation services, and act as liaisons between departments, defense counsel, and TPAs. The Office of the County Counsel (County Counsel) staff and contracted defense attorneys provide legal support.

Workers' Compensation expenses are generally separated into three categories: 1) allocated benefit expenses [ABE]; 2) allocated loss adjustment expenses [ALAE]; and 3) unallocated loss adjustment expenses [ULAE]. ABE include medical benefits, salary continuation and temporary disability benefits, permanent disability benefits, and death benefits. Such expenses are charged to the Workers' Compensation claim file.

ALAE include non-benefit payments to contract law firms, investigation firms, and other ancillary service providers. These expenses are also charged to the Workers' Compensation claim file. ULAE include the cost of TPAs, MMCCs, County Counsel's Workers' Compensation Division staff, CEO Risk Management staff, State User Assessments, claims administration system, excess insurance, and other overhead charges required to administer or provide risk protection for the Workers' Compensation Program. Such expenses are not charged or allocated to individual Workers' Compensation claims.

Total Workers' Compensation expenses paid in FY 2021-22, excluding Labor Code Section 4850 and Salary Continuation benefits, were \$468 million. This represents a 14.5% increase in Workers' Compensation expenses from FY 2020-21, which totaled \$409 million. The annual increase is extraordinary as Workers' Compensation Program expenses had been stable for the prior 18 years.

DISABILITY



MANAGEMENT

BENEFITS

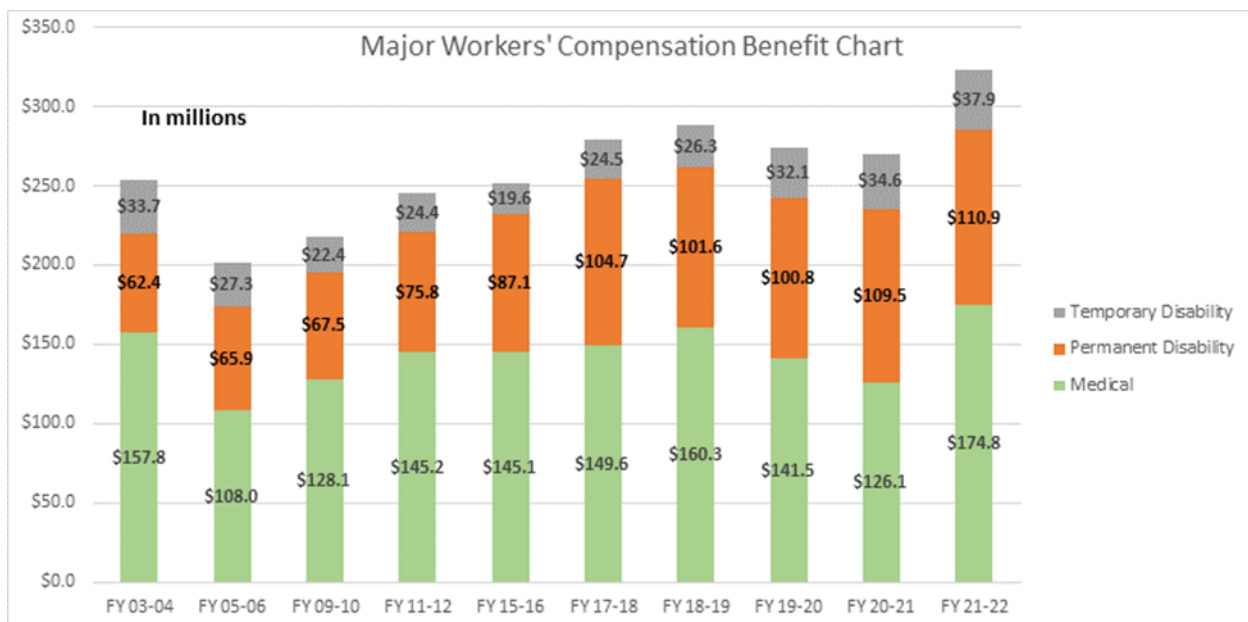
WORKERS' COMPENSATION PROGRAM—MAJOR ALLOCATED BENEFIT EXPENSES

In FY 2021-22, total medical expenses equaled \$174.8 million. This represents a 38.6% increase from the total medical expense of \$126.1 million experienced in FY 2020-21. The increase was partially due to medical facilities providing services delayed during the pandemic. Additionally, medical costs were impacted by a regulatory increase in payments to medical-legal reporting physicians. The regulatory increase to the California medical-legal fee schedule added an additional \$13 million to FY 2021-22 medical costs.

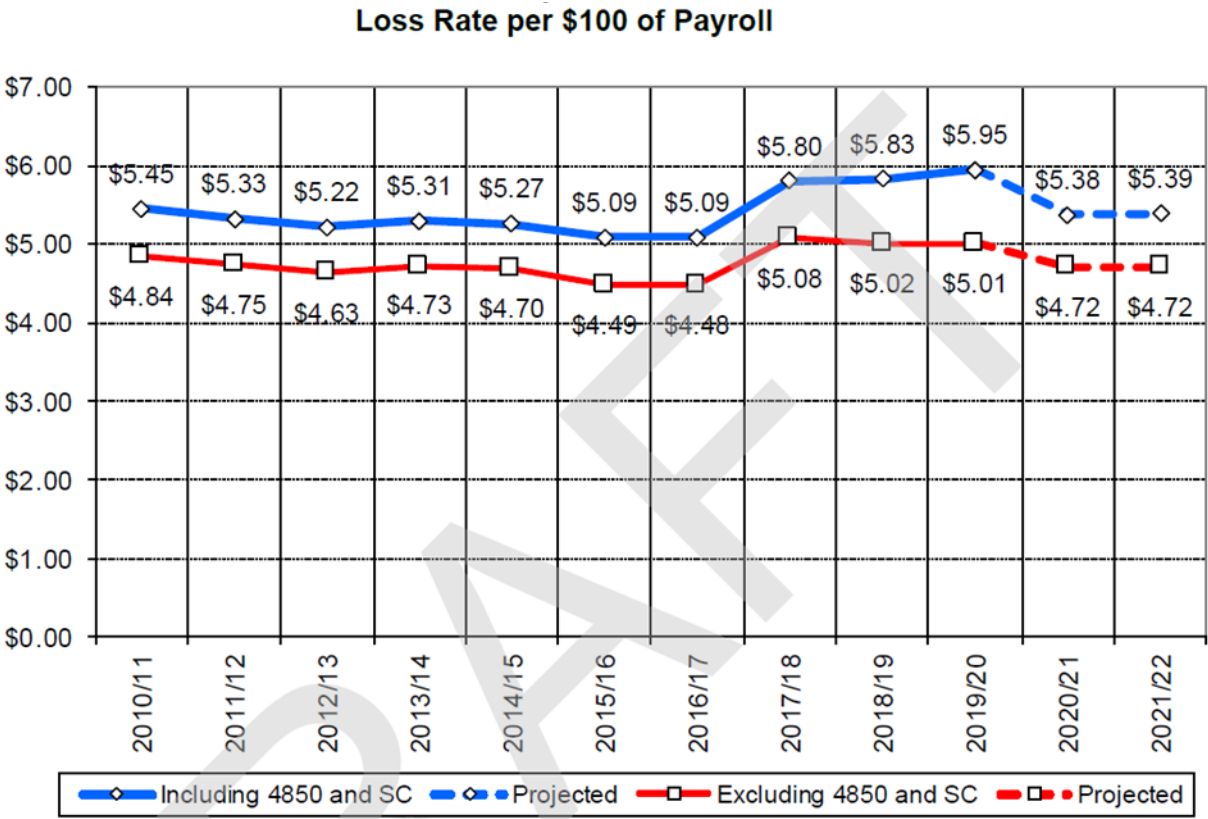
Temporary disability expenses increased from \$34.6 million in FY 2020-21 to \$37.9 million in FY 2021-22, an increase of 9.5%. This increase was driven by an unprecedented 13.5% increase in the State temporary disability rate. Salary continuation and Labor Code (LC) 4850 expenses (predominately driven by LC 4850 benefits) increased 21.8% from the \$133.4 million in FY 2020-21 to \$162.5 million in FY 2021-22. CEO Risk Management continues to believe the LC 4850 expense is driven by the demographic of an aging public safety population.

Permanent disability expenses increased 1.3%, from \$109.5 million in FY 2020-21 to \$110.9 million in FY 2021-22. CEO Risk Management believes future increases in permanent disability payments may stabilize as the full implementation of permanent disability rating and schedule established under Senate Bill (SB) 863 (legislative session 2011-12) is experienced. The experience will be impacted by the aging public safety population.

Changes to the permanent disability rating and payment schedule under SB 863 significantly increased an employer's exposure to Workers' Compensation disability payments. As an example, a firefighter with a presumptive industrial heart condition with a 40% whole person impairment would be entitled to \$87,835 in permanent disability prior to the passage of SB 863. The same exact disability under the SB 863 provisions will entitle that firefighter to \$206,307.50 in permanent disability and life pension benefits.



Workers' Compensation Program — Major Allocated Benefit Expenses
(Continued)



FINANCE

COMPENSATION

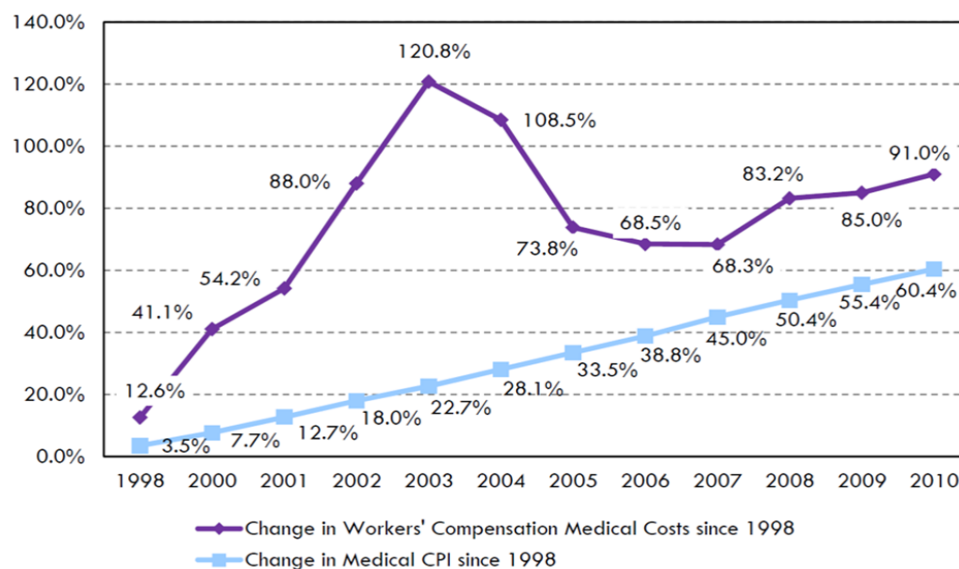


WORKERS' COMPENSATION PROGRAM—ALLOCATED AND UNALLOCATED LOSS ADJUSTMENT EXPENSES

Traditionally, the County Workers' Compensation Program's allocated and unallocated loss adjustment expenses account for approximately 20-22% of overall Program expenses. The ALAE and ULAE represent the legal, administrative, and operational costs to deliver balanced Workers' Compensation benefits. In FY 2021-22, the combined ALAE and ULAE represented 20.6% of Program expenses. This includes approximately \$4.9 million for excess insurance and \$1.8 million for the comprehensive RMIP. The County Workers' Compensation Program's allocated and unallocated loss adjustment expenses compare favorably to loss adjustment expenses experienced by California Workers' Compensation insurers and other self-insured employers. The California Commission on Health and Safety and Workers' Compensation (CHSWC) 2021 Annual Report reflected ALAE and ULAE accounted for 33% of overall Workers' Compensation systemwide expenses in calendar year 2020.

Over the last 18 years, County Workers' Compensation loss adjustment expenses have increased, in part, due to medical management cost containment strategies that include utilization review. CEO Risk Management believes California's implementation of evidence based medical guidelines have stabilized the Workers' Compensation inflationary trends experienced in the late 1990s and early 2000s. The graph below demonstrates the impact of Workers' Compensation legislation that became effective in 2004, and its impact on cost stabilization.

**WORKERS' COMPENSATION MEDICAL EXPENSES VS. MEDICAL INFLATION
SINCE 1998**

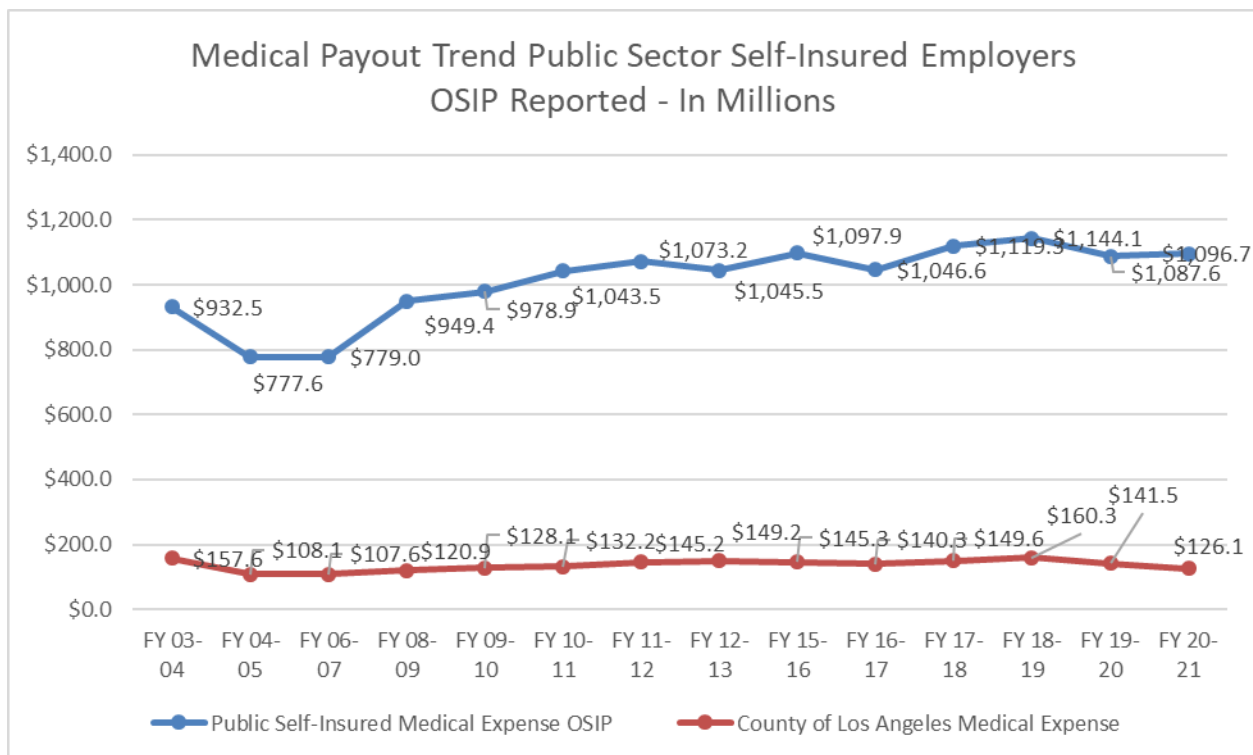


SOURCE: Commission on Health and Safety and Workers' Compensation – Data Source: WCIRB; Bureau of Labor Statistics

WORKERS' COMPENSATION — EXPENSES

The County Workers' Compensation medical spending has remained relatively stable as demonstrated by the chart below (as noted, FY 2021-22 reflected a significant cost in medical spending). The chart reflects aggregate public agency Workers' Compensation medical payment data (including the County's Workers' Compensation payment amounts) and the County's annual Workers' Compensation medical payments since FY 2003-04.

CEO Risk Management believes the significant decrease in Workers' Compensation medical cost experienced between FY 2003-04 and FY 2004-05 was a direct result of urgency legislation implemented to address the California "Workers' Compensation Crisis." Aggregate Office of Self-Insurance Plan (OSIP) FY 2021-22 payment information was not available at the time of the printing of this report.

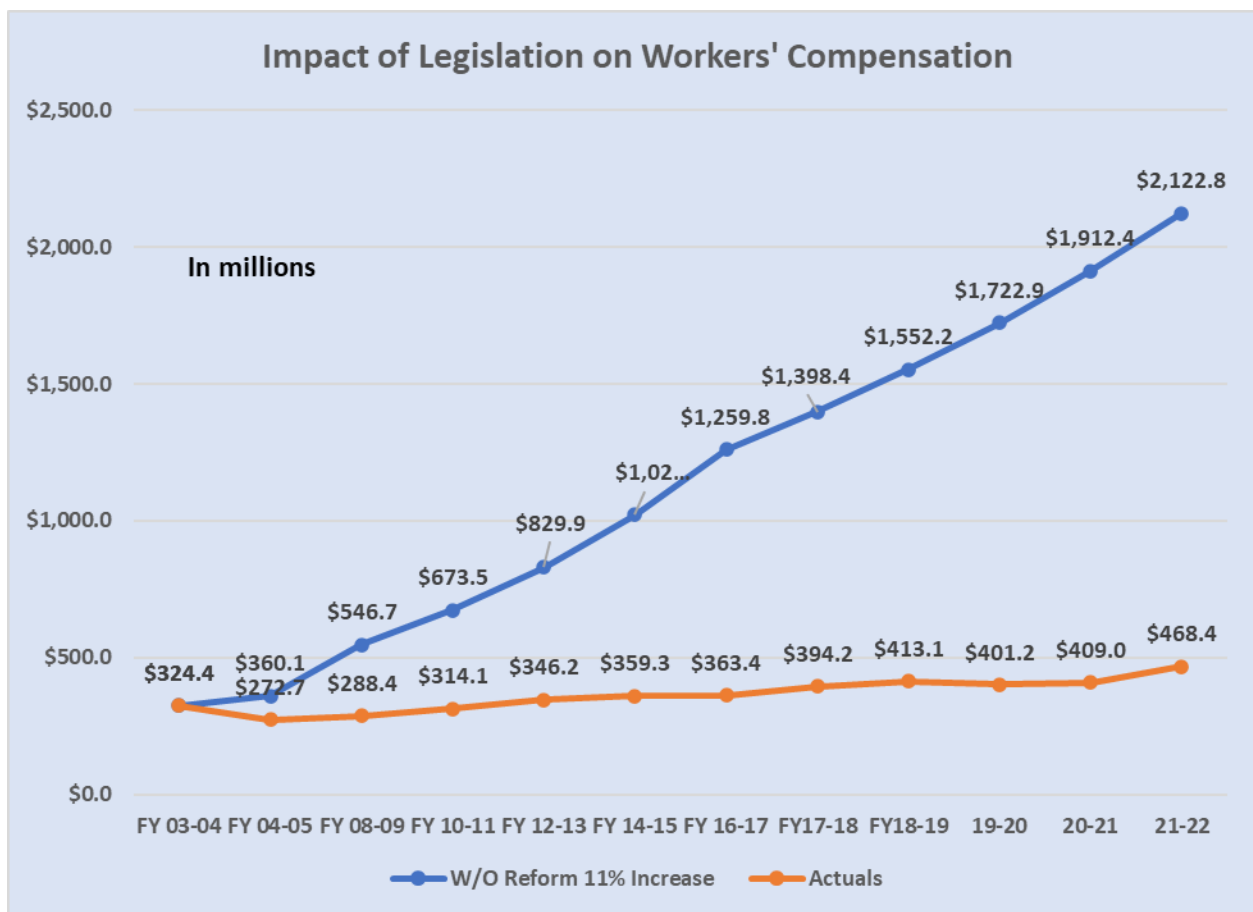


WORKERS' COMPENSATION — EXPENSES (CONTINUED)

From FY 1998-99 through FY 2002-03, the County's Workers' Compensation medical costs increased 133.8%. During that period, County Workers' Compensation Program costs, excluding salary continuation and LC 4850 benefits, experienced double-digit inflation.

The following chart estimates that escalation absent cost avoidance strategies afforded under the FY 2003-04 legislation compared to actual costs. FY 2021-22 actual costs contain a premium payment for excess insurance that did not exist in FYs prior to FY 2016-17. Regardless of the cost of this additional protection and the FY 2021-22 increase, the Workers' Compensation Program's annual increase since FY 2003-04 calculates to approximately 2% to 2.5%.

WORKERS' COMPENSATION EXPENSES (EXCLUDING SALARY CONTINUATION AND LABOR CODE 4850) COMPARISON - ESTIMATED WITHOUT REFORM AND ACTUAL EXPENSES



WORKERS' COMPENSATION — MEDICAL MANAGEMENT COST CONTAINMENT AND OUTSTANDING LIABILITIES

Medical Management Cost Containment

In FY 2021-22, medical expenses were the largest, single component of the County's Workers' Compensation Program costs. During FY 2021-22, the Program received approximately 520,895 (increase of 29.9% over FY 2020-21) bills accounting for 1,564,487 lines of procedures, services, or supplies from medical service providers. Such bills were for medical services to treat injured workers that included inpatient hospital services, nursing care, surgery, physician visits, physical therapy, chiropractic care, durable medical equipment, and drug therapy. Each bill is reviewed to ensure charges are paid at or below the State Official Medical Fee Schedule.

The County's Workers' Compensation Program applies utilization review (UR) processes to assess certain physician treatment requests. UR is the process used by California Workers' Compensation insurers and administrators to determine if requested medical care is consistent with the California Medical Treatment Utilization Schedule. CEO Risk Management and MMCC staffs collaborate with respected physicians to determine reasonable utilization review triggers to ensure medical treatment can be delivered in an unencumbered manner. The evaluation of UR triggers is an ongoing process and protocols are assessed periodically and influenced by physician prescribing patterns.

Outstanding Liabilities

As reflected in the Workers' Compensation Actuarial Study, the County Workers' Compensation Program's outstanding liabilities, as of June 30, 2022, were approximately \$3.41 billion (at a 50% confidence level). This represents an increase of 3% over the estimated outstanding liabilities of \$3.31 billion, as of June 30, 2021.

As of June 30, 2004, the actuarial study established future outstanding liabilities were \$2.63 billion (including the Courts) and, as of June 30, 2022, the outstanding liabilities were \$3.47 billion (including the Courts). This equates to an increase of 31% over an 18-year period. CEO Risk Management continues to evaluate various alternate risk techniques to stabilize exposures and expenses, including a loss portfolio transfer and lump-sum settlements for high exposure Workers' Compensation claims. During the last five FYs, the County Workers' Compensation Program processed approximately \$108 million in such settlements, which impacted approximately 3,280 claims and resolved an estimated \$237 million in ultimate potential exposure (this includes the settlement amount).

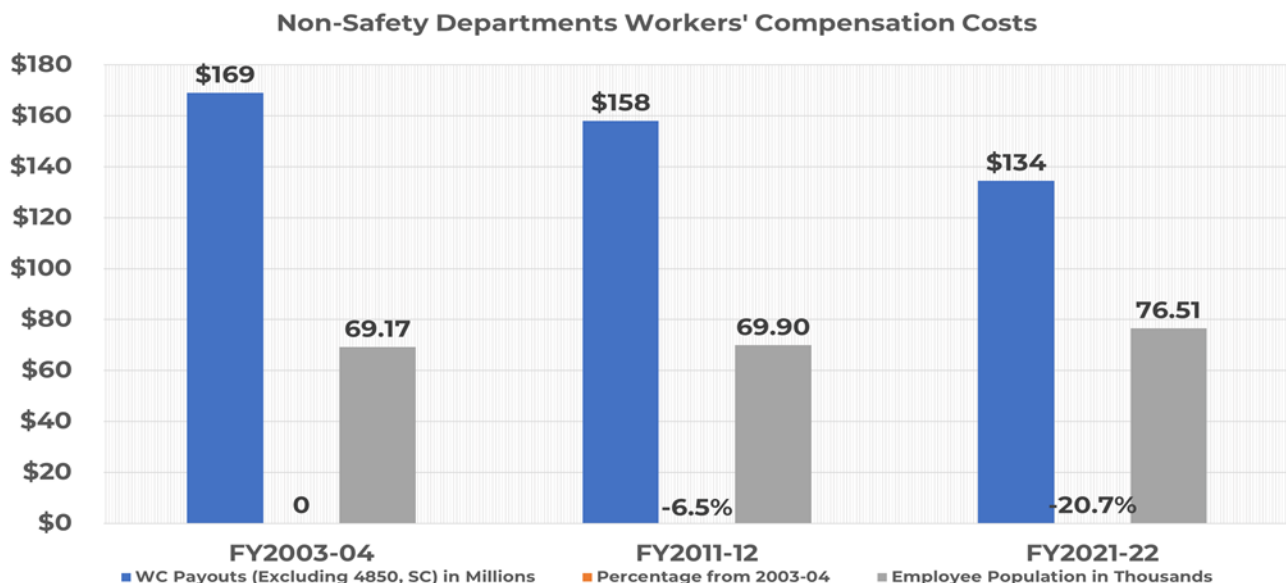
Actuarial analysis of the County Workers' Compensation Program's last 20 years of loss distribution reflects approximately 18.7% of Workers' Compensation claims account for 84.9% of the total incurred (paid to date and remaining reserves). Additionally, 19% of payments (excluding salary continuation/LC 4850) in FY 2021-22 were issued from claims older than 10 years. Overall, the actuarial study underscores the long-tail nature of Workers' Compensation exposures and expenses.

WORKERS' COMPENSATION — PUBLIC SAFETY DEPARTMENTS

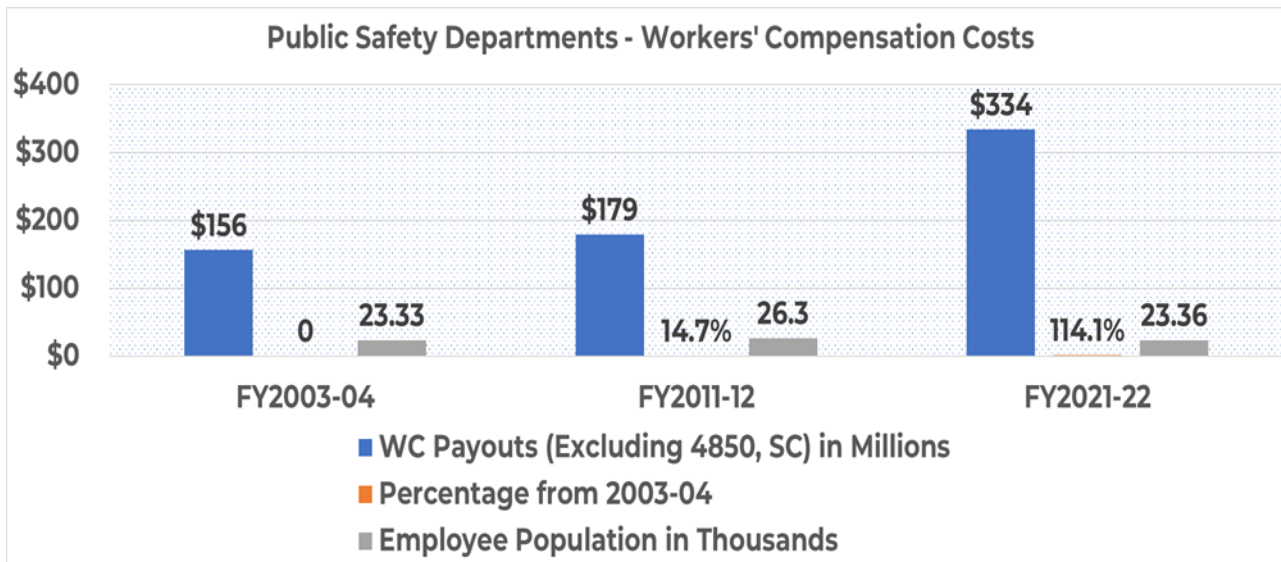
The nature of the job duties County employees perform significantly impacts Workers' Compensation Program expenses. Many County employees subject themselves to dangerous situations on behalf of the public. Those exposures and some of the presumptions afforded to public safety employees, because of such, are reflected in Countywide Workers' Compensation expenses.

The charts below demonstrate the association between County public safety departments (defined as Fire, Probation, Sheriff) and rising Workers' Compensation costs. As previously indicated, FYs 2003-04 and 2011-12 are notable because of the passage of significant legislation that impacted the California Workers' Compensation system. Those FYs were selected to show how such legislation impacted Workers' Compensation costs to County public safety and non-public safety departments.

While non-public safety departments (including the Courts) saw a 20.7% decrease in Workers' Compensation payouts over the last 18 years, safety departments saw significant increases. Those increases, a 114.1% increase since FY 2003-04, were significant enough to drive overall Workers' Compensation Program payout increases.

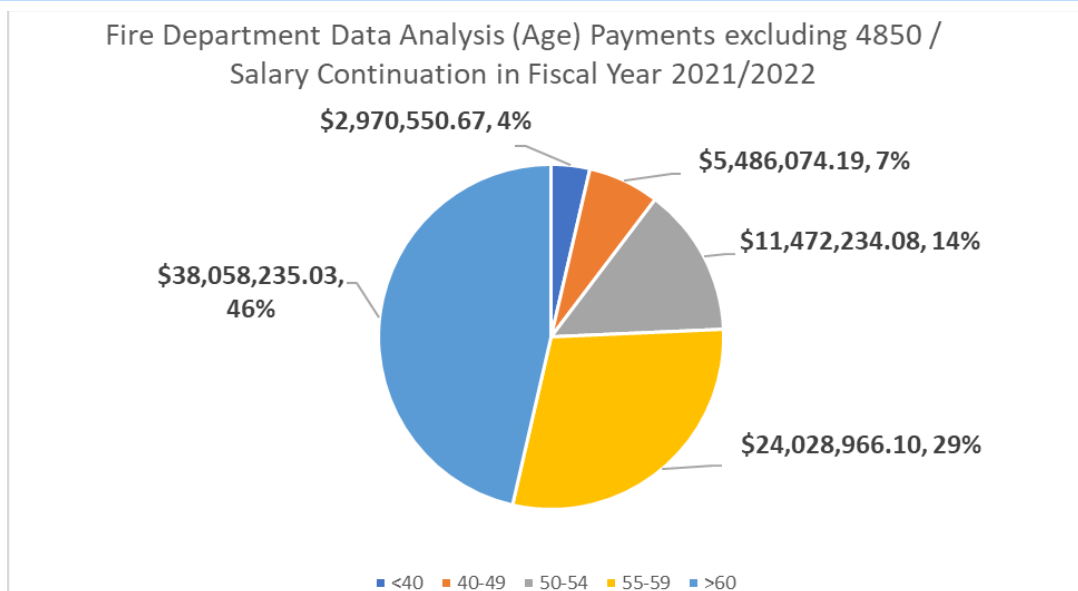


WORKERS' COMPENSATION — PUBLIC SAFETY DEPARTMENTS (CONTINUED)



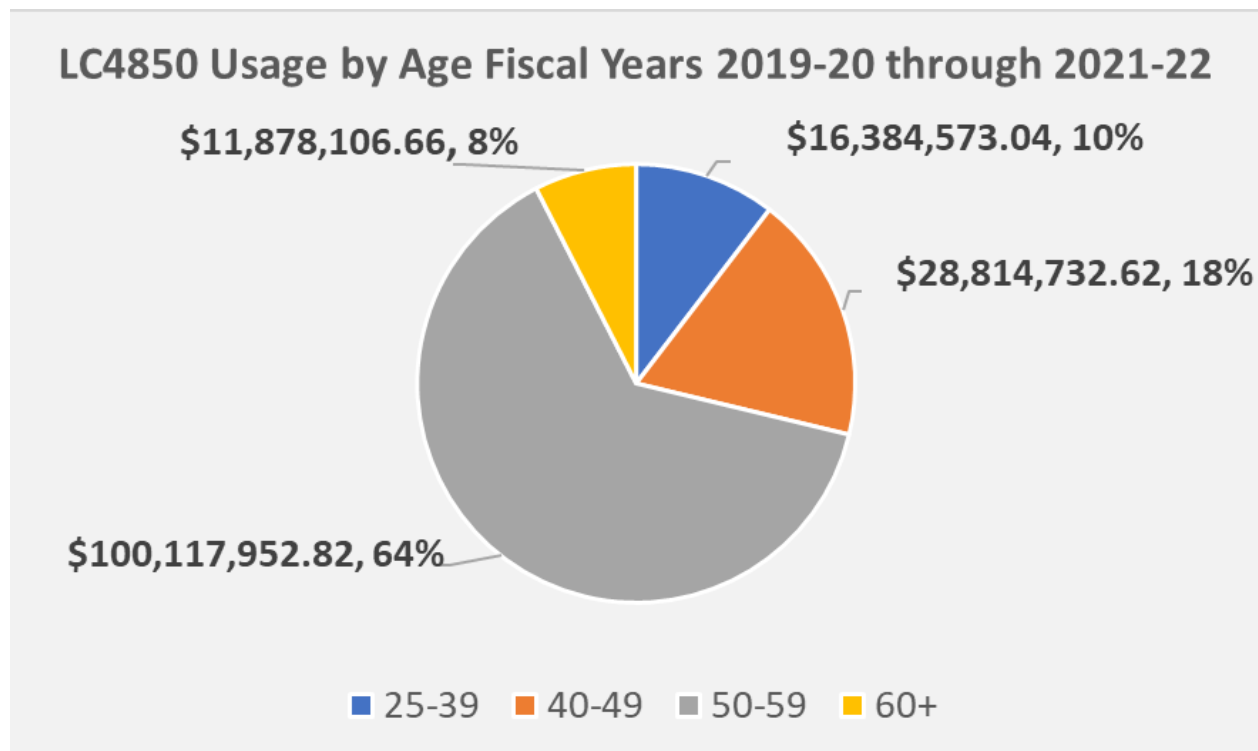
CEO Risk Management believes public safety Workers' Compensation expense increases are driven, in part, by an aging workforce that maximizes benefit utilization. For example, the number of Fire Department staff reporting Workers' Compensation claims between FY 2019-20 and FY 2021-22, was 5,175. Of these Workers' Compensation claims, approximately 47% were filed by individuals 50 years of age or older. In the 3-year period between FY 2004-05 and FY 2006-07, the number of reported Workers' Compensation claims was 3,952 with approximately 28% filed by individuals 50 years of age or older.

The relationship between age and Workers' Compensation benefit utilization is demonstrated by a review of Fire Department data. In FY 2021-22, approximately 89% of Workers' Compensation expenses (excluding LC 4850 and Unallocated Loss Adjustment Expenses) were paid on claims where the injured worker was 50 years of age or older.



WORKERS' COMPENSATION — PUBLIC SAFETY DEPARTMENTS (CONTINUED)

In the 3-year period between FY 2019-20 and FY 2021-22, Fire Department employees used approximately \$157.2 million in LC 4850 benefits. The chart below reflects that 72% of LC 4850 payments were made to employees 50 years of age or older. The percentage increases to approximately 83% for firefighters 45 years of age or older.



WORKERS' COMPENSATION — IMPACT OF COVID-19 PANDEMIC

Like many programs and operations, the pandemic has significantly impacted the County Workers' Compensation Program. Traditionally, operations were brick and mortar with claims staff working on-site. Due to the pandemic and social distancing requirements, most claims staff and OSCRs are teleworking. This arrangement has promoted a movement away from paper processes and implementation of document management systems that enable staff to work remotely. Internal control processes have been maintained and the impact on injured workers and benefit delivery continues to be monitored.

As of June 30, 2022, there were 6,044 COVID Workers' Compensation claims filed. The total payout on those claims exceeded \$16.7 million with estimated total incurred costs of \$53.3 million.

HEALTH



CARE

Workers' Compensation Cost Trends and Influencing Factors

As indicated in the FY 2020-21 Chief Executive Office Risk Management Annual Report, cost escalation is driven by several factors:

- Increases in medical utilization as medical facilities performed procedures delayed due to the pandemic.
- Regulatory increase to the medical-legal fee schedule.
- Significant increase to certain indemnity payments effective January 1, 2022. The Labor Code requires the maximum and minimum weekly earnings upon which certain indemnity payments are based to increase by an amount equal to percentage increase in the State Average Weekly Wage (SAWW) compared to the prior year. In calendar year 2022, the SAWW increase was calculated at an unprecedented 13.5% (usual increases are 2% to 4%) and will influence future costs related to some temporary disability, life pension, permanent total disability, and death benefits.

CEO Risk Management will monitor the impact Senate Bill 1277 (effective January 1, 2023) has on public safety Workers' Compensation costs. CEO Risk Management believes the new statutes will increase cost and litigation.

WORKERS' COMPENSATION PROGRAM — SIGNIFICANT ACCOMPLISHMENTS FY 2021-22

- | | |
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| <ul style="list-style-type: none">• Continued to collaborate with County Counsel Workers' Compensation Division to mitigate costs associated with high exposure workers' compensation claims.• Continued to work with CEO Risk Management Finance and County Counsel to ensure the anti-fraud provisions and information provided by the Department of Industrial Relations is vetted and acted upon.• Continued to partner with the TPA to improve communication and customer satisfaction to injured workers.• Continued to evaluate, test, and recommend enhancements to the Workers' Compensation claim module of the comprehensive RMIP. | <ul style="list-style-type: none">• Continued to work with public and private sector employers to evaluate and influence Workers' Compensation legislation and regulation development to ensure such promotes the timely provision of benefits that is balanced with employee and employer needs.• Continued to assist the Fire Department with Workers' Compensation processes and access to medical care.• Developed and implemented a Workers' Compensation claimant portal for Fire's injured workers, intended to promote communication and resolve benefit delivery hurdles. |
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Workers' Compensation Program — Objectives FY 2022-23

- | | |
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| <ul style="list-style-type: none">• Evaluate, implement, and measure the ability to terminate long-term Workers' Compensation exposure through the full and final settlement of Workers' Compensation exposure through a Loss-Portfolio Transfer.• Assist Fire Department's Disability Management and Compliance Section (Fire DM) in retiring their current Workers' Compensation tracking system and leveraging the economies and capabilities of the Ventiv Claims Enterprise (VCE) system .• Assist Fire DM in developing a well-defined modified duty program that would expedite Workers' Compensation early return-to-work efforts and explore physician led physical work-hardening as a component of the program. | <ul style="list-style-type: none">• Continue to evaluate VCE robotic process automation capabilities to reduce resources related to mundane claims management tasks.• Explore implementation of a Workers' Compensation claimant portal Countywide, which allows injured workers access to limited information that promotes communication and resolves benefit delivery hurdles.• Continue to work with public and private sector employers to evaluate Workers' Compensation legislation, regulation development, and critical issues impacting the County Workers' Compensation Program.• Engage Fire Department's executive team to increase focus and influence on legislation that impacts their Workers' Compensation costs. |
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LIABILITY CLAIMS AND RECOVERY

The Liability Claims and Recovery Unit assists in overseeing administration services for incidents, claims, and lawsuits, for automobile, employment, general liability, medical malpractice, and hospital liability matters. These services are performed under contract by two TPAs, Carl Warren and Company (Carl Warren) and Intercare Holding Insurance Services (Intercare). In addition, CEO Risk Management staff represents the County in cases that are filed in the Superior Court Small Claims Division.

Carl Warren provides administration services for incidents, claims, and lawsuits, for automobile, employment, and general liability matters. In addition, Carl Warren provides County Counsel with litigation management and support services for automobile, general liability, employment, and social services matters. These services include tracking litigation costs and expenses, participating in roundtable meetings, and attending and/or monitoring legal proceedings.

Intercare is responsible for medical malpractice, hospital liability, and limited general liability incident reporting, claim administration, and litigation management support services. These services include early investigation that is defined as contractor-initiated activity resulting from the decision to set up a claim file, or the immediate recognition of extraordinary case circumstances. The activities include immediate contact with those employees, witnesses, and other individuals having any involvement in, or knowledge of, an incident.

Additionally, Intercare staff participate in roundtable meetings and present a medical/legal analysis of the incident and provide a recommendation on best resolution opportunities.

Liability Claims and Recovery staff work closely with County Counsel staff to ensure litigation management processes are operating efficiently and providing attorneys with required services. Staff review liability and medical malpractice claims weekly in triage meetings to identify high-exposure claims for monitoring. The triage meetings are attended by the County Risk Management Inspector General and Loss Control and Prevention staffs to ensure the information is shared with appropriate CEO Risk Management personnel.

Recovery is a critical component of the Liability Claims and Recovery Unit. Recovery staff focus efforts on identifying, analyzing, and implementing plans of actions necessary to pursue recoveries. These recoveries can result from asserting subrogation rights, protections afforded under contractual indemnification provisions, insurance contracts, contribution obligations, and identifying and pursuing responsible parties for damages and costs.

ACTIONS



LIABILITY CLAIMS AND RECOVERY (Continued)

LIABILITY CLAIMS

Though most liability claim type frequency remained stable, general liability claims saw an increase of 367% (see table below). This increase was caused by the filing of 7,037 environmental hazard claims. These claims were the result of an unprecedented incident occurring in September 2021, causing noxious odor in a stretch of the Dominguez Channel near the City of Carson. County Counsel, Carl Warren, and Liability Claims and Recovery staff partnered to address the multitude of claims arising from this emergent situation. CEO Risk Management believes the filing of such claims began to stabilize in the second quarter of FY 2022-23.

RECOVERY



COST

Claim Type Frequency	FY 2019-20	FY 2020-21	FY 2021-22
Vehicle Liability	1,149	805	819
Law Enforcement Liability	398	575	574
Employment Practices Liability	138	116	189
Other General Liability	3,192	2,255	10,540
Medical Malpractice	156	142	90
TOTAL	5,033	3,893	12,212

Medical Malpractice claims saw a decrease of reported claims from 142 in FY 2020-21 to 90 in FY 2021-22. This represents a decrease of approximately 37%. The communication and optimal resolution process (CANDOR) was implemented on 22 claims. Six of those claims settled with legal and cost expense avoidance estimated at \$100,000 per clam.

Primary Cause	Claim Count	Medical Malpractice Liability Causes
Bodily Injury Only Accident	25	27.8%
Procedure (including surgery)	6	6.7%
Diagnostic	26	28.9%
Wrongful Death	5	5.6%
Other	28	31.1%
Total	90	100.00%

LIABILITY CLAIMS AND RECOVERY (Continued)

SMALL CLAIMS UNIT

The Small Claims Unit represents the County in cases filed in the Superior Court Small Claims Division. The Unit also administers lost or stolen property claims filed against the departments of Health Services and Sheriff. In FY 2021-22, the Unit represented the County in 67 small claims court actions and prevailed in 84% of the those.

The Small Claims Unit staff administer recovery efforts made on behalf of the Department of Public Works and assist in large property claims made against the County. In addition, the Unit provides reimbursement recommendations to line departments on claims related to the County's mileage permittee program.

RECOVERY UNIT

A fundamental function of the Recovery Unit is to identify opportunities to recover funds from various sources. As indicated, those sources include parties that are totally or partially responsible for the loss, insurance, and contractual indemnification obligation. To maximize outcomes, the Recovery Unit partners with TPAs, insurance claims experts, and County Counsel staff to ensure the County's recovery rights are protected.

Workers' Compensation subrogation rights are outlined in the California Labor Code. The Recovery Unit developed procedures to maximize subrogation identification and recovery. This includes coordinating efforts with the Workers' Compensation TPA, contract law firms, and CEO Risk Management staff. In FY 2021-22, there was \$968,672 in Workers' Compensation recovery. Additionally, the Workers' Compensation Program recovered \$686,913 in refunds/overpayments and \$508,930 in excess insurance recovery.

In FY 2021-22, there were combined recoveries of \$19,336,666 on the Liability Program. This was driven, in part, by the aviation insurance recovery of \$16,575,000. This recovery related to the Sheriff's helicopter AR5 crash that occurred on March 19, 2021.

RESOLUTION



ACTION

LIABILITY CLAIMS AND RECOVERY—ACCOMPLISHMENTS FY 2021-22

- | | |
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| <ul style="list-style-type: none">Continued to assist in the administration and management of liability and medical malpractice/hospital liability claims.Continued to monitor and enhance, as needed, VCE Module 1 – Liability Claims.Continued to collaborate with RMIG staff to ensure costly and sensitive claims are identified as early as possible. | <ul style="list-style-type: none">Continued to work with County Counsel staff to ensure litigation management processes are robust and effective.Participated in the selection and recommendation of a Medical Malpractice and Hospital Liability Claims TPA.Responded to the urgent claims administration and litigation management needs caused by the Dominguez Channel noxious odor incident. |
|--|---|

LIABILITY CLAIMS AND RECOVERY—OBJECTIVES FY 2022-23

- | | |
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| <ul style="list-style-type: none">Staff critical vacant positions caused by retirements.Explore an organizational restructure to optimize efficiency and effectiveness.Work with CEO Risk Management Fiscal to ensure sound fiscal policies are identified and implemented.Collaborate with County Counsel staff to leverage existing processes related to recovery identification and pursuit.In conjunction with the CEO Contracts Unit, release a Request for Proposals for an Automobile and General Liability and Legal Defense Management Services contract. | |
|--|--|

TREND ANALYSIS

WORKERS' COMPENSATION

CAUSES OF INCIDENTS

The County employs over 100,000 employees with diverse occupational exposures and thousands of job descriptions. While each department has hazards that pose specific risks to its employees, the overall exposure in FY 2021-22 can be summarized into the following six classifications for approximately 88.3% of the injuries sustained by County employees.

ASSAULT (12.0% of all claims)

Assaults include all aspects of a third party combating with County employees. Departments with the majority of assaults include: Sheriff (63.0%), Probation (18.5%), and Health Services (15.1%).

CUMULATIVE TRAUMA/BODILY INJURY (14.5% of all claims)

Cumulative trauma and bodily injury include injuries that are sustained over time due to the repetitive motion of the work performed on the job. Departments with the most cases include: Sheriff (40.9%), Fire (17.0%), Health Services (13.9%), and Public Social Services (6.2%).

EXPOSURE (27.1% of all claims)

This category includes exposure to physical hazards which involves particulates, fumes, and chemicals; environmental exposure including heat, cold, sun, and noise; and biological hazards including blood, body fluids, viral, and bacterial exposures. Departments with the most exposure cases include: Sheriff (73.2%), Fire (14.0%), and Health Services (7.2%). This includes most COVID-19 claims.

OVEREXERTION (21.1% of all claims)

Overexertion includes those that involve strain or injuries due to lifting, carrying, pushing, or pulling. Departments with the most cases include: Fire (28.8%), Sheriff (28.1%), Public Social Services (11.0%), and Health Services (8.1%).

STRUCK BY/OR AGAINST (5.7% of all claims)

This category includes injuries resulting from being struck/crushed by a human, animal, or inanimate object, or by force that is not vehicle related. Additionally, this can include injuries caused by striking against something or someone, or from flying or falling objects. Major Injury Cause categories include: Struck or Injured By, Rub or Abraded By, and Struck Against or Stepping On. Departments with the most cases include: Health Services (29.0%), Sheriff (17.5%), and Fire (14.5%).

FALL, SLIP, OR TRIP (7.8% of all claims)

This category includes falling down in the office environment which includes stairs, chairs, escalators, elevators, and over various floor surfaces. Externally, this includes falling from vehicles, ladders, rooftops, and surfaces in parking lots, sidewalks, and in rough terrain. Departments with the most cases include: Sheriff (30.5%), Health Services (24.1%), and Fire (12.7%).

OTHER (11.7% of all claims)

This category includes all other causes, including, but not limited to: presumptive injuries, cardio-vascular-related injuries, caught in or between injuries, and transportation-related injuries. Departments with the most cases include: Sheriff (57.8%), Health Services (25.1%), and Fire (5.2%).

TYPES OF WORKERS' COMPENSATION CLAIMS BY DEPARTMENT

Types of Claims by Department:					
	Fire	Health Services	Probation	Public Social Services	Sheriff
Assault	0.3%	13.0%	48.6%	1.6%	15.3%
Cumulative Trauma	16.7%	14.4%	6.9%	19.8%	12.1%
Exposure	25.6%	13.9%	5.8%	4.7%	40.1%
Fall, Slip, or Trip	6.7%	13.4%	9.9%	14.0%	4.8%
Overexertion	41.0%	12.2%	19.5%	50.2%	12.0%
Struck By/Or Against	5.0%	5.0%	3.8%	5.3%	1.8%
All Other Claims	4.8%	28.0%	5.6%	4.4%	13.9%
	100.0%	100.0%	100.0%	100.0%	100.0%
Top six types of claims account for 86.4% of all claims in FY 2021-22.					

PREVENTION

MEDICAL



CARE

AVOIDANCE

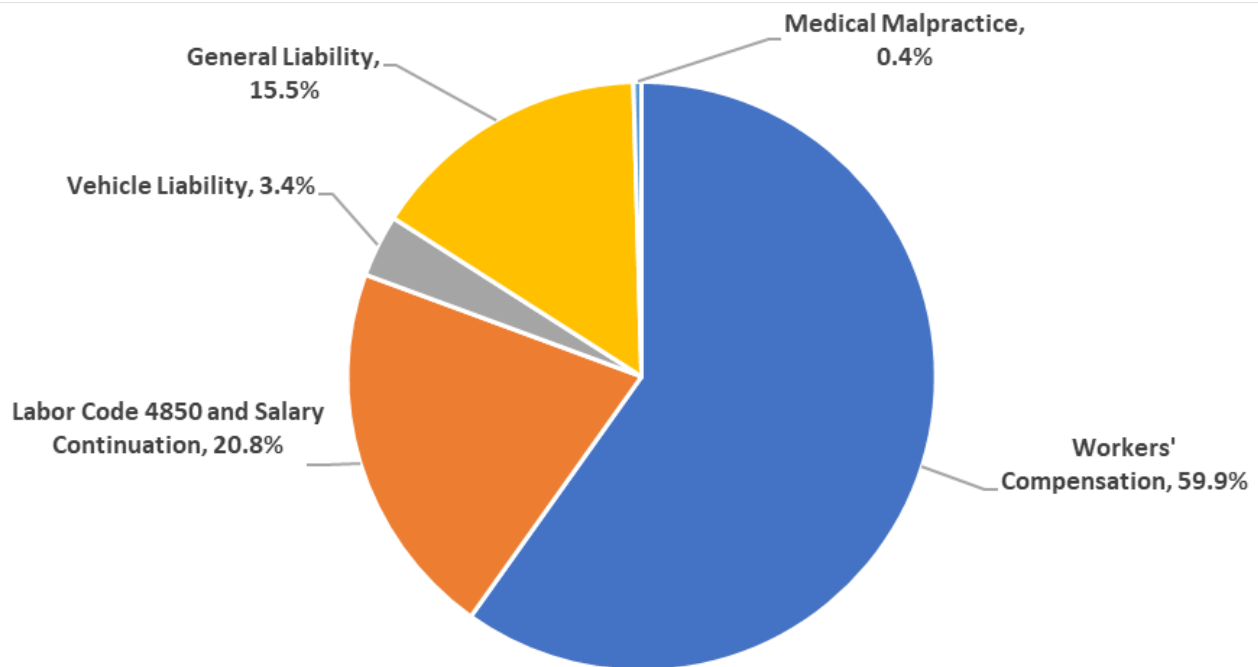
LIABILITY CAUSE ANALYSIS

The operations and functions of the departments expose the County to several risk factors that result in liability. While each department has risks specific to their operation, the overall exposure can be summarized into five liability classifications:

- 1) Employment Practices Liability
- 2) Law Enforcement Liability
- 3) Medical Malpractice
- 4) Other General Liability
- 5) Vehicle Liability

Liability exposures account for 19.4% of the County's Total Cost of Risk.

Total Cost of Risk as illustrated in the chart below.

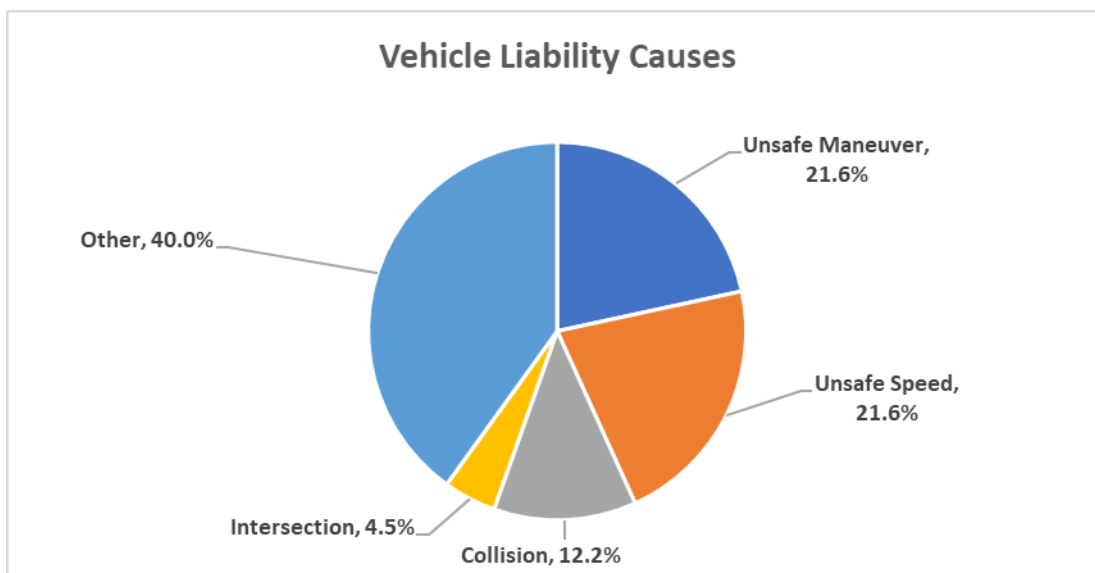
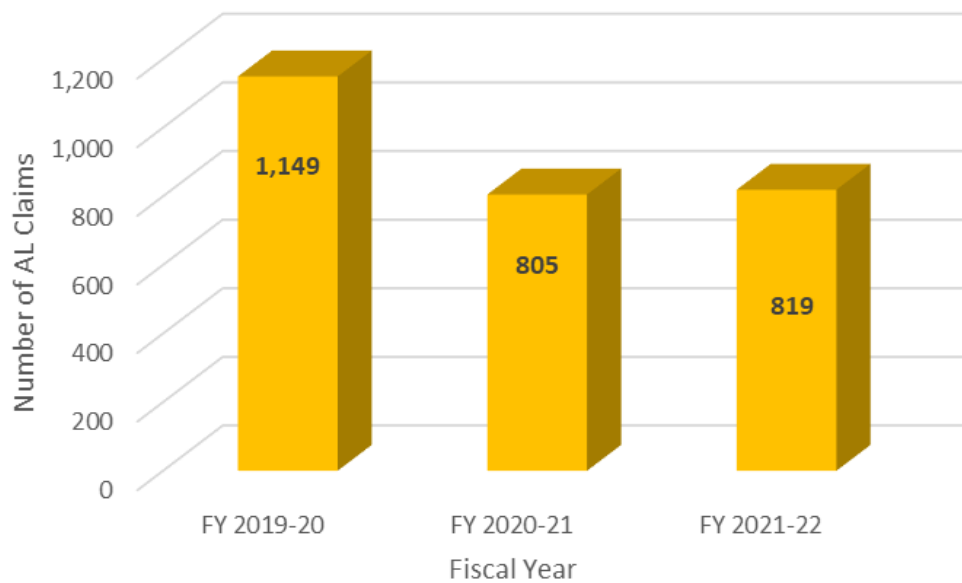


VEHICLE LIABILITY CLAIMS

The County's Vehicle Liability frequency increased 1.7% from FY 2020-21 to FY 2021-22. The cost of Vehicle Liability claims increased by approximately 70.3% during the same time period.

Data shows there were increases in all types of Vehicle Liability accidents in FY 2021-22. Unsafe maneuvers and unsafe speeds account for about a third of all accidents.

Vehicle Liability represents approximately 3.4% of the County's Total Cost of Risk.



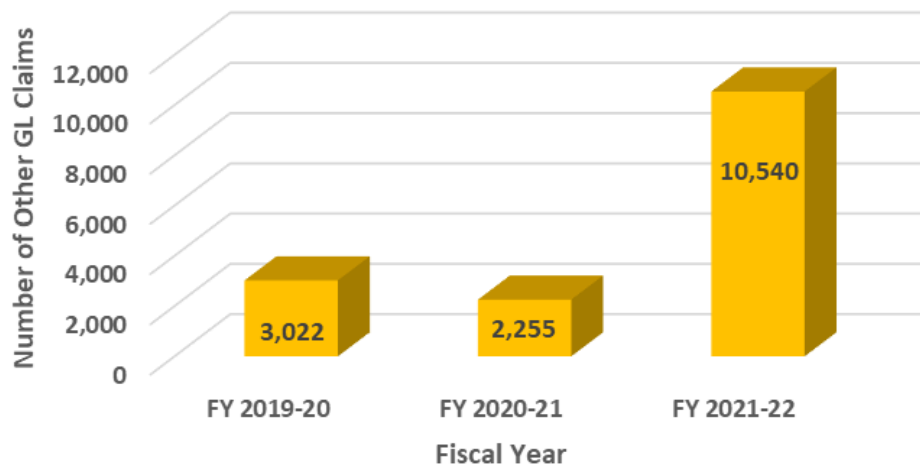
OTHER GENERAL LIABILITY CLAIMS

Other General Liability includes all claims filed against the County that are not classified as Employment Practices, Medical Malpractice, Vehicle, or Law Enforcement. This includes dangerous conditions and property-related claims. Claims in this category also include non-tort claims, which include taxation, elections, redevelopment, and billing disputes.

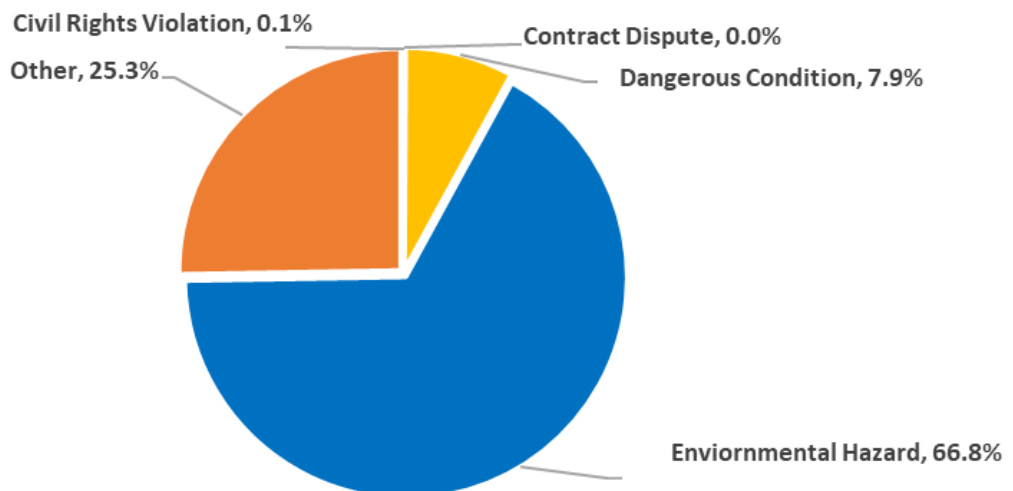
The Other General Liability frequency increased by approximately 367.4% from FY 2020-21 to FY 2021-22.

Other General Liability represents 4.9% of the County's Total Cost of Risk.

Other General Liability Claims Frequency Trend



Other General Liability Causes

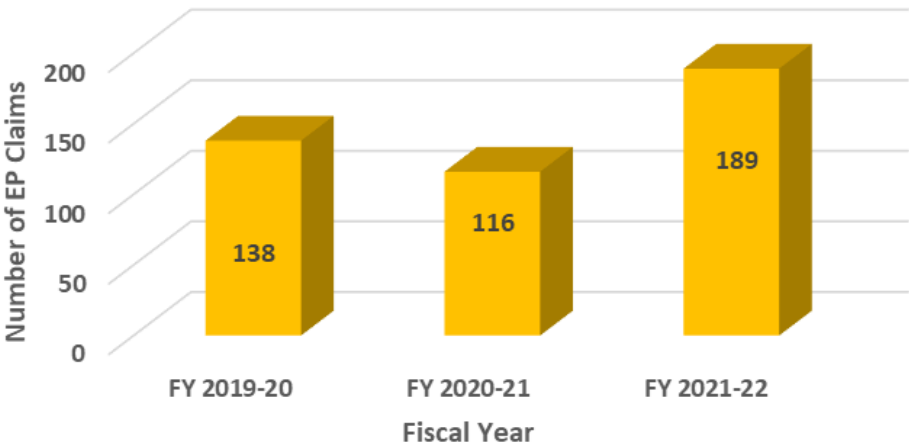


EMPLOYMENT PRACTICES LIABILITY CLAIMS

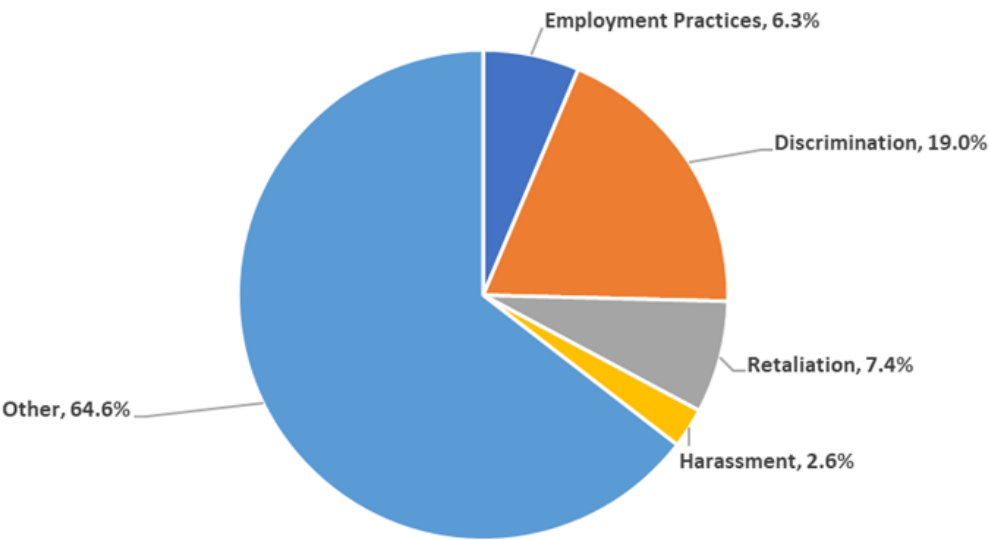
The County’s Employment Practices Liability frequency increased by 62.9% from FY 2020-21 to FY 2021-22. The County’s overall Employment Practices Liability expenses increased by 48.1%.

Employment Practices Liability represents 3.2% of the County’s Total Cost of Risk.

Employment Practices Liability Claims
Frequency Trend



Employment Practices Liability Causes



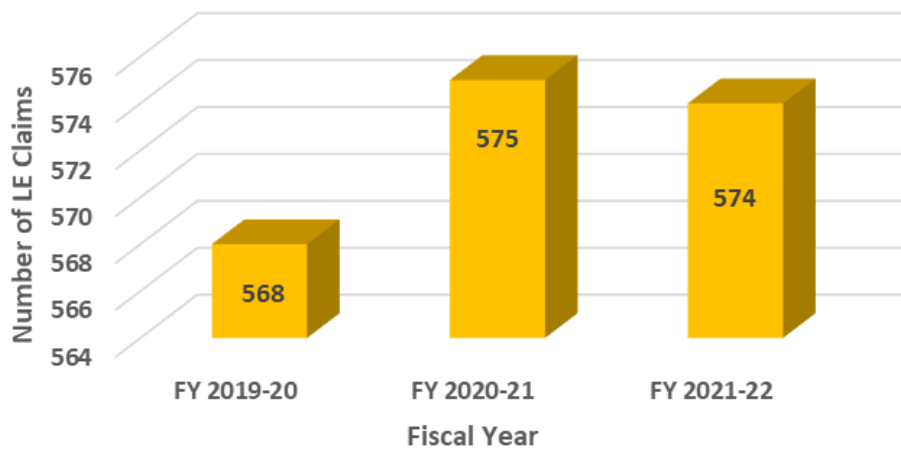
LAW ENFORCEMENT LIABILITY CLAIMS

The County's Law Enforcement Liability frequency rate decreased by 0.2% for FY 2021-22, compared to the previous FY, and paid expenses increased by 65.2%.

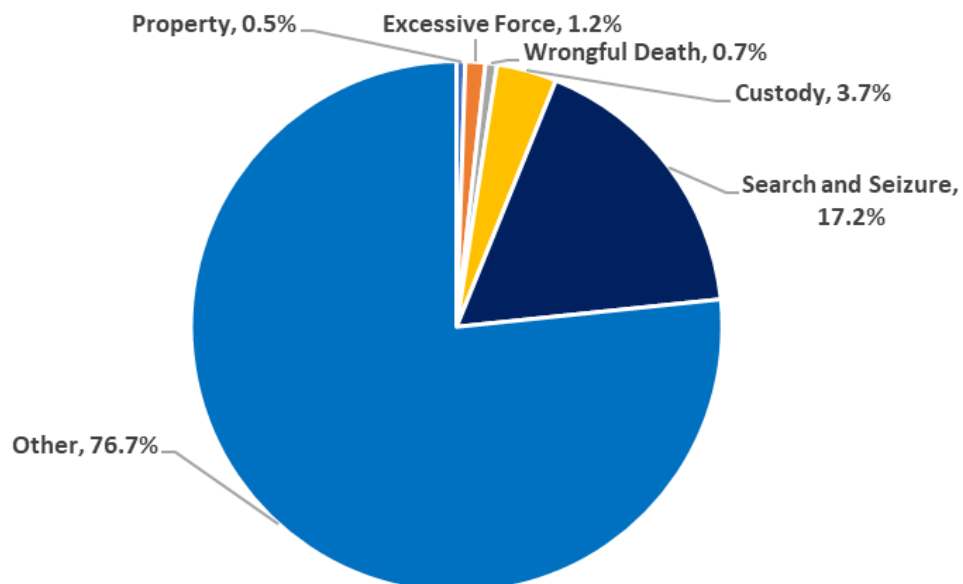
The most prevalent claims were for "Search and Seizure" and "Custody," which represent 17.3% and 3.7%, respectively.

Law Enforcement Liability represents 7.4% of the County's Total Cost of Risk.

Law Enforcement Liability Claims Frequency Trend



Law Enforcement Liability Causes

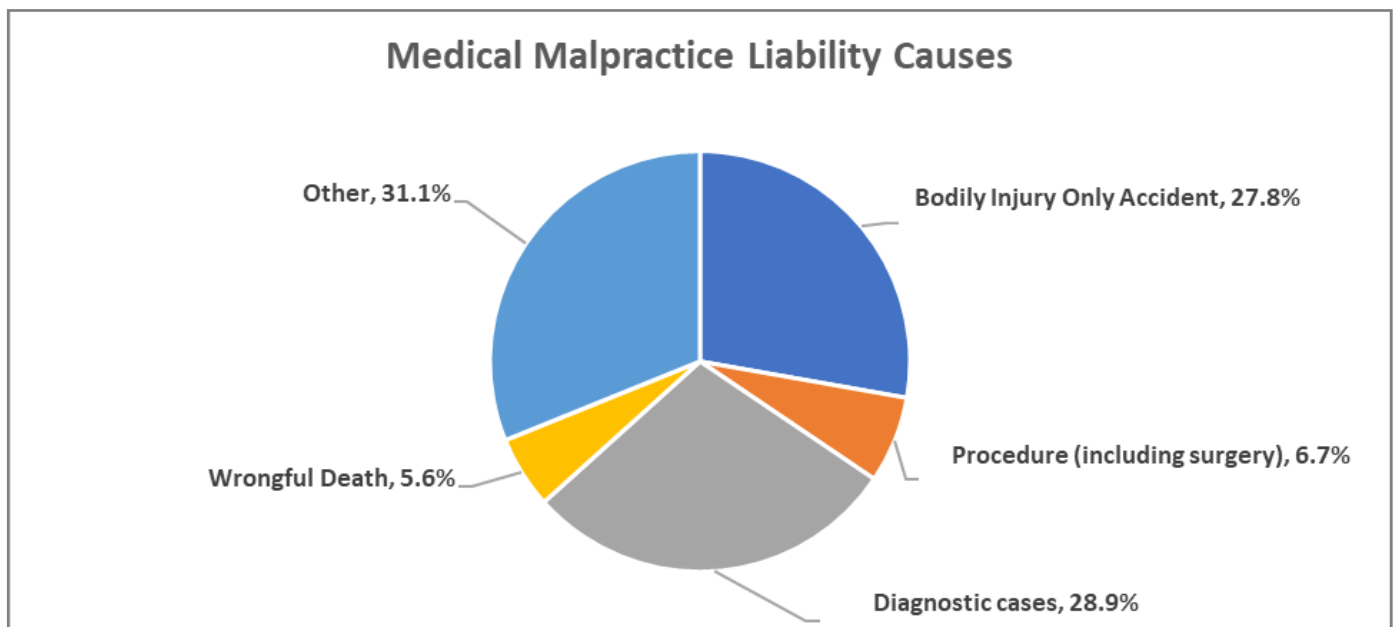
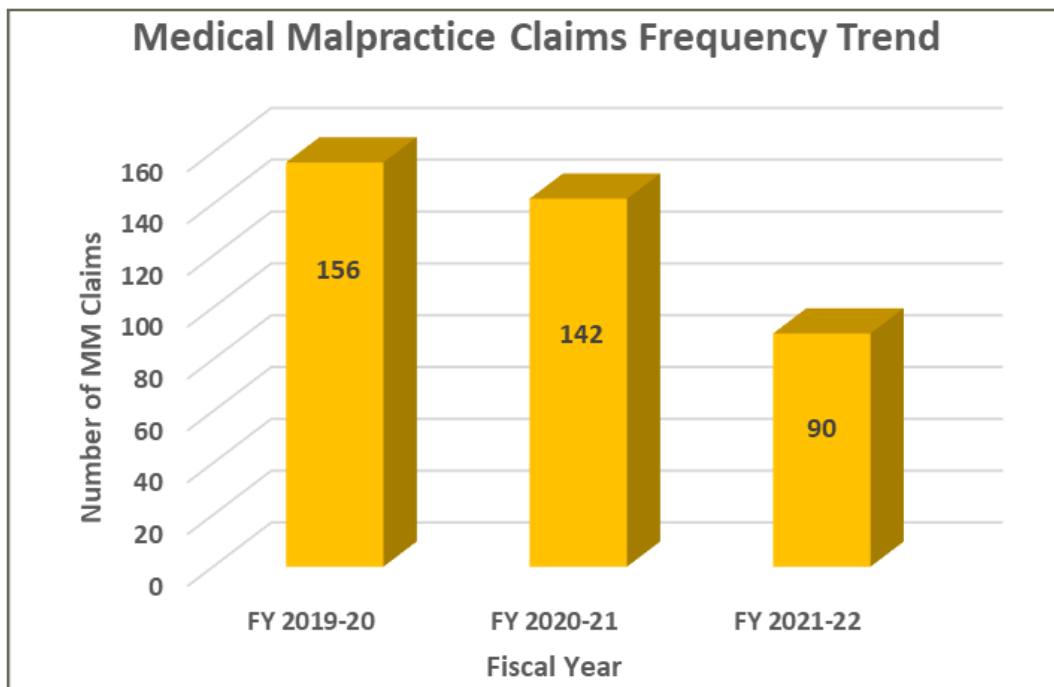


MEDICAL MALPRACTICE CLAIMS

Medical Malpractice Liability loss is attributable to various departments; however, the majority of the loss is related to care in hospitals. Hospital exposures are those related to patient contact; therefore, the more patients seen, the more probability that claims will arise.

The County's Medical Malpractice Liability overall frequency decreased 36.6% from FY 2020-21 to FY 2021-22. The primary type of claim filed against the County was for procedures (including surgeries) and diagnostic cases.

Medical Malpractice Liability represents 0.4% of the County's Total Cost of Risk.



LOSS CONTROL AND PREVENTION

The Loss Control and Prevention (LCP) Unit provides risk analysis and consultative assistance to find effective solutions for root causes of loss and training for all departments to ensure a safe and healthful environment for County employees and the public. LCP's efforts focus on departments with high-risk activities; however, regular assistance/support is provided to all departments upon request. LCP's activities include the following:

- Evaluate proposed legislation involving liability and safety for applicability to County departments' operations.
- Coordinate Countywide Risk Management training efforts through biennial Risk Management Forums where forthcoming legislation and other issues are presented and discussed with affected County departments.
- Enhance and maintain the CEO Risk Management Internet site with new and updated material.
- Serve as subject matter experts on risk management and loss control issues involving California Occupational Safety and Health Administration (Cal/OSHA) inspections, inquiries, and informal conferences.
- Provide loss control consulting to departments to improve their programs, procedures, and policies relating to their risks and cost drivers.
- Establish County loss control and prevention standards and assist departments with their risk management and loss control needs.
- Address cost drivers associated with issues driving Workers' Compensation and tort liability costs, including vehicle, general, employment practices, and medical malpractice liability costs.
- Coordinate risk management and loss control efforts with County departments by participating or leading agendas with Risk Managers, Safety Officers, Return-To-Work Coordinators, and safety committees.
- Enhance loss control and prevention knowledge and capabilities within County departments through Health and Safety Coordinators meetings, webinars, participation in departmental safety and risk management committees, and Countywide education and training efforts, which include:
 - Development of training videos, courses, and related content for placement and distribution through the Joint Labor-Management Committee on Office Ergonomics website, Learning Net, and Risk Management University.
 - Create safety bulletins, best practices, and frequently asked questions on pertinent loss control issues, including new or amended regulations or current issues affecting the County.

LOSS CONTROL AND PREVENTION — SIGNIFICANT ACCOMPLISHMENTS FY 2021-22

Loss Control and Prevention focused efforts on departmental frequency and severity drivers through the development and implementation of training programs, policies, and guidelines, as well as field visits targeted to the source of risk. Other significant accomplishments include:

- Continued assisting County departments on compliance with new/emergency standards, regulations, and Senate Bills requirements, as well as on existing standards in a more diverse and dynamic work environment resulting from the COVID-19 pandemic.
- Provided over 600 consultations to departments on a variety of issues, including COVID-19 precautions and compliance, ergonomics and telework, risk assessments, data analysis and interpretation, Cal/OSHA compliance, occupational health and safety, liability, and Corrective Action Plan development.
- Actively worked with County departments, subject matter experts, and vendors to coordinate training video development to enhance the educational opportunities on CEO Risk Management's education library.
- Coordinated Health and Safety Coordinators meetings attended by over 500 County Risk Managers, Safety Officers, Human Resources personnel, and others with safety responsibilities.
- Participated in Countywide and departmental safety and risk management committees which provided networking opportunities for risk management personnel in social services departments.
- Served as subject matter experts in the recruitment, screening, and interview process for potential risk management staff at County departments.
- Enhanced the standard product list for ergonomic equipment used by the County's Workers' Compensation TPAs as part of an integrated cost containment strategy related to ergonomic evaluations for Workers' Compensation cases.

MITIGATION

CONTROL



LOSS CONTROL AND PREVENTION — OBJECTIVES FY 2022-23

To aid departments in their efforts to reduce overall trends, LCP will focus on the following:

Regulatory Compliance and Operational Effectiveness

- Monitor new or revised safety-related regulations and provide impacted County departments with regular updates through safety bulletins, trainings, and other related meetings to ensure compliance.
- Continue to advise departments on COVID-19 regulatory compliance related to new or revised standards, Senate Bills, or other related legislation.
- Work with departments to ensure their Occupational Safety and Health programs are revised and effective through regular meetings with departmental risk management staff and analysis of risk management related loss data.

Telework and Ergonomics Compliance

- Provide departments with guidance on the County's responsibilities related to ergonomics and telework assignments.
- Engage with County departments through meetings, webinars, and other opportunities to ensure telework and ergonomics policies, procedures and guidelines are in adherence with regulatory requirements and established best practices.
- Enhance the Joint Labor-Management Committee on Office Ergonomics website to include information on telework, self-assessment evaluation software, and training opportunities.

Maintaining Department Awareness of COVID-19-Regulatory Requirements

- Relay training and other informational opportunities to departmental contacts from both internal and external sources.
- Serve as liaison between County departments in multi-tenant locations to ensure each department's efforts work in unison with each other, maximizing effectiveness and reducing redundancies.

EFFECTIVENESS

EFFICIENCY

SCOPE

RISK MANAGEMENT INSPECTOR GENERAL

The role of the Risk Management Inspector General (RMIG) is multi-faceted; first, is responsible for assisting County departments in the development and approval of Corrective Action Plans (CAPs) and Summary Corrective Action Plans (SCAPs); second, it uses the information from CAPs and SCAPs to foster liability loss control measures. Finally, RMIG collaborates with departments, CEO Risk Management's Liability Claims, and County Counsel to meet the mandates established by the Board. This includes the requirement of all County departments to include a SCAP approved by RMIG as part of any claim settlement over \$100,000.

Accordingly, RMIG manages CAPS and SCAPS through the following processes that incorporate all of the elements of loss control, claims management, and Board mandates:

- Weekly review of all liability claims entered in the claims system to determine early intervention, prevention, and containment efforts.
- Conduct detailed analysis of liability incident reports, claims, significant incidents, and adverse events, including monitoring adverse verdicts and items reported through various sources.
- Consult with departments and assist with their development of remedial corrections, CAPs, and SCAPs.
- Assist in expediting claim settlements by pre-approving all CAPs and SCAPs prior to submission to the County Claims Board and/or the Board.

- Escalate requests for CAP and SCAP information through department management and the Board, as necessary.
- Conduct audits and investigations of liability issues at the direction of the Board, and/or those issues which RMIG deems appropriate.

RMIG participates in all cluster meetings (agenda and policy committees) which involve in-depth discussions of CAPs, SCAPs, and case facts. These cluster meetings are attended by Board Deputies, departments, CEO, and County Counsel. The purpose of the meetings is to brief the Board Deputies on all relevant information so they can brief the Board before final Board approval is sought for a case.

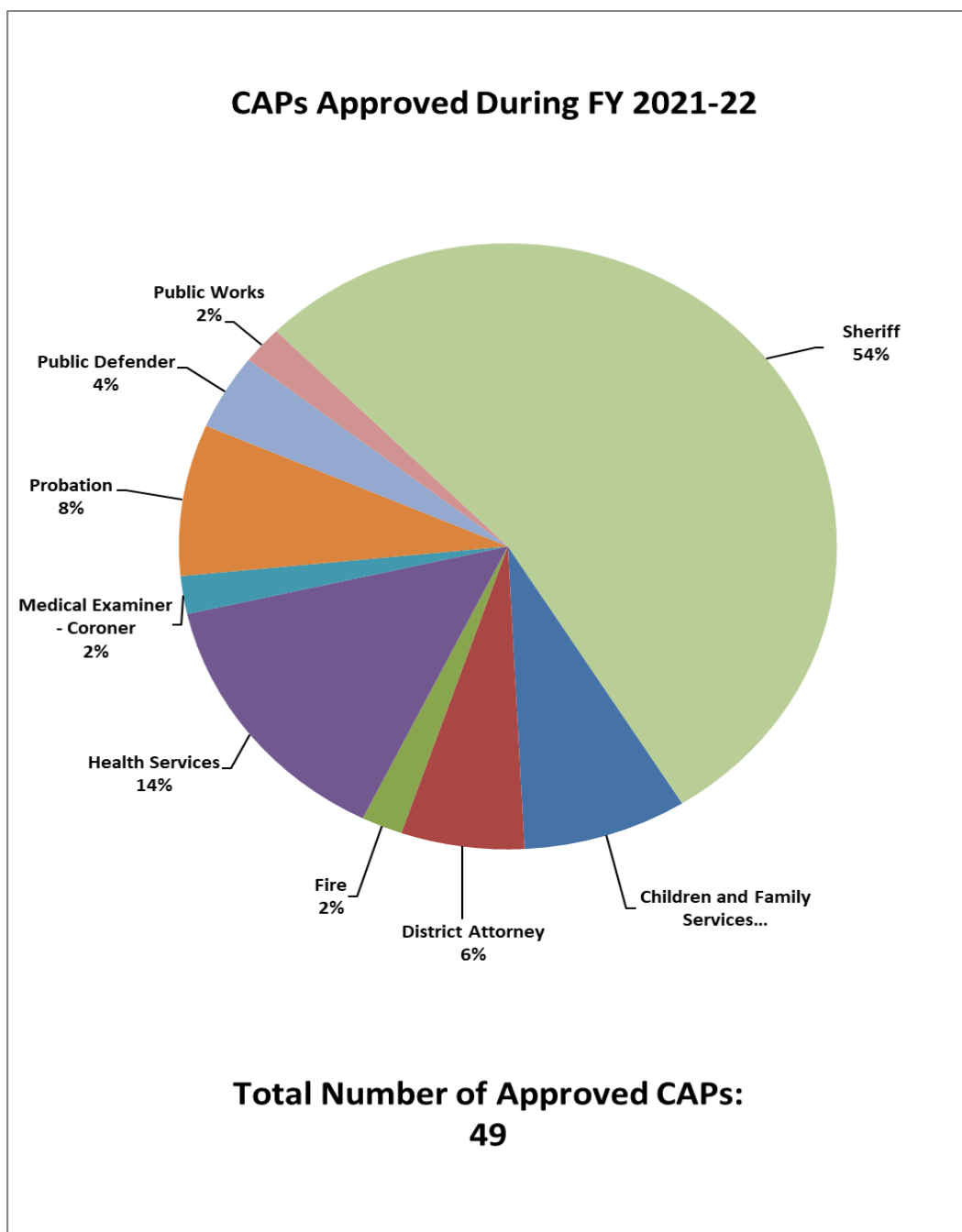
The number of CAPs approved by the Board during FY 2021-22 is illustrated on the next page.

AVOIDANCE



ACTIONS

CORRECTIVE



RISK MANAGEMENT INSPECTOR GENERAL — SIGNIFICANT ACCOMPLISHMENTS FY 2021-22

RMIG collaborated with the Board, County Counsel, and various departments to improve the timeliness of CAPs and SCAPs by creating an entire new CAP and SCAP process in 2015. From the date of the notice of settlement, departments have 90 days to submit a final CAP. Since the implementation of the new guidelines, a majority of the departments have met these new deadlines without challenges.

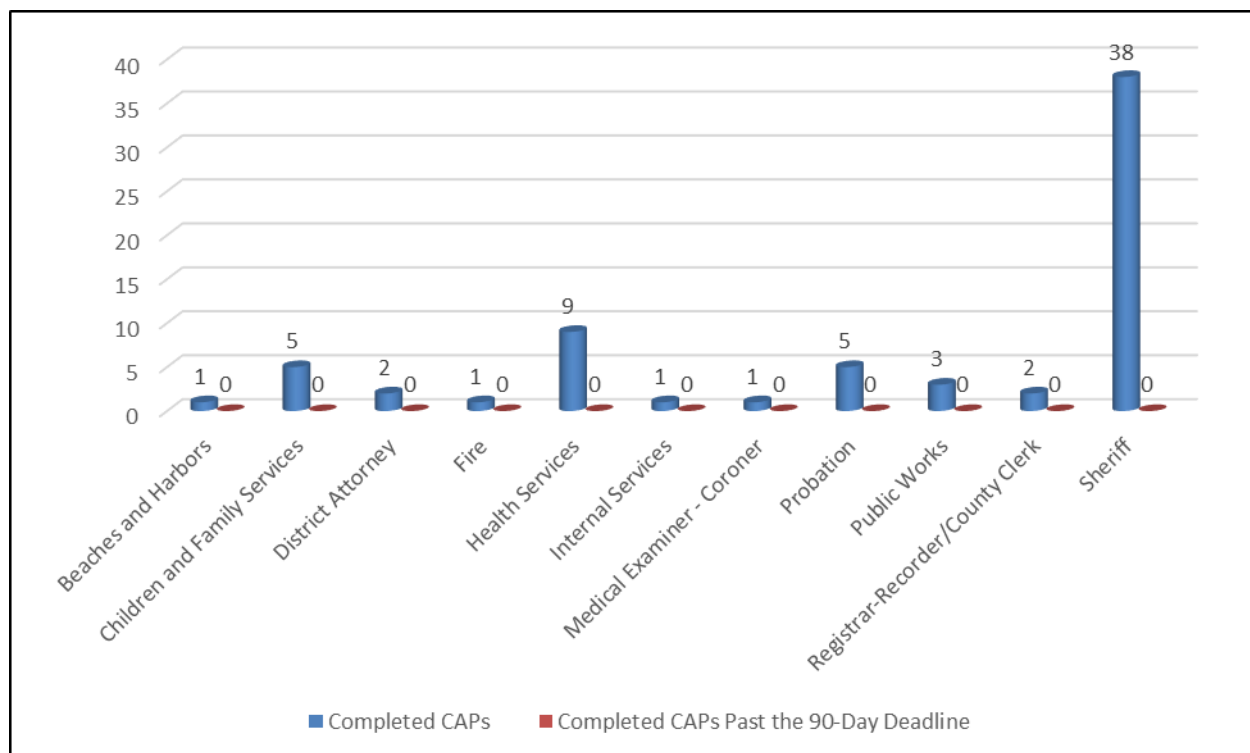
The chart below illustrates the number of CAPs completed within 90 days for FY 2021-22.



ANALYZE

RESOLUTION

Department	Completed CAPs	Completed CAPs Past the 90-Day Deadline
Beaches and Harbors	1	0
Children and Family Services	5	0
District Attorney	2	0
Fire	1	0
Health Services	9	0
Internal Services	1	0
Medical Examiner - Coroner	1	0
Probation	5	0
Public Works	3	0
Registrar-Recorder/County Clerk	2	0
Sheriff	38	0
TOTAL	68	0



The quality of CAPs has significantly improved since 2015. CAPs now include more robust descriptions, supporting documentation, exhibits, and contain in-depth discussions as to the violations and/or system issues that occurred and how suggested corrective actions will address the problems in the present and into the future.

For 13 years, RMIG has co-chaired the Medical Malpractice Sub-Committee of the Legal Exposure Reduction Committee (LERC), which has led to more thorough communications and best practices, Countywide. Open communication among departments has reached new heights as departments work together on just culture (an approach to management of unintended outcomes in a humane and fair evaluation that identifies and corrects system contributors and human behaviors), CAPs, best practices, and sharing of information.

Communication is key to having a strong and healthy organization, and RMIG will strive to continually cultivate these open-door discussions.

Over the past several years, RMIG collaborated on the extensive development and implementation of the new RMIP to integrate the Risk Compliance Management System into applicable claims metrics. RMIG identified methods by which electronic communications with departments' litigation and risk management staff can be incorporated into this new system. The system was successfully implemented by CEO and RMIG is actively tracking and working on corrective actions within the new system.

RISK MANAGEMENT INSPECTOR GENERAL — OBJECTIVES FY 2022-23

RMIG will continue to research and develop additional automation methods to incorporate reminders and routine processes into the software. Overall, the new RMIP allows for the creation and tracking of CAPs and will automatically assign CAPs to relevant business areas and organizational structures. The new system is expected to generate a variety of status reports based on the progress of corrective actions, and will further assist in correlating the impact of the CAP to other loss measures. Additionally, RMIP provides a single clearinghouse for the storage of all reference documents and exhibits related to the CAP process.

RMIG continues to focus on liability loss control and incorporating data integration, tracking, and trending this FY. RMIG will focus on proactive liability loss control measures instead of reactive measures, which traditionally has been the practice.

In collaboration with the Liability Claims and Recovery Unit, RMIG will continue reviewing, revising, and updating high-priority claims on a weekly basis, as well as notifying executive management of any lawsuits settling for over \$5 million.

RMIG will continue to evaluate the risks and benefits associated with installing Automated External Defibrillators (AEDs) Countywide, which, due to COVID-19, the project was placed on hold due to lack of funding and resources. RMIG will strive to finalize a Countywide AED and Hands-Only CPR policy to establish fundamental procedures for the management and maintenance of AEDs, and seek the input and feedback of various Countywide stakeholders, including, but not limited to, County Counsel. CEO Risk Management will continue to work with the County departments' stakeholders (DHS, DMH, DPH, Fire) to seek funding sources for this very important Countywide initiative.

RMIG will continue to host presentations via the Risk Management Forum and/or webinars online on topics of interest to departments.

Finally, RMIG will conduct annual reviews of the departments' Risk Management Plans to determine each departments' risk position from a liability claims perspective. RMIG will score departments based on multiple factors and will work with the departments to mitigate potential damages.



RISK TRANSFER

The Risk Transfer Unit is responsible for purchasing commercial insurance Countywide, handling/issuing certificates of self-insurance Countywide, conducting insurance compliance reviews Countywide, and providing indemnification and insurance expertise to all County departments.

The County strives to obtain commercial insurance for multiple risks that could negatively affect the County. Examples of the types of commercial insurance procured are: Automobile, Aviation, Cyber, Crime, Fiduciary, Earthquake, General, and Property. The County is constantly analyzing the risks and benefits by which obtaining insurance provides additional financial stability to the County and its constituents. The purchasing of insurance allows the County better protection when conducting day-to-day activities, as well as allowing the County to better serve its constituents by taking more proactive roles in public safety and health initiatives that may be of a higher risk but of a greater public value.

RISK TRANSFER— SIGNIFICANT ACCOMPLISHMENTS FY 2021-22

The most notable accomplishment which illustrates the importance of catastrophic loss insurance was the recovery of nearly \$17 million for the Sheriff helicopter crash in 2021.

The Risk Transfer Unit also reorganized the various insurance coverages and procured more robust insurance policies to better protect the County from emerging risks and losses caused by catastrophic events.

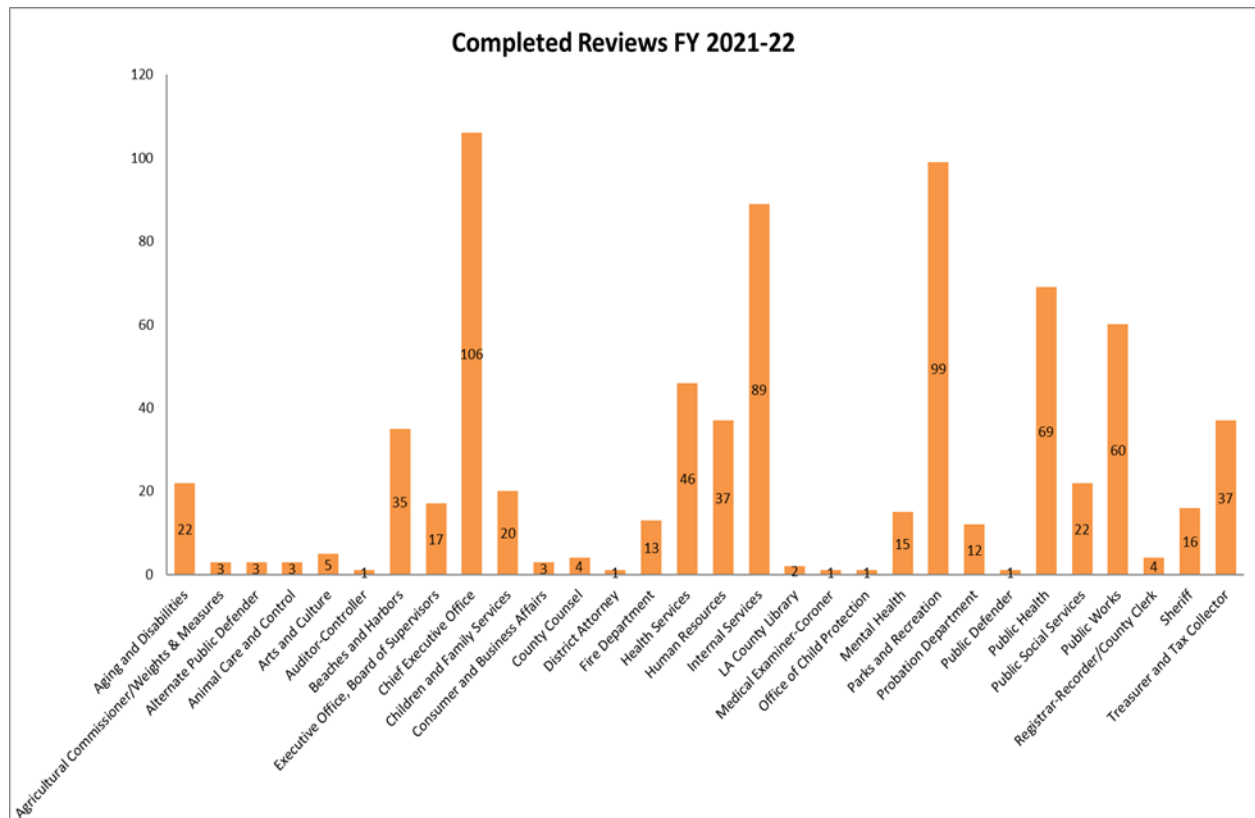
The enhanced policies cover losses emerging from cyber-attacks, fire, flood, earthquake property damage, catastrophic Workers' Compensation losses, sexual misconduct liability, and general liability. A new type of insurance coverage was procured this year at the request of the Department of Public Health, Cannabis Business Inspections and Product Liability.

Risk Transfer created a triage system to determine high risk and essential buildings within the County. This was accomplished with the collaboration of the development of the Deferred Maintenance Building Condition Assessments and the Asset Management Database, in partnership with County departments. In FY 2021-22, the Risk Transfer Unit, working in conjunction with the Property Insurance broker and underwriters, continued to assess County properties and update building values. 37 property addresses that included more than 60 buildings were assessed. Most of the addresses represented campuses and had more than one building.

Risk Transfer continued to provide Countywide insurance compliance reviews, indemnification and insurance trainings, and advice to all County departments on acceptable risk transfer techniques to protect the County from indemnity and legal costs associated with claims which may arise from the activities of County contractors.

RISK TRANSFER — SIGNIFICANT ACCOMPLISHMENTS FY 2020-21 (CONTINUED)

Risk Transfer conducted 747 indemnification and insurance reviews for departments during FY 2021-22. Departments were advised on possible risks associated with various projects and were provided recommendations on how to decrease such risks. The chart below illustrates the number of reviews completed per department.



A sizeable portion of indemnification and insurance reviews for departments were related to a public health emergency declared nationwide in response to COVID-19, and to the Department of Parks and Recreation's School Use of Parks Program.

Risk Transfer implemented an online Certificate of Self-Insurance system in January 2017 (Xera). As a result, the operating costs associated with the County Self-Insurance Certificate program decreased. All County departments can now more efficiently produce Certificates of Self-Insurance to meet their respective departmental needs.

Departments are often required to provide these certificates to various public and private entities for the County to conduct business on their property and/or for the public's benefit. Currently, all departments have access to the automated system and can produce their own Certificates of Self-Insurance within the requirements established by the County Risk Manager. This allows certificates to be expedited as needed and creates a more efficient way of conducting business. Tracking of the certificates is fully automated and certificates can be created and sent via email within minutes.

RISK TRANSFER — SIGNIFICANT ACCOMPLISHMENTS FY 2021-22 (CONTINUED)

Risk Transfer continues to train departments on the Xera system and provides ongoing technical and administrative support.

The chart below illustrates the number of County Certificates of Self-Insurance completed during FY 2021-22. A total of 682 certificates were completed by the departments within this timeframe.

DEPARTMENT	NUMBER OF CERTIFICATES
Aging and Disabilities	16
Agricultural Commissioner/Weights and Measures	3
Alternate Public Defender	2
Animal Care and Control	7
Arts and Culture	1
Assessor	1
Beaches and Harbors	4
Board of Supervisors, Executive Office	12
Chief Executive Office	43
Child Support Services	2
Children and Family Services	20
Consumer and Business Affairs	1
District Attorney	2
Fire	27
Health Services	63
Internal Services	2
LA County Library	8
Medical Examiner-Coroner	1
Mental Health	45
Parks and Recreation	16
Probation	3
Public Defender	1
Public Health	39
Public Social Services	18
Public Works	71
Registrar-Recorder/County Clerk	225
Sheriff	49
TOTAL	682

RISK TRANSFER — SIGNIFICANT ACCOMPLISHMENTS FY 2021-22 (CONTINUED)

During the FY 2021-22, Risk Transfer held five trainings on insurance and indemnification requirements for County departments' contracts. In addition, department-specific trainings were requested and provided to the contract administration and monitoring staff of the departments of Parks and Recreation, Public Health, and Treasurer and Tax Collector. In addition, specialized Cyber Insurance training was provided to the Treasurer and Tax Collector managers and supervisors.

Risk Transfer was asked to collaborate with other departments on various projects, including, but not limited to, the following:

- Insurance requirements for Schools Use of Parks Program Memorandum of Agreement for the Department of Parks and Recreation.
- Public Records Act Requests related to the Public Officials Bond and Crime Insurance.
- Revisions to Cyber Insurance standard requirements in County contract and solicitation templates.
- Changes to the insurance portion of the Franchisee Ordinance requested by the Department of Public Works.
- Board motion on contracting with small businesses and on streamlining County contracting processes and procedures.
- Revisions to the County Code as related to insurance coverage requirement for elected officials and Department Heads.

Risk Transfer has started drafting a comprehensive Insurance Manual for County Commercial Insurance and collaborating on the implementation of the comprehensive RMIP to integrate insurance policy management and asset management into the system's Loss Prevention module.

COLLABORATION



IDENTIFY

PREDICT

RISK TRANSFER — OBJECTIVES FY 2022-23

The Risk Transfer Unit will strive to insure as much County liability as is deemed financially responsible to protect County assets from unforeseen disasters. Continuing with this strategy, Risk Transfer is now in the process of obtaining higher limits of commercial excess coverage for Public Entity General Liability, Sexual Misconduct, and Cyber Liability, to further reduce risk to the County. Risk Transfer will work in partnership with the CEO Risk Management's Liability Claims Unit on assessing the need for Excess Medical Malpractice insurance. Risk Transfer will continue to collaborate with the departments on their department-specific commercial insurance needs and obtain their specific insurance policies on an as-needed basis.

Risk Transfer will continue evaluating properties to determine high risk and essential County buildings. Decisions to add County buildings to the property insurance policy will be made from a risk management perspective and will consider various factors such as location, population, and function of the buildings to ensure that all properties have the necessary coverage.

Risk Transfer will continue to conduct live webinars and online training on topics of interest to departments as part of their ongoing training program. The training objective is to provide holistic risk management and risk transfer perspectives to the departments' contract administrator functions with the goal of mitigating the contractual risks for the County.

Risk Transfer will continue to collaborate with departments on various Countywide projects to help assess potential risks and transfer them using diverse risk transfer techniques. Risk Transfer will continue building a partnership with County Counsel and the Internal Services Department to combine legal, contracting, and risk management expertise to help the County improve its contracting solicitation, administration, and monitoring practices with small, medium, and minority-owned businesses.

Risk Transfer will continue to assist in the development of the insurance module of the comprehensive RMIP by integrating County commercial insurance policies into the system. Risk Transfer objectives for the system are:

- To retain all County commercial insurance policies in electronic format for easy location, reference, and complete searchability.
- Maintain a complete list of County properties covered by hazard insurance, including property values and business interruption values, for easy access related to claims.

Risk Transfer will revise and update the Insurance Manual for County contracts with vendors. In addition, Risk Transfer will complete the comprehensive Insurance Manual for County Commercial Insurance.

OFFICE OF PRIVACY

The Office of Privacy (OOP) oversees the Countywide Privacy Program and privacy risk management activities among the County's 39 departments. OOP is led by the County's Chief Privacy Officer who manages the development of the Countywide Privacy Program and ensures protection of the County's data and information from unauthorized access, modification, misuse, or destruction. The mission of OOP is to protect the County's data and information through centralized oversight of privacy and cybersecurity risk mitigation protocols, and focused governance over privacy program operations.

Privacy risk management functions involve a unique interplay between the distinct objectives of OOP and the Office of the Chief Information Office (OCIO). While the OCIO is focused on the security and protection of the County's information technology systems and infrastructure, OOP is focused on the protection of the County's data and information that is processed and stored within those systems. The respective objectives of both programs provide holistic privacy and cybersecurity risk management functions with the goal of mitigating these risks for the County.

OOP also ensures Countywide compliance with federal requirements under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). OOP oversees the Countywide HIPAA program, regulatory reporting activities, and coordinates with the County's HIPAA-covered departments regarding the County's compliance with HIPAA, the Health Information Technology for Economic and Clinical Health Act (HITECH), and applicable laws and County policies.

OFFICE OF PRIVACY AND HIPAA

KEY PRIVACY OBJECTIVES

OOP manages the Countywide Privacy Program operations, which include several key objectives:

- **Privacy and HIPAA Program Development**
Lead Countywide privacy policy development and program management, including the establishment of new Board policies pertaining to the Countywide Privacy Program.
- **Centralized Oversight and Compliance**
Provide streamlined guidance to County departments on privacy-focused and HIPAA-focused initiatives, policies, training, risk assessments, audits, and compliance with applicable laws, regulations, and County policies. Coordinate with the County's Risk Manager to procure cyber-liability insurance coverage for the County.
- **Countywide Employee Training**
Deploy the Countywide Privacy Awareness Training Program, and HIPAA Training for applicable departments, as required by the HIPAA Privacy and Security Rules. In 2022, nearly 80% of County employees completed annual Countywide Privacy Awareness training, and nearly 76% completed required HIPAA Training.
- **Privacy Incident and Breach Response**
Ongoing development of incident response and breach response protocols for privacy and/or HIPAA-focused components of incident response processes, and consult with the County's Security Officers on timely response actions, legally required notices, and regulatory reporting, as applicable.

OFFICE OF PRIVACY AND HIPAA KEY PRIVACY OBJECTIVES (CONTINUED)

- **Third-Party Vendor Management**

Provide technical guidance on the County's contract provisions to ensure the protection of County's data and Protected Health Information, assist with privacy risk assessments of the County's third-party vendors and review of Business Associate Agreements, and provide guidance on privacy risk assessments of the County's third-party vendors.

OFFICE OF PRIVACY—OBJECTIVES FOR FY 2022-23

OOP's objectives are centered around the ongoing development of a Countywide Privacy Program that provides a foundation for the appropriate management and protection of County Information, including Personal Information and Protected Health Information. The Countywide Privacy Program is guided by the principles of protection of County Information, ethics regarding the use of Personal Information, transparency about the collection, and use of County Information.

During FY 2022-23, OOP presented a new chapter of Board policies pertaining to Privacy (Chapter 10) for adoption by the Board, and will continue with enterprise-wide implementation of these policy requirements. In addition, OOP will continue providing key risk management functions to control privacy and cybersecurity risks for the County.

These protocols include the implementation of incident and breach response procedures, deployment of privacy threshold and privacy impact assessment tools, implementation of the HIPAA audit plan, deployment of privacy awareness training and enhanced HIPAA training for employees, and related privacy program initiatives to ensure compliance with applicable privacy policies, laws, and regulations. As OOP continues to work with individual County departments on their specific privacy needs, OOP will simultaneously maintain an enterprise-wide perspective on the privacy framework and programs throughout the County.



RISK MANAGEMENT FINANCE

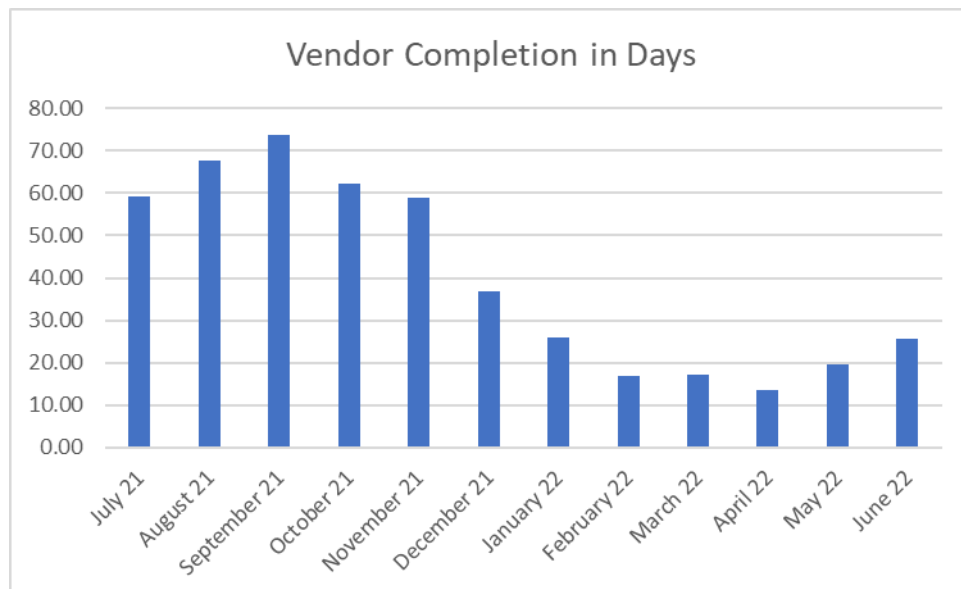
The Risk Management Finance Unit (Finance) provides general accounting and internal auditing services for the various programs within CEO Risk Management. General accounting services include budget, department billing, vendor request processing, warrant service requests, invoice payments, County fund transfers, and direct deposit assistance for vendors and claimants. Internal auditing services include performing payment reviews, invoice reviews, and internal control reviews, amongst others.

Additionally, Finance provides specific accounting services for the County's Disability Management Program, which is overseen by the Department of Human Resources.

RISK MANAGEMENT FINANCE — SIGNIFICANT ACCOMPLISHMENTS FY 2021-22

In February 2021, the Workers' Compensation module of VCE went live. Significant improvements have been seen as the TPAs and Finance became more skilled at using the new system.

The average number of days to complete a vendor addition or modification have decreased as seen in the chart below. An interface with eCAPS, the County's financial system, was created within VCE which eliminated the duplicate vendor data entry that occurred in the legacy system. In addition to the time saving benefit, the interface decreases the error rate of vendors incorrectly entered into the system.

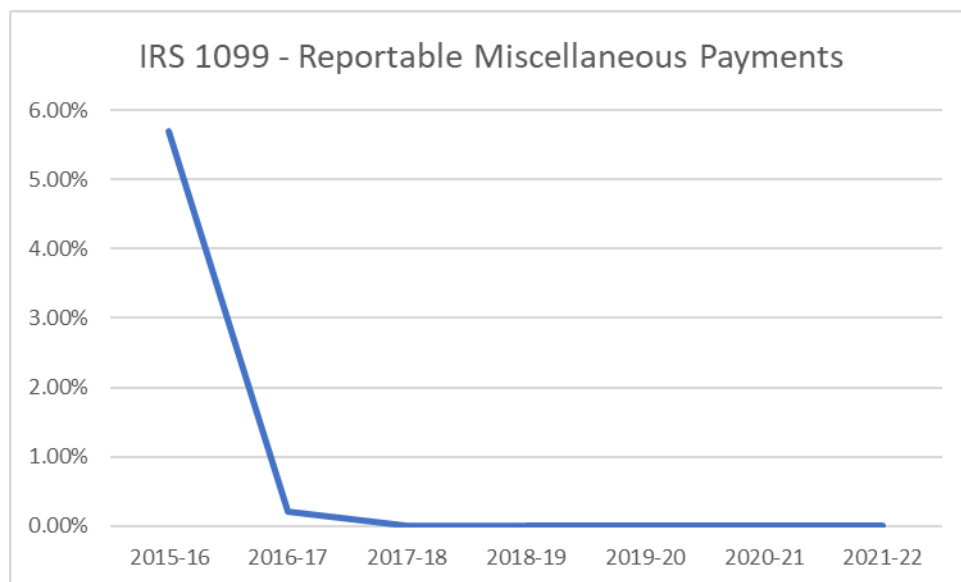


RISK MANAGEMENT FINANCE — SIGNIFICANT ACCOMPLISHMENTS FY 2021-22 (CONTINUED)

Due to the implementation of VCE in the third quarter of FY 2020-21, some manual 1099 reporting to the Auditor-Controller was still required at the end of calendar year 2021; however, a majority of the reporting was completed in VCE. As this was the first year, a few minor issues were identified and corrected. For December 2022, all 1099 reporting will be completed in VCE, thereby increasing efficiency and decreasing manual errors.

VCE successfully receives vendor post-back files, which automatically activates and deactivates vendors and was previously completed manually in the legacy system. This results in a vendor table that is updated on a regular basis. Maintaining an updated vendor table decreases fraud and prevents payments from being rejected due to an inactive eCAPS vendor status.

Since FY 2016-17, Finance continues to maintain a low percentage of payments issued as miscellaneous and considered Internal Revenue Service (IRS) 1099-reportable. For FY 2021-22, there were 0% IRS 1099-reportable miscellaneous payments. Maintaining a low percentage decreases the risk of fraudulent payments as miscellaneous payments are made to vendors that are not in eCAPS and therefore have not been screened.



RISK MANAGEMENT FINANCE — SIGNIFICANT ACCOMPLISHMENTS FY 2021-22 (CONTINUED)

Other significant accomplishments and statistics include the following:

- Assisted County departments recover funds that were intercepted by Medicare and streamlined an internal process of handling a department's Medicare reimbursement request.
- Processed 1,119 vendor requests (1,113 requests processed in FY 2020-21).
- Processed 287 retro Temporary Disability/ Long-Term Disability requests (145 requests processed in FY 2020-21).
- Completed four Workers' Compensation TPA duplicate payment reviews.
- Completed two Workers' Compensation eCAPS payments internal control plan reviews.

RISK MANAGEMENT FINANCE — OBJECTIVES FY 2022-23

- Resume the pilot program for direct deposit of Workers' Compensation payments to claimants who work for Fire.
- Consolidate and reformat the Insurance Budget accounting schedules.
- Streamline the Insurance Budget reconciliation and billing process.
- Identify County departments affected by erroneous Medicare interceptions and develop and implement procedures to address the balances in the TK7 trust account.
- Transition the finance related work of the CEO Liability Claims Unit to Finance.
- Continue to integrate the Insurance Budget accounting with the Workers' Compensation Budget accounting.
- Continue creating and refining VCE reports for program analysis.
- Continue addressing audit findings from the 2019 Auditor-Controller ClaimsVision Payment Process Review.
- Continue working with vendors on the Audit Management System.



RISK MANAGEMENT PERFORMANCE METRICS

On March 9, 2021, the Board directed the CEO, in collaboration with all County departments, to establish performance metrics to measure departmental risk management performance, including, but not limited to, areas of loss prevention, privacy, and workers' compensation/return-to-work.

CEO Risk Management and the Department of Human Services convened to establish performance metrics based on several factors to rank departmental risk management performance. Performance metrics included an aggregate score that integrated Workers' Compensation and liability claim performance (weighted 75%) and departmental risk management efforts and activities as identified in departmental Risk Management Plans (weighted 25%), thereby creating a scoring metric that ranked departments through accrued points. Department arduous ratings were also utilized to normalize Workers' Compensation and liability claims performance across all County departments.

Service clusters were used to group departments, determine departmental performance, and identify the lower performing department (bottom ten percent) for each cluster. The following departments ranked in the bottom ten percent for FY 2020-21. CEO Risk Management and the Department of Human Resources met regularly with these departments to better focus their risk management efforts. Some of the activities undertaken by these departments are:

Fire

(Public Safety Cluster)

- Explored avenues and opportunities to implement Occupational Athlete/Military Medical Model.
- Worked with County Fire Peer Support Program to evaluate areas to enhance the Program and increased uptake from Fire personnel in need (outreach and process with aim to shift departmental culture, emphasizing anonymity, deconstructing stigma).
- Evaluated the accident investigation procedure to identify areas that can help with preventing future injuries/incidents, including meaningful enhancement of the investigation process and utilized form and standardized training of field safety personnel who conduct investigations.

Parks and Recreation

(Community and Municipal Services Cluster)

- Reviewed and revamped several employee safety and health programs, including the Injury and Illness Prevention Program and Ergonomics Program.
- Reinstated the department's Safety Committee.
- Created a new safety library for tailgate meetings.

Registrar-Recorder/County Clerk

(Operations Cluster)

- Created and implemented a driver safety program for temporary employees hired to drive, including a defensive driver training requirement.

RISK MANAGEMENT PERFORMANCE METRICS (CONTINUED)

Health Services

(Health and Mental Health Services Cluster)

- Conducted monthly meetings at all facilities to discuss risk issues, including ongoing litigation, threatened litigation, or general concerns in both the clinical and non-clinical risk arenas. This provided the opportunity to conduct some of the ground training at the facility level.
- Conducted monthly departmentwide risk meetings to discuss significant risk issues.

Aging and Disabilities

(Family and Social Services Cluster)

No activities to report – department was reorganized during FY 2021-22.

CEO Risk Management continues to meet regularly with departments to better focus their risk management efforts in minimizing claim frequency and severity.

In continuance with the Board's directive, CEO Risk Management will continue to measure departmental risk management performance. The departments listed below ranked in the bottom ten percent for FY 2021-22. CEO Risk Management and the Department of Human Resources will meet regularly with these departments to better focus their risk management efforts in minimizing claim frequency and severity drivers.

Fire

(Public Safety Cluster)

Regional Planning

(Community and Municipal Services Cluster)

Registrar-Recorder/County Clerk

(Operations Cluster)

Health Services

(Health and Mental Health Services Cluster)

Children and Family Services

(Family and Social Services Cluster)

REDUCE



HIGH-RISK

RESOLUTION

STATISTICS

FY 2019-20 TO FY 2021-22

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EXHIBIT A

ALL CLAIMS FREQUENCY AND EXPENSE SUMMARY

Department	FY 2019-20		FY 2020-21		FY 2021-22	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
Agricultural Commissioner/Weights and Measures	44	\$846,391	30	\$616,703	43	\$773,094
Alternate Public Defender	5	\$898,328	5	\$461,878	5	\$532,922
Animal Care and Control	108	\$2,022,637	88	\$776,086	122	\$1,059,813
Arts and Culture	0	\$3,833	0	\$1,016	0	\$1,939
Assessor	60	\$2,768,827	33	\$2,339,401	23	\$3,456,470
Auditor-Controller	23	\$438,064	21	\$626,555	12	\$461,775
Beaches and Harbors	39	\$1,671,571	36	\$1,163,600	41	\$1,001,341
Board of Supervisors	64	\$1,377,155	41	\$3,355,692	89	\$3,313,006
Chief Executive Office	18	\$1,026,366	85	\$2,134,301	11	\$2,258,273
Child Support Services	105	\$3,878,679	52	\$3,901,068	96	\$4,659,428
Children and Family Services	524	\$29,212,134	291	\$22,960,947	419	\$32,598,552
Consumer and Business Affairs	8	\$94,253	76	\$26,147	5	\$268,500
County Counsel	36	\$1,321,228	17	\$3,072,751	12	\$2,339,877
District Attorney	111	\$9,520,475	132	\$14,016,758	122	\$12,342,156
Fire	1,697	\$133,137,696	1,726	\$138,680,898	2,203	\$189,196,729
Health Services	3,367	\$62,662,099	2,502	\$48,301,853	2,138	\$50,784,135
Human Resources	12	\$627,279	9	\$861,654	8	\$948,988
Internal Services	146	\$4,392,466	103	\$2,401,108	88	\$6,367,994
LACERA	42	\$1,108,195	7	\$636,284	5	\$560,034
LA County Library	21	\$668,188	36	\$980,089	32	\$1,862,483
Medical Examiner - Coroner	46	\$1,170,280	70	\$1,337,547	88	\$1,779,700
Mental Health	324	\$11,325,923	202	\$8,043,527	182	\$8,820,456
Military and Veterans Affairs	1	\$202,087	3	\$205,013	0	\$146,603
Museum of Art	2	\$161,791	1	\$233,599	2	\$242,694
Museum of Natural History	0	\$47,434	0	\$38,131	3	\$47,827
Non-Jurisdictional	1,379	\$1,169,696	1,125	\$1,012,342	1,361	\$1,025,868
Parks and Recreation	209	\$9,661,683	172	\$3,948,744	230	\$4,612,524
Pending Assignment	5	\$0	0	\$0	69	\$0
Probation	993	\$44,689,573	584	\$40,306,448	680	\$41,691,924
Public Defender	45	\$5,075,669	32	\$6,892,320	50	\$6,567,804
Public Health	286	\$8,661,010	346	\$8,948,342	233	\$11,679,931
Public Social Services	882	\$34,243,908	524	\$29,191,596	670	\$35,217,131
Public Works ⁵	576	\$14,942,932	501	\$18,817,627	8,897	\$13,307,162
Regional Planning	12	\$1,531,977	16	\$786,246	20	\$558,644
Registrar-Recorder/County Clerk	99	\$2,715,628	85	\$2,895,819	83	\$2,999,672
Sheriff	6,057	\$284,914,493	7,255	\$286,194,364	8,457	\$407,587,052
Superior Court	171	\$10,240,656	147	\$8,039,792	153	\$8,387,938
Treasurer and Tax Collector	66	\$1,038,061	40	\$1,012,055	25	\$1,703,045
Workforce Development, Aging and Community Svcs.	29	\$727,820	21	\$996,042	15	\$866,640
TOTAL⁴	17,408	\$690,196,485	16,040	\$666,214,345	26,019	\$699,519,896

1. Amount Paid is the total of the transactions paid by coverage code in the fiscal year, regardless of occurrence date plus amounts paid for Workers' Compensation from the Workers' Compensation Status Report. Amount Paid includes indemnity and legal fees and expenses. Does not include Reported But Not Paid (RBNP) or Incurred But Not Reported (IBNR) reserves. Workers' Compensation paid does not reflect State of California Labor Code 4850 or salary continuation payments. Data does not include unemployment costs.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit. This information does include County Counsel tort files. County Counsel expenditures are also included.
3. Amounts valued as of June 30, 2022.
4. The total number of claims does not add up to the sum of claims by department since some claims are allocated to multiple departments; count includes all suffixes.
5. Increase in Other General Liability claims is due to the Dominguez Hills/Carson odor complaints.

EXHIBIT B**WORKERS' COMPENSATION CLAIM FREQUENCY AND EXPENSE SUMMARY
FY 2019-20 THROUGH FY 2021-22**

Department	FY 2019-20		FY 2020-21		FY 2021-22	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
Agricultural Commissioner/Weights and Measures	33	\$696,861	19	\$568,030	30	\$720,705
Alternate Public Defender	4	\$493,321	3	\$449,337	4	\$513,458
Animal Care and Control	89	\$729,720	80	\$522,389	112	\$753,798
Arts and Culture	0	\$3,833	0	\$1,016	0	\$1,939
Assessor	26	\$658,349	9	\$684,141	12	\$780,716
Auditor-Controller	12	\$284,858	16	\$200,047	9	\$271,125
Beaches and Harbors	19	\$615,976	16	\$599,806	28	\$689,634
Board of Supervisors	5	\$346,337	7	\$225,457	8	\$388,668
Chief Executive Office	7	\$499,116	4	\$675,344	1	\$566,953
Child Support Services	86	\$3,606,286	37	\$3,662,584	86	\$4,172,020
Children and Family Services	363	\$12,603,315	181	\$11,827,531	265	\$14,219,485
Consumer and Business Affairs	3	\$69,904	0	\$24,002	4	\$48,849
County Counsel	13	\$560,118	9	\$549,703	5	\$776,293
District Attorney	75	\$5,227,712	68	\$5,325,964	66	\$6,173,303
Fire	1,527	\$79,799,082	1,601	\$85,130,851	2,047	\$103,115,789
Health Services	2,198	\$36,852,753	2,059	\$36,385,401	1,933	\$39,528,618
Human Resources	8	\$579,610	8	\$779,756	8	\$747,513
Internal Services	75	\$3,563,140	68	\$3,795,665	67	\$4,255,464
LACERA	42	\$843,795	7	\$617,380	5	\$560,034
LA County Library	10	\$635,875	31	\$793,020	23	\$845,151
Medical Examiner - Coroner	29	\$515,777	34	\$752,500	72	\$778,660
Mental Health	274	\$7,008,491	156	\$6,188,524	165	\$7,503,491
Military and Veterans Affairs	1	\$148,351	3	\$127,538	0	\$146,603
Museum of Art	2	\$161,455	1	\$223,579	1	\$242,694
Museum of Natural History	0	\$47,374	0	\$34,664	0	\$47,827
Non-Jurisdictional	6	\$0	2	\$0	5	\$0
Parks and Recreation	150	\$3,909,071	127	\$3,412,748	170	\$3,915,292
Pending Assignment	0	\$0	0	\$0	0	\$0
Probation	937	\$25,002,012	540	\$26,231,626	626	\$28,594,943
Public Defender	27	\$1,594,197	15	\$1,336,689	26	\$1,708,330
Public Health	244	\$6,420,144	158	\$6,658,517	154	\$7,361,887
Public Social Services	830	\$29,153,299	488	\$27,375,118	637	\$31,762,587
Public Works	204	\$5,365,537	163	\$5,578,022	175	\$5,400,730
Regional Planning	6	\$121,142	4	\$135,312	6	\$133,316
Registrar-Recorder/County Clerk	60	\$2,145,671	29	\$2,299,947	58	\$2,552,387
Sheriff	4,799	\$159,909,224	6,037	\$167,187,771	6,827	\$190,013,562
Superior Court	171	\$9,821,970	146	\$7,616,447	153	\$7,726,551
Treasurer and Tax Collector	13	\$666,981	11	\$507,966	6	\$739,557
Workforce Development, Aging and Community Svcs.	27	\$499,744	10	\$532,529	13	\$623,455
TOTAL	12,375	\$401,160,401	12,147	\$409,016,919	13,807	\$468,381,386

1. Amount Paid is the total of the transactions paid for Workers' Compensation in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves. Workers' Compensation paid does not include State of California Labor Code 4850 or salary continuation payments.
2. Amounts shown as listed on the Workers' Compensation Status Report.
3. Superior Court expenses are billed to the State of California; these expenses are not controllable by the County as these are State of California employees.

EXHIBIT C

STATE LABOR CODE 4850 AND SALARY CONTINUATION EXPENSE SUMMARY FY 2019-20 THROUGH FY 2021-22

Department	FY 2019-20	FY 2020-21	FY 2021-22
	Amount Paid ¹	Amount Paid ¹	Amount Paid ¹
Agricultural Commissioner/Weights and Measures	\$23,276	\$21,431	\$16,182
Alternate Public Defender	\$83,811	\$0	\$0
Animal Care and Control	\$46,023	\$58,027	\$55,159
Arts and Culture	\$0	\$0	\$0
Assessor	\$16,124	\$8,896	\$0
Auditor-Controller	\$13,416	\$0	\$25,528
Beaches and Harbors	\$32,756	\$0	\$17,500
Board of Supervisors	\$22,773	\$10,108	\$68,717
Chief Executive Office	\$0	\$0	\$63,505
Child Support Services	\$109,483	\$119,339	\$50,579
Children and Family Services	\$963,990	\$1,026,565	\$717,204
Consumer and Business Affairs	\$24,351	\$0	\$2,772
County Counsel	\$11,374	\$0	\$0
District Attorney	\$1,535,540	\$802,434	\$1,415,121
Fire	\$50,472,195	\$51,562,322	\$61,533,452
Health Services	\$2,056,788	\$2,338,677	\$2,442,860
Human Resources	\$1,019	\$0	\$1,938
Internal Services	\$95,563	\$150,556	\$164,888
LACERA	\$4,075	\$18,904	\$0
LA County Library	\$32,313	\$4,176	\$6,027
Medical Examiner - Coroner	\$11,427	\$27,337	\$59,119
Mental Health	\$313,266	\$200,915	\$243,294
Military and Veterans Affairs	\$34,461	\$0	\$0
Museum of Art	\$0	\$0	\$0
Museum of Natural History	\$0	\$0	\$0
Non-Jurisdictional	\$0	\$0	\$0
Parks and Recreation	\$78,490	\$111,476	\$197,084
Pending Assignment	\$0	\$0	\$0
Probation	\$15,371,230	\$11,347,169	\$8,411,562
Public Defender	\$88,501	\$14,079	\$235,817
Public Health	\$581,225	\$177,259	\$357,250
Public Social Services	\$793,089	\$552,552	\$782,775
Public Works	\$402,616	\$584,324	\$505,755
Regional Planning	\$0	\$0	\$0
Registrar-Recorder/County Clerk	\$0	\$0	\$0
Sheriff	\$53,599,983	\$63,839,349	\$84,406,722
Superior Court	\$418,686	\$422,538	\$642,757
Treasurer and Tax Collector	\$28,465	\$9,575	\$24,544
Workforce Development, Aging and Community Svcs.	\$38,560	\$10,711	\$62,119
TOTAL	\$127,304,869	\$133,418,720	\$162,510,229

1. Amount Paid is as reported by the Auditor-Controller based on the sum of 70% IA, 100% IA, and MegalA expense.

EXHIBIT D**VEHICLE LIABILITY CLAIM FREQUENCY AND EXPENSE SUMMARY
FY 2019-20 THROUGH FY 2021-22**

Department	FY 2019-20		FY 2020-21		FY 2021-22	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
Agricultural Commissioner/Weights and Measures	7	\$125,904	6	\$26,270	9	\$21,475
Alternate Public Defender	0	\$0	0	\$0	0	\$0
Animal Care and Control	3	\$11,322	1	\$7,441	6	\$7,359
Arts and Culture	0	\$0	0	\$0	0	\$0
Assessor	2	\$14,181	0	\$0	0	\$0
Auditor-Controller	0	\$0	0	\$0	0	\$0
Beaches and Harbors	3	\$22,406	1	\$11,170	5	\$230
Board of Supervisors	4	\$19,439	1	\$11,622	2	\$0
Chief Executive Office	0	\$0	0	\$0	0	\$0
Child Support Services	2	\$0	0	\$2,155	0	\$0
Children and Family Services	34	\$762,475	26	\$332,027	14	\$261,510
Consumer and Business Affairs	0	\$0	0	\$0	0	\$0
County Counsel	0	\$0	0	\$0	0	\$0
District Attorney	10	\$20,215	11	\$15,626	2	\$10,099
Fire	109	\$2,152,363	73	\$663,017	79	\$16,424,617
Health Services	7	\$25,512	5	\$66,244	4	\$65,540
Human Resources	0	\$1,061	0	\$0	0	\$0
Internal Services	31	\$145,641	9	\$292,598	9	\$235,565
LACERA	0	\$0	0	\$0	0	\$0
LA County Library	2	\$0	5	\$5,258	1	\$16,864
Medical Examiner - Coroner	1	\$4,116	3	\$43,078	2	\$3,909
Mental Health	11	\$113,936	6	\$594,111	7	\$60,218
Military and Veterans Affairs	0	\$0	0	\$0	0	\$0
Museum of Art	0	\$0	0	\$0	0	\$0
Museum of Natural History	0	\$60	0	\$3,467	0	\$0
Non-Jurisdictional	320	\$103,849	237	\$196,765	307	\$119,419
Parks and Recreation	13	\$89,563	9	\$69,963	9	\$76,561
Pending Assignment	0	\$0	0	\$0	0	\$0
Probation	14	\$36,248	8	\$155,441	10	\$102,124
Public Defender	4	\$38,427	2	\$20,051	3	\$84,245
Public Health	16	\$320,698	13	\$71,376	11	\$60,175
Public Social Services	9	\$657,487	2	\$31,282	3	\$3,491
Public Works	93	\$1,088,896	47	\$796,113	42	\$1,307,836
Regional Planning	0	\$0	0	\$0	0	\$0
Registrar-Recorder/County Clerk	13	\$25,083	20	\$41,092	14	\$72,949
Sheriff	439	\$22,396,999	314	\$12,203,034	279	\$7,659,853
Superior Court	0	\$0	0	\$0	0	\$0
Treasurer and Tax Collector	0	\$0	0	\$0	1	\$333
Workforce Development, Aging and Community Svcs.	2	\$556	6	\$26,144	0	\$112,435
TOTAL⁴	1,149	\$28,176,437	805	\$15,685,346	819	\$26,706,807

1. Amount Paid is the total of the transactions paid for vehicle liability claims and lawsuits in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit. This information includes County Counsel tort files.
3. Amounts do not include non-insured and non-third-party-vehicle losses which are directly paid by the departments. Amounts valued as of June 30, 2022.
4. The total number of claims does not add up to the sum of claims by department since some claims are allocated to multiple departments; count includes all suffixes.

EXHIBIT E**GENERAL LIABILITY CLAIM FREQUENCY AND EXPENSE SUMMARY
FY 2019-20 THROUGH FY 2021-22**

Department	FY 2019-20		FY 2020-21		FY 2021-22	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
Agricultural Commissioner/Weights and Measures	4	\$351	5	\$972	4	\$14,731
Alternate Public Defender	1	\$321,196	2	\$12,542	1	\$10,407
Animal Care and Control	16	\$1,235,572	7	\$188,229	4	\$170,599
Arts and Culture	0	\$0	0	\$0	0	\$0
Assessor	32	\$2,080,173	24	\$1,646,364	10	\$1,965,991
Auditor-Controller	11	\$139,790	5	\$426,509	3	\$127,122
Beaches and Harbors	17	\$1,000,433	19	\$552,624	8	\$293,978
Board of Supervisors	55	\$988,606	33	\$3,108,504	46	\$2,662,502
Chief Executive Office	11	\$527,250	81	\$1,458,957	9	\$1,244,735
Child Support Services	17	\$162,911	15	\$116,991	8	\$284,581
Children and Family Services	125	\$14,882,222	83	\$9,774,824	135	\$10,385,254
Consumer and Business Affairs	5	\$0	76	\$2,145	1	\$216,879
County Counsel	23	\$749,736	8	\$2,523,047	6	\$1,563,584
District Attorney	26	\$2,737,008	53	\$7,872,734	34	\$2,794,883
Fire	48	\$646,435	46	\$1,155,753	51	\$4,196,582
Health Services	1,031	\$16,667,834	321	\$5,278,477	188	\$5,123,646
Human Resources	4	\$45,589	1	\$81,898	0	\$99,769
Internal Services	40	\$588,122	26	-\$1,837,711	12	\$1,432,011
LACERA	0	\$260,325	0	\$0	0	\$0
LA County Library	9	\$0	0	\$177,636	7	\$532,955
Medical Examiner - Coroner	16	\$621,538	33	\$514,631	14	\$554,581
Mental Health	35	\$3,874,454	34	\$1,037,515	9	\$602,807
Military and Veterans Affairs	0	\$19,275	0	\$77,475	0	\$0
Museum of Art	0	\$336	0	\$10,021	1	\$0
Museum of Natural History	0	\$0	0	\$0	3	\$0
Non-Jurisdictional	1,046	\$1,065,847	865	\$814,530	1,034	\$884,130
Parks and Recreation	46	\$5,584,560	36	\$354,557	49	\$377,822
Pending Assignment	5	\$0	0	\$0	59	\$0
Probation	39	\$4,202,758	35	\$2,562,678	33	\$2,714,055
Public Defender	14	\$3,354,543	15	\$5,521,502	15	\$4,123,296
Public Health	26	\$809,225	175	\$2,023,190	65	\$3,565,315
Public Social Services	43	\$3,640,033	34	\$1,232,644	26	\$1,504,183
Public Works ⁵	279	\$8,085,883	291	\$11,859,167	8,670	\$5,680,161
Regional Planning	6	\$1,410,836	12	\$650,934	14	\$395,869
Registrar-Recorder/County Clerk	26	\$544,874	36	\$554,781	11	\$365,226
Sheriff	815	\$48,857,456	899	\$42,837,513	753	\$66,899,781
Superior Court	0	\$0	1	\$807	0	\$9,315
Treasurer and Tax Collector	53	\$342,615	29	\$494,515	18	\$624,102
Workforce Development, Aging and Community Svcs.	0	\$188,960	5	\$426,659	2	\$39,816
TOTAL⁴	3,728	\$125,636,746	2,946	\$103,513,609	11,303	\$121,460,668

1. Amount Paid is the total of the transactions paid for liability claims and lawsuits in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit. This information includes County Counsel tort files.
3. Amounts valued as of June 30, 2022.
4. The total number of claims does not add up to the sum of claims by department since some claims are allocated to multiple departments; count includes all suffixes.
5. Increase in Other General Liability claims is due to the Dominguez Hills/Carson odor complaints.

EXHIBIT E – 1 (SUBSET OF EXHIBIT E)**GENERAL LIABILITY/LAW ENFORCEMENT LIABILITY CLAIM FREQUENCY AND EXPENSE SUMMARY
FY 2019-20 THROUGH FY 2021-22**

Department	FY 2019-20		FY 2020-21		FY 2021-22	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
Agricultural Commissioner/Weights and Measures	0	\$0	0	\$0	0	\$0
Alternate Public Defender	0	\$0	1	\$5,000	0	\$0
Animal Care and Control	0	\$0	0	\$0	0	\$0
Arts and Culture	0	\$0	0	\$0	0	\$0
Assessor	0	\$0	0	\$0	0	\$0
Auditor-Controller	0	\$0	0	\$0	0	\$0
Beaches and Harbors	0	\$0	0	\$0	0	\$0
Board of Supervisors	2	\$0	2	\$0	0	\$9,587
Chief Executive Office	7	\$0	0	\$8,002	0	\$99,303
Child Support Services	0	\$0	0	\$0	0	\$0
Children and Family Services	1	\$34,784	0	\$14,654	1	\$23,969
Consumer and Business Affairs	0	\$0	0	\$0	0	\$0
County Counsel	0	\$986	0	\$0	0	\$0
District Attorney	4	\$1,230,945	14	\$31,929	11	\$211,100
Fire	1	\$22,249	3	\$378,881	12	\$3,087,248
Health Services	5	\$24,708	2	\$107,289	0	\$13,190
Human Resources	0	\$0	0	\$0	0	\$0
Internal Services	0	\$0	0	\$0	0	\$0
LACERA	0	\$0	0	\$0	0	\$0
LA County Library	0	\$0	0	\$0	0	\$0
Medical Examiner - Coroner	1	\$0	0	\$0	1	\$16,907
Mental Health	0	\$2,955,948	0	\$31,893	0	\$4,086
Military and Veterans Affairs	0	\$0	0	\$0	0	\$0
Museum of Art	0	\$0	0	\$0	0	\$0
Museum of Natural History	0	\$0	0	\$0	0	\$0
Non-Jurisdictional	23	\$3,372	4	\$2,525	6	\$6,596
Parks and Recreation	0	\$0	0	\$0	0	\$0
Pending Assignment	3	\$0	0	\$0	9	\$0
Probation	5	\$110,795	1	\$313,083	4	\$207,053
Public Defender	1	\$24,853	4	\$153,659	4	\$142,081
Public Health	0	\$0	0	\$0	0	\$0
Public Social Services	1	\$0	0	\$0	0	\$0
Public Works	1	\$0	0	\$0	0	\$0
Regional Planning	0	\$0	0	\$0	0	\$0
Registrar-Recorder/County Clerk	0	\$0	0	\$0	0	\$0
Sheriff	534	\$33,819,537	553	\$34,103,115	526	\$54,252,848
Superior Court	0	\$0	0	\$0	0	\$0
Treasurer and Tax Collector	0	\$0	0	\$0	0	\$0
Workforce Development, Aging and Community Svcs.	0	\$0	1	\$0	0	\$0
TOTAL⁴	568	\$38,228,175	575	\$35,150,030	574	\$58,073,978

1. Amount Paid is the total of the transactions paid for liability claims and lawsuits in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit. This information includes County Counsel tort files.
3. Amounts valued as of June 30, 2022.
4. The total number of claims does not add up to the sum of claims by department since some claims are allocated to multiple departments; count includes all suffixes.

EXHIBIT E – 2 (SUBSET OF EXHIBIT E)**GENERAL LIABILITY/EMPLOYMENT PRACTICES LIABILITY CLAIM FREQUENCY AND EXPENSE SUMMARY
FY 2019-20 THROUGH FY 2021-22**

Department	FY 2019-20		FY 2020-21		FY 2021-22	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
Agricultural Commissioner/Weights and Measures	0	\$351	0	\$72	0	\$0
Alternate Public Defender	0	\$276,473	0	\$4,933	0	\$9,058
Animal Care and Control	1	\$21,423	0	\$120,091	0	\$72,898
Arts and Culture	0	\$0	0	\$0	0	\$0
Assessor	5	\$694,704	4	\$463,309	1	\$709,763
Auditor-Controller	2	\$94,110	0	\$321,613	0	\$38,001
Beaches and Harbors	0	\$0	0	\$0	0	\$0
Board of Supervisors	0	\$20,000	2	\$1,311	33	\$183,532
Chief Executive Office	1	\$111,848	0	\$906,163	1	\$283,777
Child Support Services	2	\$76,129	1	\$64,060	2	\$152,247
Children and Family Services	15	\$8,518,749	7	\$1,676,512	4	\$6,991,130
Consumer and Business Affairs	0	\$0	0	\$0	0	\$0
County Counsel	0	\$0	0	\$0	1	\$0
District Attorney	6	\$274,445	5	\$1,350,448	9	\$1,737,640
Fire	7	\$532,208	7	\$546,056	14	\$839,040
Health Services	14	\$4,085,240	10	\$2,417,551	13	\$3,610,281
Human Resources	0	\$42,829	1	\$70,872	0	\$99,769
Internal Services	4	\$456,139	1	\$134,870	0	\$280,066
LACERA	0	\$252,886	0	\$0	0	\$0
LA County Library	2	\$0	0	\$127,773	0	\$461,486
Medical Examiner - Coroner	0	\$241,201	0	\$231,201	0	\$366,524
Mental Health	4	\$734,429	2	\$732,349	1	\$406,561
Military and Veterans Affairs	0	\$19,275	0	\$77,475	0	\$0
Museum of Art	0	\$0	0	\$0	0	\$0
Museum of Natural History	0	\$0	0	\$0	0	\$0
Non-Jurisdictional	12	\$7,637	9	\$5,926	9	\$15,723
Parks and Recreation	1	\$137,135	2	\$6,020	2	\$45,766
Pending Assignment	0	\$0	0	\$0	1	\$0
Probation	11	\$3,870,598	15	\$1,831,964	7	\$1,662,187
Public Defender	3	\$86,497	1	\$220,359	2	\$274,035
Public Health	5	\$197,639	4	\$301,419	3	\$335,303
Public Social Services	4	\$1,755,057	11	\$1,045,014	4	\$1,164,095
Public Works	4	\$469,310	1	\$335,961	10	\$412,680
Regional Planning	1	\$0	0	\$38,097	0	\$29,459
Registrar-Recorder/County Clerk	0	\$0	1	\$316	0	\$9,110
Sheriff	35	\$7,083,069	32	\$3,314,389	72	\$4,354,287
Superior Court	0	\$0	1	\$807	0	\$9,315
Treasurer and Tax Collector	2	\$53,391	0	\$92,635	0	\$314,509
Workforce Development, Aging and Community Svcs.	0	\$129,384	1	\$376,681	0	\$28,815
TOTAL⁴	138	\$30,242,152	116	\$16,816,246	189	\$24,897,057

EXHIBIT F

MEDICAL MALPRACTICE CLAIM FREQUENCY AND EXPENSE SUMMARY FY 2019-20 THROUGH FY 2021-22

Department	FY 2019-20		FY 2020-21		FY 2021-22	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
DHS – Ambulatory Care Network	19	\$208,190	3	\$230,766	5	\$13,436
DHS – Correctional Health Services	10	\$0	7	\$27,548	4	\$6,037
DHS – Harbor-UCLA Medical Center	32	\$1,809,090	30	\$1,099,353	22	\$484,260
DHS - High Desert Medical Center	0	\$0	0	\$0	0	\$0
DHS – Juvenile Court Health Services	1	\$105,225	0	\$215,284	0	\$93,805
DHS – LAC+USC Medical Center	47	\$4,025,036	55	\$2,071,063	28	\$2,524,517
DHS – Not Otherwise Classified	1	\$0	3	\$80	0	\$45
DHS – Olive View-UCLA Medical Center	22	\$888,364	17	\$576,720	13	\$143,132
DHS – Rancho Los Amigos	10	\$23,307	2	\$12,241	1	\$6,980
Health Services Subtotal⁴	131	\$7,059,212	117	\$4,233,055	73	\$3,272,212
Children and Family Services	2	\$131	1	\$0	0	\$0
District Attorney	0	\$0	0	\$0	1	\$26
Fire	13	\$67,622	6	\$168,956	3	\$30,865
Medical Examiner – Coroner	0	\$17,421	0	\$0	0	\$0
Mental Health	4	\$15,775	6	\$22,462	1	\$34,546
Non-Jurisdictional	7	\$0	0	\$1,047	7	\$1,296
Probation	3	\$77,324	1	\$9,534	0	\$18,955
Public Health	0	\$529,718	0	\$18,000	4	\$18,051
Sheriff	4	\$150,830	5	\$126,697	1	\$113,963
TOTAL⁴	156	\$7,918,032	142	\$4,579,751	90	\$3,489,914

1. Amount Paid is the total of the transactions paid for medical malpractice claims and lawsuits in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit. This information includes County Counsel tort files.
3. Amounts valued as of June 30, 2022.
4. The total number of claims does not add up to the sum of claims by department since some claims are allocated to multiple departments; count includes all suffixes.

EXHIBIT G

COST OF RISK DETAIL

	FY 2019-20	FY 2020-21	FY 2021-22
Workers' Compensation			
Benefit Expense	\$284,778,888	\$285,572,606	\$338,543,702
Loss Expense ¹	\$94,442,679	\$101,886,703	\$107,064,590
Administrative Expense ²	\$17,362,897	\$16,877,997	\$17,790,931
Purchased Insurance ³	\$4,575,936	\$4,679,613	\$4,982,162
Workers' Compensation Expense Subtotal	\$401,160,400	\$409,016,919	\$468,381,386
Labor Code 4850 / Salary Continuation	\$127,304,869	\$133,418,720	\$162,510,229
Workers' Compensation Expense Total	\$528,465,269	\$542,435,639	\$630,891,614
Liability^{3, 4}			
Vehicle Liability Expense	\$28,176,437	\$15,685,346	\$26,706,807
General Liability Expense	\$126,503,210	\$103,513,609	\$121,460,668
Medical Malpractice Expense	\$7,918,033	\$4,579,751	\$3,489,914
Liability Expense Subtotal	\$162,597,679	\$123,778,705	\$151,657,389
Liability Administrative Expense ⁵	\$18,618,988	\$21,160,356	\$21,984,000
Liability Expense Total	\$181,216,667	\$144,939,061	\$173,641,389
Purchased Insurance (premiums and fees)	\$25,344,978	\$28,476,443	\$28,973,000
Cost of Risk^{6, 7}	\$735,026,914	\$715,851,144	\$804,533,003
Total County Operating Budget	\$33,328,813,000	\$35,328,479,000	\$39,576,967,000
Cost of Risk (as percentage of County Operating Budget)	2.21%	2.03%	2.03%
Non-County Agencies			
LACERA	\$843,795	\$1,471,752	\$560,034
Superior Court	\$9,821,970	\$7,616,447	\$7,726,551
Subtotal (Non-County agencies)	\$10,665,765	\$9,088,199	\$8,286,584
Cost of Risk (excluding non-County agencies)	\$724,361,149	\$706,762,945	\$796,246,419
Cost of Risk (Non-County agencies as percentage of County Operating Budget)	2.17%	2.00%	2.01%

1. Loss Expense includes third-party administrator fees, medical management fees, bill review fees, and State User fee.
2. Administrative Expense includes CEO, Auditor-Controller, and County Counsel expenses.
3. Paid claims represent the amount paid for all indemnity (pay type OC) in the fiscal year, regardless of occurrence date and does not include RBNP or IBNR reserves. Legal Expenses are defined in liability files as all fees and expenses paid from the liability claim (pay type SS).
4. Liability claim information included in this report is: (1) claims coded as Vehicle Liability (AL), General Liability (GL), and Medical Malpractice (MM); but, (2) information excludes Metropolitan Transportation Authority, Metrolink, departments not listed in Exhibit A, Children Services dependency cases, and probate funding accounts.
5. Liability Administrative Expense includes third-party administrator fees, consulting and management fees, and CEO expenses.
6. The Cost of Risk is defined as the summation of the items listed but does not include non-insured property claims and property damage to County-owned vehicles.
7. All amounts are paid as of June 30, 2022, as reported in the County's liability claim database, Workers' Compensation information system (ClaimsVision), and/or the Workers' Compensation Status Report.

LIST OF ABBREVIATIONS USED IN THIS REPORT (PAGE 1 OF 2)

Abbreviation	Meaning
ABE	Allocated Benefit Expenses
AED	Automated External Defibrillator
ALAE	Allocated Loss Adjustment Expenses
Board	Board of Supervisors
C&R	Compromise and Release
C&Rs	Compromise and Release Settlements
Cal/OSHA	California Occupational Safety and Health Administration
CAMIS	Countywide Acquisition Management Information System
CAP	Corrective Action Plans
Carl Warren	Carl Warren & Company
CEO	Chief Executive Office
CEO Risk Management	Chief Executive Office - Risk Management Branch
CHSWC	Commission on Health and Safety and Workers' Compensation
County	County of Los Angeles
COVID-19	Coronavirus Disease 2019
CPR	Cardiopulmonary Resuscitation
DHR	County of Los Angeles Department of Human Resources
DHS	County of Los Angeles Department of Health Services
EFT	Electronic Funds Transfer
Finance	Risk Management Finance Unit
FY	Fiscal Year
FYs	Fiscal Years
HIPAA	Health Insurance Portability and Accountability Act
HITECH	Health Information Technology for Economic and Clinical Health
IBNR	Incurred But Not Reported
Intercare	Intercare Holdings, Ltd.
IRS	Internal Revenue Service
ISD	County of Los Angeles Internal Services Department
LASD	County of Los Angeles Sheriff's Department
LC	Labor Code
LCP	Loss Control and Prevention
LERC	Legal Exposure Reduction Committee
MED	Morphine Equivalent Dose
MMCC	Medical Management and Cost Containment
OCIO	Office of Chief Information Office
OOP	Office of Privacy
OSCR	On-Site County Representative
OSCRs	On-Site County Representatives

LIST OF ABBREVIATIONS USED IN THIS REPORT (PAGE 2 OF 2)

Abbreviation	Meaning
PBM	Pharmacy Benefit Management
PHI	Protected Health Information
PPE	Personal Protective Equipment
RBNP	Reported But Not Paid
RMIG	Risk Management Inspector General
RMIP	Risk Management Information Platform
SAWW	State Average Weekly Wage
SB	Senate Bill
SCAPs	Summary Corrective Action Plans
TPA	Third Party Administrator
ULAE	Unallocated Loss Adjustment Expenses
UR	Utilization Review

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
RISK MANAGEMENT BRANCH**
COUNTY OF LOS ANGELES HALL OF RECORDS
320 WEST TEMPLE STREET, 7TH FLOOR
LOS ANGELES, CA 90012
(213) 351-5346
CONTACTRISK@CEO.LACOUNTY.GOV

This report is available on the Chief Executive Office, Risk Management Branch website, at:
<http://riskmanagement.lacounty.gov/>

BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

CLUSTER AGENDA REVIEW DATE	2/8/2023	
BOARD MEETING DATE	2/28/2023	
SUPERVISORIAL DISTRICT AFFECTED	<input checked="" type="checkbox"/> All <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> 5 th	
DEPARTMENT(S)	Sheriff's Department	
SUBJECT	Board approval to extend Agreement Number 78034 with Sentinel Offender Services, LLC	
PROGRAM	Los Angeles County Offender Monitoring System (LACOMS)	
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
SOLE SOURCE AMENDMENT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please explain why: In compliance with Board Policy 5.100 – Amendments to extend the term of the current contract beyond its original term are “Sole Source Amendments”.	
DEADLINES/ TIME CONSTRAINTS	The current Agreement expires March 9, 2023.	
COST & FUNDING	Total cost: Estimated cost \$210,000	Funding source: AB109 Population Management Bureau AB109 Fund
	TERMS (if applicable): One year with up to six additional months in any increment.	
	Explanation: The proposed extension will be procured at no net County cost impact, provided there are sufficient AB109 funds available.	
PURPOSE OF REQUEST	Extension of the current Agreement is needed to allow the Department to continue using electronic monitoring services while the Department completes its solicitation process for a successor contract.	
BACKGROUND (include internal/external issues that may exist including any related motions)	The Board approved Agreement #78034 on September 10, 2013. The Agreement had an initial term of three years, plus two additional one-year option periods and one six-month option period.	
EQUITY INDEX OR LENS WAS UTILIZED	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:	
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please state which one(s) and explain how:	
DEPARTMENTAL CONTACTS	Name, Title, Phone # & Email: • Alex Madera, (213) 229-3276, amadera@lasd.org • Lt. Richard Canfield, (213) 893-5885, rscanfie@lasd.org	

February 28, 2023

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

Dear Supervisors:

**APPROVE SOLE SOURCE AMENDMENT NUMBER EIGHT TO EXTEND
AGREEMENT NUMBER 78034 WITH SENTINEL OFFENDER SERVICES, LLC
TO PROVIDE CONTINUED LOS ANGELES COUNTY
OFFENDER MONITORING SYSTEM SERVICES
(ALL DISTRICTS) (3 VOTES)**

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

SUBJECT

The Los Angeles County (County) Sheriff's Department (Department) is seeking approval from the Board to execute Sole Source Amendment Number Eight (Amendment) to extend Agreement Number 78034 (Agreement) with Sentinel Offender Services, LLC (Sentinel) for continued electronic monitoring services (Services).

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate authority to the Sheriff, or his designee, to execute the attached Amendment to the Agreement with Sentinel to extend the term of the Agreement for one year, from March 10, 2023, through March 9, 2024, plus a six-month option term in any increment.
2. Delegate authority to the Sheriff, or his designee, to execute the option term provided it is in the best interest of the County.

3. Delegate authority to the Sheriff, or his designee, to terminate the Agreement for convenience, either in whole or in part, if necessary, with 30 calendar days advance written notice once the Department has completed the solicitation process for a successor contract.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Los Angeles County Offender Monitoring System (LACOMS) services are essential to the Department's public safety mission. LACOMS operates under a service bureau delivery model thereby eliminating the need for a County owned information technology infrastructure requiring maintenance and support services. Instead, Department users access LACOMS via a dedicated internet connection. Sentinel is the sole proprietor of LACOMS services. Sentinel does not license, certify, or otherwise endorse any third party to deliver its proprietary services to its customers.

The number of inmates released with electronic monitoring has decreased over the past several years, in part due to the decrease in the percentage of sentence time inmates are required to serve in the County jail system. In 2022, 389 inmates chose to be released from custody with electronic monitoring. The Department anticipates a similar number for 2023.

The current Agreement expires on March 9, 2023. Approval of the recommended actions will allow the Department to complete the solicitation process for a successor contract and continue to use electronic monitoring services to manage cost and risk by releasing participants into the program.

Implementation of Strategic Plan Goals

The Services provided under this Agreement support the County's Strategic Plan, Goal I.3 – Reform Service Delivery Within Our Justice Systems: Provide rehabilitative services to those involved with the County's justice systems to reduce the risk of recidivism and support successful re-entry into our communities.

FISCAL IMPACT/FINANCING

The estimated cost of the proposed Amendment, including the six-month option period, is \$210,000. The Department intends to utilize its AB109 allocation to fund the proposed extension. While this is an eligible AB109 expense that will be included in the Department's AB109 quarterly claims, should there be insufficient AB109 funds to cover all of the claimed expenses, any costs related to this Agreement that cannot be funded with available AB109 revenue will be absorbed by the Department.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On September 9, 2008, the Board instructed the Department and the County's Probation Department (Probation) to serve as correctional co-administrators of the County's electronic monitoring program services.

On February 3, 2009, the Board approved a modification to Agreement Number 76708 between Probation and Sentinel to allow the Department to access Sentinel's services. The Department utilized Agreement 76708 while developing its own solicitation and awaiting approval of the subject Agreement.

On September 10, 2013, following a competitive solicitation, the Board approved Agreement Number 78034 with an initial term of three years from September 10, 2013, through September 9, 2016, plus two additional one-year option periods and one six-month option period.

On February 12, 2019, the Board approved Amendment Number Four to extend the Agreement for one year, from March 10, 2019, through March 9, 2020, plus an option term of up to 12 months.

On February 23, 2021, the Board delegated authority to the Sheriff to execute Amendment Number Six to extend the Agreement for one year, from March 10, 2021, through March 9, 2022, plus an option term of up to 12 months.

In compliance with Board Policy 6.020 "Chief Information Office Board Letter Approval," the Office of the Chief Information Officer (OCIO) has reviewed this Board letter and recommends approval of Amendment Number Eight. The OCIO determined that because this recommended action does not include new technology-related matters, no formal CIO Analysis is required. The CIO completed a formal analysis in August 2013 for the initial Agreement.

The Amendment has been reviewed and approved as to form by County Counsel.

CONTRACTING PROCESS

On September 21, 2022, pursuant to Board Policy 5.100, the Department provided the Board with notification of its intent to enter into negotiations for a sole source Amendment to extend the term of the Agreement.

The Department has finalized the technical requirements and expects to release a solicitation for a successor contract by the end of spring 2023.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of this action will ensure continued delivery of services delivery while the Department completes the solicitation process for a successor contract.

CONCLUSION

Upon Board approval, please return two adopted copies of this Board letter to the Department's Contracts Unit.

Sincerely,

Reviewed by:

ROBERT G. LUNA
SHERIFF

PETER LOO
INTERIM CHIEF INFORMATION OFFICER

RL:TL:VU:vu

(Fiscal Administration Bureau - Contracts Unit)

c: Board of Supervisors, Justice Deputies
Celia Zavala, Executive Officer, Board of Supervisors
Fesia Davenport, Chief Executive Officer
Sheila Williams, Senior Manager, Chief Executive Office (CEO)
Rene Phillips, Manager, CEO
Jocelyn Ventilacion, Principal Analyst, CEO
Bryan Bell, Budget Analyst, CEO
Dawyn R. Harrison, Interim County Counsel
Elizabeth D. Miller, Chief Legal Advisor, Legal Advisory Unit
Cammy C. DuPont, Principal Deputy County Counsel
Peter Loo, Interim Chief Information Officer, Chief Information Office
April L. Tardy, Undersheriff
Jill Torres, Assistant Sheriff, Chief Financial and Administrative Officer (CFAO)
Jason A. Skeen, Chief of Staff, Office of the Sheriff
Conrad Meredith, Division Director, Administrative Services Division (ASD)
Paula L. Tokar, Acting Chief, Custody Services Division (CSD)
Glen C. Joe, Assistant Division Director, ASD
Richard F. Martinez, Assistant Division Director, ASD
Stacy B. Morgan, Acting Commander, CSD
Rick Cavataio, Director, Fiscal Administration Bureau (FAB)
David E. Culver, Director, Financial Programs Bureau
Roel D. Garcia, Captain, Population Management Bureau (PMB)
Richard R. Canfield, Lieutenant, PMB
Angelo Faiella, Assistant Director, FAB
Rene A. Garcia, Lieutenant, ASD
Vanessa C. Chow, Sergeant, ASD
Alejandra Madera, Contracts Manager, Contracts Unit (CU)
Kristine D. Corrales, Deputy, ASD
Tony Liu, Senior Contracts Analyst, CU
Veronica Urenda, Contracts Analyst, CU
(Contracts - Sentinel Offender Services (LACOMS) 02-28-23)

**AMENDMENT NUMBER EIGHT
TO
AGREEMENT NUMBER 78034
FOR THE LOS ANGELES COUNTY OFFENDER MONITORING SYSTEM**

This Amendment Number Eight (Amendment) to Agreement Number 78034 (Agreement) is entered into by and between the County of Los Angeles (County) and Sentinel Offender Services, LLC (Contractor), effective upon execution by both parties.

- A. WHEREAS, on September 10, 2013, County and Contractor entered into the Agreement to provide the Los Angeles County Offender Monitoring System and related services for the Los Angeles County Sheriff's Department (Department); and
- B. WHEREAS, the Agreement had an Initial Term commencing on September 10, 2013, terminating on September 9, 2016, and two (2) additional one-year option periods plus one six-month option period; and
- C. WHEREAS, on August 18, 2016, County and Contractor entered into Amendment Number One to (1) exercise the first one-year option term and extend the term of the Agreement from September 10, 2016, through and including September 9, 2017, (2) revise the County-mandated provision regarding Consideration of Hiring GAIN-GROW Participants, and (3) add the County-mandated provision regarding Time Off for Voting; and
- D. WHEREAS, on September 7, 2017, County and Contractor entered into Amendment Number Two to (1) exercise the second one-year option term and extend the term of the Agreement from September 10, 2017, through and including September 9, 2018, (2) update the County-mandated provisions regarding County's Quality Assurance Plan, and the Safely Surrendered Baby Law, and (3) add the County-mandated provision regarding Compliance with County's Zero Tolerance Policy on Human Trafficking; and
- E. WHEREAS, on August 28, 2018, County and Contractor entered into Amendment Number Three to (1) exercise the six-month option term and extend the term of the Agreement from September 10, 2018, through and including March 9, 2019, (2) update the County-mandated provisions regarding Consideration of Hiring GAIN/GROW Participants and Assignment by Contractor, and (3) add the County-mandated provisions regarding Default Method of Payment: Direct Deposit or Electronic Funds Transfer, Compliance with Fair Chance Employment Practices, and Compliance with the County Policy of Equity; and

**AMENDMENT NUMBER EIGHT
TO
AGREEMENT NUMBER 78034
FOR THE LOS ANGELES COUNTY OFFENDER MONITORING SYSTEM**

- F. WHEREAS, on February 12, 2019, County and Contractor entered into Amendment Number Four to extend the term of the Agreement for an additional one-year period from March 10, 2019, through March 9, 2020, plus an option term of up to 12 months in any increment; and
- G. WHEREAS, on February 17, 2020, County and Contractor entered into Amendment Number Five to (1) exercise the final 12-month option term and extend the term of the Agreement from March 10, 2020, through March 9, 2021, and (2) update the County-mandated provision regarding Insurance Coverage; and
- H. WHEREAS, on March 1, 2021, County and Contractor entered into Amendment Number Six to (1) extend the term of the Agreement for an additional one-year period from March 10, 2021, through March 9, 2022, plus a 12-month option term in any increment, (2) update Exhibit C (Pricing Sheet) and (3) add the County-mandated provision regarding Prohibition from Participation in Future Solicitation(s); and
- I. WHEREAS, on November 17, 2021, County and Contractor entered into Amendment Number Seven to (1) exercise the final 12-month option term and extend the term of the Agreement from March 10, 2022, through March 9, 2023, (2) update the County-mandated provisions regarding Consideration of Hiring County Employees Targeted for Layoff/or Re-employment List, and Facsimile, (3) add Exhibit M (Information Security and Privacy Requirements) to the Agreement, and (4) update Paragraph 1.2 (Interpretation) of the Agreement; and
- J. WHEREAS, the Agreement currently expires on March 9, 2023; and
- K. WHEREAS, County and Contractor agree to (1) extend the term of the Agreement for one year, from March 10, 2023, through and including March 9, 2024, with an option to extend for up to six additional months in any increment, (2) update the County-mandated provisions regarding Assignment and Delegation/Mergers or Acquisitions, Safely Surrendered Baby Law, and Compliance with Fair Chance Employment Practices, and (3) add the County-mandated provision regarding Injury and Illness Prevention Program.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, County and Contractor hereby agree as follows:

**AMENDMENT NUMBER EIGHT
TO
AGREEMENT NUMBER 78034
FOR THE LOS ANGELES COUNTY OFFENDER MONITORING SYSTEM**

1. Section 7 (Term) of the Agreement is deleted in its entirety and replaced as follows to extend the term of the Agreement for one year from March 10, 2023, through and including March 9, 2024, plus a six-month option term in any increment:

7. TERM

- 7.1 The Term of this Agreement shall commence September 10, 2013, and shall expire March 9, 2024, unless sooner extended or terminated, either in whole or in part, as provided in this Agreement.
 - 7.2 The County has the option, at the Sheriff's discretion and upon notice to Contractor prior to the end of the current period of this Agreement Term, to extend the Term of this Agreement for up to six months in any increment. Any such option Term extensions shall be in the form of a written Amendment pursuant to Paragraph 6.4 above.
 - 7.3 The County maintains a database that tracks/monitors Contractor performance history. Information entered into the database may be used for a variety of purposes, including determining whether the County will exercise an Agreement option Term extension.
 - 7.4 Contractor shall notify the Department when this Agreement is within six months from the expiration of the Term as provided for hereinabove. Upon occurrence of this event, Contractor shall send written notification to the County Project Director at the address herein provided in Subparagraph 3.1.1.
2. Section 39.0 (Assignment and Delegation/Mergers or Acquisitions) of Exhibit A (Additional Terms and Conditions) to the Agreement is deleted in its entirety and replaced as follows to update the County-mandated provision:

39.0 ASSIGNMENT AND DELEGATION/MERGERS OR ACQUISITIONS

- 39.1 Contractor shall notify County of any pending acquisitions/mergers of its company unless otherwise legally prohibited from doing so. If Contractor is restricted from legally notifying County of pending acquisitions/mergers, then it should notify County of the actual

**AMENDMENT NUMBER EIGHT
TO
AGREEMENT NUMBER 78034
FOR THE LOS ANGELES COUNTY OFFENDER MONITORING SYSTEM**

acquisitions/mergers as soon as the law allows and provide to County the legal framework that restricted it from notifying County prior to the actual acquisitions/mergers.

39.2 Contractor shall not assign, exchange, transfer, or delegate its rights or duties under the Agreement, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment, delegation, or otherwise transfer of its rights or duties, without such consent shall be null and void. For purposes of this Agreement, County consent shall require a written Amendment to the Agreement, which is formally approved and executed by the parties. Any payments by County to any approved delegate or assignee on any claim under the Agreement shall be deductible, at County's sole discretion, against the claims, which Contractor may have against County.

39.3 Any assumption, assignment, delegation, or takeover of any of Contractor's duties, responsibilities, obligations, or performance of same by any person or entity other than Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Agreement which may result in the termination of the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

3. Section 49.0 (Safely Surrendered Baby Law) of Exhibit A (Additional Terms and Conditions) to the Agreement is deleted in its entirety and replaced as follows to update the campaign material website link:

49.0 SAFELY SURRENDERED BABY LAW

49.1 Notice to Employees Regarding the Safely Surrendered Baby Law

Contractor shall notify and provide to its employees, and shall require each Subcontractor to notify and provide to its employees, information regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The information is set forth in Exhibit G

**AMENDMENT NUMBER EIGHT
TO
AGREEMENT NUMBER 78034
FOR THE LOS ANGELES COUNTY OFFENDER MONITORING SYSTEM**

(Safely Surrendered Baby Law) of this Agreement. Additional information is available at:

<https://lacounty.gov/residents/family-services/child-safety/safely-surrender/>.

49.2 Contractor's Acknowledgement of County's Commitment to Safely Surrendered Baby Law

Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster, in Exhibit G (Safely Surrendered Baby Law) of the Agreement, in a prominent position at Contractor's place of business. Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. Information and posters for printing are available at:

<https://lacounty.gov/residents/family-services/child-safety/safely-surrender/>.

4. Section 67.0 (Compliance with Fair Chance Employment Hiring Practices) of Exhibit A (Additional Terms and Conditions) to the Agreement is deleted in its entirety and replaced as follows to update the County-mandated provision:

67.0 COMPLIANCE WITH FAIR CHANCE EMPLOYMENT HIRING PRACTICES

Contractor, and its Subcontractors, shall comply with fair chance employment hiring practices set forth in [California Government Code Section 12952](#). Contractor's violation of this Section of the Agreement may constitute a material breach of the Agreement. In the event of such material breach, County may, in its sole discretion, terminate the Agreement.

**AMENDMENT NUMBER EIGHT
TO
AGREEMENT NUMBER 78034
FOR THE LOS ANGELES COUNTY OFFENDER MONITORING SYSTEM**

5. Section 70.0 (Injury and Illness Prevention Program) is added to Exhibit A (Additional Terms and Conditions) to the Agreement as follows to add the County-mandated provision:

70.0 INJURY AND ILLNESS PREVENTION PROGRAM

Contractor will be required to comply with the State of California's Cal OSHA's regulations. California Code of Regulations Title 8 Section 3203 requires all California employers to have a written, effective Injury and Illness Prevention Program (IIPP) that addresses hazards pertaining to the particular workplace covered by the program.

6. Except as expressly provided in this Amendment, all other provisions, terms, covenants, and conditions of the Agreement shall remain the same and in full force and effect.
7. Contractor represents and warrants that the person executing this Amendment for Contractor is an authorized agent who has actual authority to bind Contractor to each and every item, condition, and obligation of this Amendment and that all requirements of Contractor have been fulfilled to provide such actual authority.

**AMENDMENT NUMBER EIGHT
TO
AGREEMENT NUMBER 78034
FOR THE LOS ANGELES COUNTY OFFENDER MONITORING SYSTEM**

IN WITNESS WHEREOF, the parties hereto have caused this Amendment Number Eight to be executed by their duly authorized representatives on the dates written below.

COUNTY OF LOS ANGELES

By: _____
ROBERT G. LUNA, SHERIFF

Date: _____

SENTINEL OFFENDER SERVICES, LLC

By: _____

Printed: _____

Title: _____

Date: _____

APPROVED AS TO FORM:
DAWYN R. HARRISON
Interim County Counsel

By: _____
Michele Jackson
Principal Deputy County Counsel

SOLE SOURCE CHECKLIST

Department Name: _____

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

Date Existing Contract First Approved: _____

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

Chief Executive Office

Date

SOLE SOURCE QUESTIONNAIRE

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

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

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

DOCUMENTATION FOR SOLE SOURCE JUSTIFICATION MUST INCLUDE RESPONSES TO THE FOLLOWING QUESTIONS:

1. **What is being requested?** Los Angeles County Offender Monitoring System (LACOMS) services on an “as-needed” basis.
2. **Why is the product needed – how will it be used?** Contractor provides service-bureau delivery of electronic monitoring services for eligible participants in the custody of the Sheriff.
3. **Is the “brand” of product the only one that meets the user’s requirements? If yes, what is unique about the product?** Yes. A contract extension is being requested to avoid a disruption of services while the Department completes the solicitation process for a successor contract.
4. **Have other products/vendors been considered? If yes, which products/vendors have been considered and how did they fail to meet the user’s requirements?** No. A contract extension is being requested to avoid a disruption of services while the Department completes the solicitation process for a successor contract.
5. **Will purchase of this product avoid other costs, e.g. data conversion, etc? Or will it incur additional costs, e.g. training, conversion, etc?** No.
6. **Is the product proprietary or is it available from various dealers? Have you verified this?** N/A. A contract extension is being requested to avoid a disruption of services while the Department completes the solicitation process for a successor contract.
7. **Reasonableness of Price. Does the County obtain a percentage discount or special discount not available to the private sector?** N/A.
8. **What is the dollar value of existing equipment and the Purchase Order No. for the existing equipment?** N/A.

BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

CLUSTER AGENDA REVIEW DATE	2/8/2023			
BOARD MEETING DATE	2/28/2023			
SUPERVISORIAL DISTRICT AFFECTED	<input type="checkbox"/> All <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input checked="" type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> 5 th			
DEPARTMENT(S)	Mental Health			
SUBJECT	Approve a proposed seven-year lease for the continued use of 8,611 square feet of existing office space and 32 on-site parking spaces at 19231 Victory Boulevard, Reseda, CA 91335			
PROGRAM	Valley Coordinated Children's Services			
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:			
DEADLINES/ TIME CONSTRAINTS	Lease has been on month-to-month holdover without penalty since October 21, 2021.			
COST & FUNDING	<table border="1"> <tr> <td>Total cost: \$1,703,000</td><td>Funding source: 100% State and Federal funding sources.</td></tr> </table> TERMS (if applicable): The proposed lease, provides for rental increases based on the CPI with a 3% cap per annum. 32 on-site parking spaces are included in the lease. Explanation: DMH 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 the Department. The rental costs will be funded 100 percent with State and Federal funding sources.		Total cost: \$1,703,000	Funding source: 100% State and Federal funding sources.
Total cost: \$1,703,000	Funding source: 100% State and Federal funding sources.			
PURPOSE OF REQUEST	The proposed DMH lease will continue to provide a suitable location for the VCCS program.			
BACKGROUND (include internal/external issues that may exist including any related motions)	The landlord will provide a non-reimbursable tenant improvement allowance of \$86,110 for minor refurbishment of the Premises including carpet and paint.			
EQUITY INDEX OR LENS WAS UTILIZED	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:			
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please state which one(s) and explain how:			
DEPARTMENTAL CONTACTS	Nevin Harrison CEO- Asset Management Branch 213-974-4159 Nharrison@ceo.lacounty.gov			



**Chief
Executive
Office.**

COUNTY OF LOS ANGELES

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, CA 90012
(213) 974-1101 ceo.lacounty.gov

CHIEF EXECUTIVE OFFICER

Fesia A. Davenport

"To Enrich Lives Through Effective and Caring Service"

February 28, 2023

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:

**SEVEN-YEAR LEASE
DEPARTMENT OF MENTAL HEALTH
19231 VICTORY BOULEVARD, RESEDA
(THIRD DISTRICT) (3 VOTES)**

SUBJECT

Approval of a proposed seven-year lease to provide the Department of Mental Health (DMH) continued use of 8,611 square feet of office space and 32 on-site parking spaces for the Valley Coordinated Children's Service (VCCS) 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 KVL Partners I, LLC, a Delaware limited liability company and KVL Partners II, LLC, a Delaware limited liability company (Landlord), at 19231 Victory Boulevard, Suite 110, Reseda (Premises) to be occupied by DMH. The estimated maximum first year base rental cost is \$222,164 including 32 on-site parking spaces. The estimated total lease cost is \$1,703,000 over the seven-year term. The rental costs will be funded 100 percent by State and Federal funding sources.

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

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The DMH VCCS program has occupied the subject facility since 1999. The VCCS program provides assistance of psychiatric hospitalization, stabilization, intensive treatment, psychiatry, and intensive case management to children, adolescents, and families, and the VCCS program specialize in serving the most seriously emotionally disturbed children and youth in need of acute crisis intervention. The VCCS program located in Service Area 2 is to ensure availability of intensive mental health services for the most-high risk and diagnostically complicated clients until appropriately diagnosed and stabilized at a level to be linked with appropriate school placement and outpatient mental health services.

The Premises houses approximately 34 employees. The lease expired October 20, 2021 and is currently on a month-to-month holdover at the rate existing under the current lease with no holdover fee.

The Premises are located near public transportation routes. Parking is provided in the adjacent lot with sufficient appurtenant parking available.

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

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

Implementation of Strategic Plan Goals

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

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

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

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

FISCAL IMPACT/FINANCING

The estimated maximum first year rental cost is \$222,164, including parking. The aggregate cost associated with the proposed lease over the entire term is \$1,703,000 as shown in Enclosure B-1. The rental costs will be funded 100 percent by State and Federal funding sources.

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 DMH. DMH 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 DMH.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

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

- Upon commencement of the proposed lease, the annual base rental rate will increase from \$24.03 per square foot, per year to \$25.80 per square foot, per year including parking. Base rent is subject to annual increases based on the Consumer Price Index capped at 3 percent per annum.
- Landlord will provide a non-reimbursable tenant improvement allowance of \$10.00 per rentable square foot of the Premises.
- The County has the Right of First Offer for any additional office space as it becomes available.
- The Landlord is responsible for the operating and maintenance costs of the Premises as well as utilities and janitorial expenses.
- A comparison of the existing lease and the proposed lease is shown in Enclosure B-2.

- The County has the right to terminate the proposed lease any time after 72 months, with 180 days' notice. Holdover of the proposed lease would be subject to the same terms and conditions of the existing lease with no holdover fee.
- The proposed lease will be effective upon approval by the Board and full execution of the lease.

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 \$28.20 and \$35.40 per square foot, per year. The base annual rental rate of \$25.80 per square foot, per year, for the proposed lease represents a rate that is below the market range for the area. Further, relocation to a new building would require costly new tenant improvements and disrupt services. We recommend the proposed Premises as the most suitable to meet the County's space requirements.

Though the CEO has communicated with co-working office space companies in the region concerning this and similar-typed social programs, this office model is not conducive to the DMH programmatic standards for this type of interpersonal program. In addition, co-working office space is not programmatically practicable for one-on-one confidential mental health therapeutic practices.

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 these Premises and found them suitable for the County's occupancy. The required notification letter to the City of Los Angeles has been sent in accordance with Government Code section 25351.

County Counsel has reviewed the proposed lease and approved it as to form. The proposed 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 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. DMH concurs with the proposed lease and recommendations.

The Honorable Board of Supervisors
February 28, 2023
Page 6

CONCLUSION

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

Respectfully submitted,

FESIA A. DAVENPORT
Chief Executive Officer

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

Enclosures

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

DEPARTMENT OF MENTAL HEALTH
19231 VICTORY BLVD. RESEDA
Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients?	X		
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ² Ratio of 252 sf due to reception, meeting and conference rooms.		X	
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ² 32 parking spaces correlates to approx. 3.7/1000 RSF parking ratio.		X	
	F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ²	X		
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program?		X	
	B	Is this a long-term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Enclosure C?	X		
3.	<u>Portfolio Management</u>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?		X	
	D	Why was this program not co-located with other County departments?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. <u>X</u> No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
	E	5. ____ The Program is being co-located.			
	E	Is lease a full-service lease? ²	X		
	F	Has growth projection been considered in space request?	X		
	G	¹ Has the Dept. of Public Works completed seismic review/approval?	X		
¹ As approved by the Board of Supervisors 11/17/98					

OVERVIEW OF THE PROPOSED BUDGETED LEASE COSTS

19231 Victory Boulevard, Reseda
Department of Mental Health

Basic Lease Assumptions

Leased Area (sq.ft.)	8,611	
	Monthly Rate	Annual Rate
Rent ⁽¹⁾	2.15	25.80
Term (months)	84	
Annual Rent Adjustment	3%	

	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	6 th Year	7 th Year	Total 7 Year Rental Costs
Annual Base Rent Costs ⁽¹⁾	\$222,164	\$228,829	\$235,694	\$242,764	\$250,047	\$257,549	\$265,275	\$1,703,000
Total Annual Lease Costs	\$222,164	\$228,829	\$235,694	\$242,764	\$250,047	\$257,549	\$265,275	\$1,703,000

Footnotes

⁽¹⁾ The Base Rent will be adjusted based upon the CPI Formula capped at three percent (3%) per annum. Base Rent includes 32 on-site parking spaces.

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

COMPARISON OF THE PROPOSED LEASE TO EXISTING LEASE

	Existing Lease: 19231 Victory Blvd. Reseda	Proposed Lease: 19231 Victory Blvd. Reseda	Change
Area (Square Feet)*	8,085 sq.ft.	8,611 sq.ft.	+526 sq.ft.
Term (years)	7 years	7 years	None.
Annual Base Rent (Base rent includes 32 parking spaces)	Current Base Rent \$194,286 (\$24.03 per sq. ft. annually)	First Year Total \$222,164 (\$25.80 per sq. ft. annually)	+\$27,878
County's TI Cost	None	Landlord to provide a non-reimbursable TI Allowance of \$10.00 per RSF (\$86,110).	+\$86,110
Annual Parking Cost	Included	Included	None
Janitorial/Utility/Maintenance Costs	Included	Included	None
Total Annual First Year Lease Costs payable to Landlord	\$194,286	\$222,164	+\$27,878
Rental rate adjustment	Annual CPI adjustments capped at 3% percent, no floor.	Annual CPI adjustments capped at 3% percent, no floor.	None

*Increase in square footage due to BOMA remeasurement.

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

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

FACILITY LOCATION POLICY ANALYSIS

Proposed lease: Lease for the Department of Mental Health - 19231 Victory Blvd., Suite 110, Reseda within the Third Supervisorial District.

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

B. Determination of the Service Area – The proposed lease will allow DMH to continue to provide the VCCS support office within Service Area 2.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: DMH programs are most effective when located in the same geographic area as their consumers, providers and stakeholders. This location meets the service area criteria and remains in the desired area.
- Need for proximity to existing County facilities: Close by departments include the Departments of Children and Family Services and Public Social Services.
- 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 including the Metro Orange line and is near local freeways.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: Located within a long-standing commercial medical-type service center.
- Compatibility with local land use plans: The City of Los Angeles has been notified of the proposed County use which is consistent with its use and zoning for office space at this location.
- Estimated acquisition/construction and ongoing operational costs: The aggregate cost associated with the proposed lease over the entire term is \$1,703,000.

D. Analyze results and identify location alternatives

It has been established that the annual rental range for a comparable lease in the area is between \$28.20 and \$35.40 per square foot, per year. The base annual rental rate of \$25.80 per square foot, per year, for the proposed 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 office space for 34 employees consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012. There are no available buildings in the area that meet DMH's requirements.

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE**

LEASE AGREEMENT

COUNTY OF LOS ANGELES - Tenant

KVL PARTNERS I, LLC and KVL PARTNERS II, LLC – Landlord

19231 VICTORY BOULEVARD

SUITE 110

RESEDA, CALIFORNIA 91335

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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 _____, 20__ between KVL PARTNERS I, LLC, a Delaware limited liability company and KVL PARTNERS II, LLC, a Delaware limited liability company (collectively the "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:	KVL Partners I, LLC, a Delaware limited liability company and KVL Partners II, LLC, a Delaware limited liability company 17328 Ventura Boulevard Suite 404 Encino, CA 91316 Attn: Legal Dept. Email: ken@quest-capital.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 8,611 rentable square feet, designated as Suite 110 in the Building (defined below), as shown on <u>Exhibit A</u> attached hereto.

(d) Building:	The Building located at 19231 Victory Blvd. Reseda California, 91335, California, which is currently assessed by the County Assessor as APN 2128-031-155 (collectively, the "Property");
(e) Term:	Seven (7) years, commencing upon the first day of the first calendar month following the date of approval of this Lease by the Board of Supervisors and full execution of the Lease by both Parties (the "Commencement Date"), and terminating at midnight on the day before the eighth 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.
(f) Estimated Commencement Date:	January 30 th , 2023
(g) Irrevocable Offer Expiration Date: (see Section 33)	January 30 th , 2023
(h) Base Rent: Full-Service Gross Including Parking	(\$2.15 per rentable square foot per month) (i.e. \$18,513.65 per month / \$222,163.80 per year)
(i) Early Termination (see Section 4.3)	Tenant will have the right to terminate the Lease for any reason, any time after the 72nd month following the Lease Commencement Date. Such right may be exercised by Tenant on six (6) months' written notice to Landlord.
(j) Rentable Square Feet in the Premises:	8,611 rentable square feet
(k) Initial Departmental Use:	Department of Mental Health, subject to Section 6.
(l) Parking Spaces: (See Section 21)	Thirty-two (32) exclusive unreserved spaces (based on 3.7/1000 RSF parking ratio) included in the Base Rent.
(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, April 23, 2022 prepared by AIRPIX Environmental a licensed California Asbestos contractor.
(o) Seismic Report	A report dated August 10, 2006 prepared by the Department of Public Works.
(p) Disabled Access Survey	A report dated January 25, 2022 prepared by USA-ADA

1.2 Defined Terms Relating to Landlord's Work Letter

(a) Landlord's TI Allowance:	\$86,110 (i.e., \$10.00 per rentable square foot), that may also be utilized for furniture, fixtures, and equipment ("FF&E") for the Premises. Additionally, any unused portion of said allowance may be applied as a rent credit, towards the next rent due.
(b)	Intentionally Omitted
(c)	Intentionally Omitted
(d)	Intentionally Omitted
(e) Tenant's Work Letter Representative:	An assigned staff person of the Chief Executive Office, Real Estate Division.
(f) Landlord's Work Letter Representative:	An assigned person on behalf of KVL Partners I, LLC, a Delaware limited liability company and KVL Partners II, LLC, a Delaware limited liability company
(g) Landlord's Address for Work Letter Notices:	KVL Partners I, LLC, and KVL Partners II, LLC 17328 Ventura Boulevard, Suite 404 Encino, CA 91316 Attn: Legal Dept. Email: ken@quest-capital.com
(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 at any time during the Term of this Lease 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. 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**

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 be for a period of seven (7) years, commencing upon the first day of the first calendar month following approval of this Lease by the Board of Supervisors and full execution of the Lease by both parties, and ending eighty-four (84) months thereafter.

4.2 Early Entry

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.

4.3 Early Termination

Tenant shall have the right to terminate this Lease at any time after the Early Termination date specified in Section 1.1, by giving Landlord not less than one hundred eighty (180) days prior written notice, executed by Tenant's Chief Executive Officer or his/her designee.

4.4 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) 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 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-Long Beach-Anaheim area, all items, published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Base Rent for the first full month after the 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:

$$\frac{\text{New Index}}{\text{Base Index}} \times \text{Base Rent at the Commencement Date} = \text{Adjusted Base Rent}$$

(d) Limitations on CPI Adjustment. In no event shall the monthly Base Rent adjustment based upon the CPI Formula result in an increase greater than three percent (3%) 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 the last monthly Base Rent with an increase pursuant to Section 5.2. under this Lease, plus any other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW

Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not

Tenant, shall, at its sole cost, at all times cause the 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 at its sole and absolute discretion, 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 at its sole and absolute discretion, 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, or Landlord at its sole and absolute discretion decides to not repair and/or restore the Premises, 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 and such insurance proceeds shall cover the entire costs of such repair.

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 terminate this Lease after thirty days written notice to 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 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); 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 asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos-containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.
- (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 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 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 and intra-building telephone network cables;
 - ii. mechanical (including HVAC), electrical, plumbing and fire/life systems serving the Building;
 - iii. the Common Areas;
 - iv. exterior windows of the Building; and
 - v. elevators serving 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);
 - 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. 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) 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, 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 ten (10) 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. If not reimbursed by Landlord within ten (10) business 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 Chief Executive Office, may request that Landlord perform, supply and administer 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 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 Tenant Improvements, as defined in Section 24. Tenant shall reimburse Landlord for all costs incurred pursuant to this Section within Sixty (60) business days from the date of written notice from Landlord.

11. DEFERRED MAINTENANCE

The Landlord's deferred maintenance work at Landlord's sole cost and expense, will include the following:

- Replace all stained or damaged ceiling tiles where required throughout Premises.
- Repair ceiling leaks in offices where required.
- Shampoo and steam clean existing carpet throughout Premises every twelve (12) months.
- Paint touch-up throughout Premises where and when required during lease term.
- Clean and polish existing VCT flooring throughout Premises.
- Repair restroom entry door signage.
- Repair minor wall damage.
- Repair lower cabinet door swing in break room.
- Install fire alarm notification system on the first floor of the Subject Building.

12. SERVICES AND UTILITIES

12.1 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.

(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) Elevators

Landlord shall furnish freight and passenger elevator services to the Premises during Tenant's Hours of Operations. During all other hours, Landlord shall furnish passenger elevator cab service in the elevator bank

serving the Premises on an as needed basis, and, by prior arrangement with Landlord's building manager, freight elevator service.

(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.

(e) Janitorial

Landlord, at its sole cost and expense, shall provide janitorial service five (5) nights per week, 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.

(f) Access

Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building. If required, Landlord shall provide access cards or fobs to all Tenant employees for Building entry, elevators, and/or floor access, at Landlord's sole cost and expense.

(g) 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.

12.2 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.

13. 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.

14. 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.

15. TENANT DEFAULT

15.1 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.

15.2 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.

15.3 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.

16. LANDLORD DEFAULT

16.1 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 five (5) business 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 ten business 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.

16.2 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.

16.3 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.

17. **ASSIGNMENT AND SUBLETTING**

17.1 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.

17.2 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.

18. **ALTERATIONS AND ADDITIONS**

18.1 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.

18.2 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.

19. CONDEMNATION

19.1 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.

19.2 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").

19.3 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.

19.4 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.

19.5 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 belonging to Tenant.

19.6 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.

20. INDEMNIFICATION

20.1 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.

20.2 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.

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

21.1 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).

21.2 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.

21.3 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.

21.4 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.

22. PARKING

22.1 Tenant's Rights

Tenant shall have the right to the number of unreserved parking spaces set forth in Section 1.1, without charge, for the Term of this Lease, in the parking structure pursuant to the Lease. For greater clarity, Twenty-six (26) of the thirty-two (32) parking spaces shall be provided in the form of passes to be provided for the use by Tenant's employees. The remaining six (6) spaces shall be provided in the form of half-hour sticker validations at the beginning of every month or fraction thereof during the Lease term. 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. 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.

22.2 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:

terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective thirty (30) days thereafter, or

- (a) 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%) and not be more than one hundred percent (100%) of the Base Rent until Tenant has been provided its allocated parking spaces

23. ENVIRONMENTAL MATTERS

23.1 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.

23.2 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.

24. ESTOPPEL CERTIFICATES

Tenant shall, within 30 business 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.

25. TENANT IMPROVEMENTS

25.1 Landlord's TI Allowance

Within fourteen (14) business days after receipt of a duly executed copy of this Lease and County-approved preliminary plans (as described below), Landlord shall, at its own expense, cause a licensed California architect to prepare draft working drawings and specifications for the proposed interior tenant improvements which are to be provided by Landlord, up to a maximum cost of \$86,110 (\$10.00 per square foot) ("Landlord's TI Allowance"). Landlord agrees to complete the tenant improvements in accordance with the final working drawings and specifications approved by Tenant. Additionally, any unused portion of said allowance may be applied as a rent credit, towards the next rent due.

25.2 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, as applicable. 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, as applicable. 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 and shall not be considered as part of Landlord's TI Allowance. Any work undertaken to meet applicable code requirements necessitated by Tenant's special requirements shall be included as part of Landlord's TI Allowance.

25.3 Tenant Remedies

If Landlord fails to obtain the building permit if applicable 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 the Lease 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 [3 years] and deducted from the Base Rent.

26. 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.

27. SUBORDINATION AND MORTGAGES

27.1 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.

27.2 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.

27.3 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.

28. 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).

29. SIGNAGE

Tenant shall be allowed building standard signage on the directory 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 Landlord's expense. Tenant shall have the right to install, at Landlord'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 in the main lobby of the Building. Tenant shall be permitted to install signs at the Premises that conform with any and all applicable laws and ordinances.

30. 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.

31. GENERAL

31.1 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.

31.2 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.

31.3 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 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. Tenant shall receive from Landlord or Landlord's broker, within ten days after the execution of this Lease, an amount equal to 50% of all commissions due to Landlord's broker as a result of the execution of this Lease, as set forth in a separate written agreement between Landlord and Landlord's broker, a copy of which has been delivered by Landlord to Tenant prior to the execution of this Lease.

31.4 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.

31.5 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.

31.6 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.

31.7 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.

31.8 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.

31.9 Time of Essence

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

31.10 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.

31.11 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.

31.12 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.

31.13 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.

32. 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.

33. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

33.1 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.

33.2 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.

33.3 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. 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.
- (d) 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.
- (e) 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.

- (f) 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.

33.4 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.)

34. 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.

35. RIGHT OF FIRST OFFER TO LEASE ADDITIONAL PREMISES

- (a) Provided that no material Default has occurred and is continuing under the Lease,

if at any time prior to the last twelve (12) months of the Term, Landlord intends to offer leasable space located contiguous to the Premises (the "Additional Premises") for lease to third parties or to accept an offer of a third party to lease the Additional Premises, Landlord shall first give written notice to Tenant of the rental rate and other material terms upon which Landlord is willing to lease the Additional Premises ("Landlord's Lease Notice"). Landlord's Lease Notice shall constitute an offer to lease the Additional Premises to Tenant at the rental rate and upon the terms and conditions contained in Landlord's Lease Notice and shall state the anticipated date of availability of the Additional Premises. Tenant shall have ninety (90) business days after receipt of Landlord's Lease Notice to accept such offer. Tenant shall accept such offer, if at all, only by delivery to Landlord of Tenant's irrevocable written commitment to lease the Additional Premises at the rental rate and upon the terms and conditions contained in Landlord's Lease Notice (the "Expansion Commitment").

- (b) If Tenant delivers to Landlord the Expansion Commitment within such ninety (90) business day period, all (but not part) of the Additional Premises shall be leased to Tenant commencing on the earlier of (a) the date Tenant first uses the Additional Premises for the Permitted Use; or (b) thirty (30) days after Landlord provides Tenant with possession of the Additional Premises and continuing for a period of time coterminous with the remaining Term, including any options to extend the Term. Tenant shall lease the Additional Premises upon the same terms, conditions and covenants as are contained in the Lease except that (i) the Base Rent for the Additional Premises shall be at the rate set forth in Landlord's Lease Notice, and (ii) any terms and conditions set forth in Landlord's Lease Notice that are inconsistent with the terms and conditions of the Lease shall control.
- (c) Except as otherwise set forth in Landlord's Lease Notice, possession of the Additional Premises shall be delivered to Tenant on an "as-is" basis. Landlord shall prepare and Landlord and Tenant shall execute and deliver a written agreement modifying and supplementing the Lease and specifying that the Additional Premises are part of the Premises and, except as otherwise specified in Landlord's Lease Notice, subject to all of the terms and conditions of the Lease.
- (d) Time is of the essence with respect to the exercise by Tenant of its rights granted hereunder. In the event Tenant fails to deliver to Landlord Tenant's Expansion Commitment within the ninety (90) business day period prescribed above, all rights of Tenant to lease the Additional Premises shall terminate and Landlord shall have no further obligation to notify Tenant of any proposed leasing of the Additional Premises, and Landlord shall thereafter have the unconditional right to lease the Additional Premises to third parties or to accept offers from third parties to lease the Additional Premises without further obligation to Tenant. The rights granted to Tenant under this Section 34 shall not apply to any sales or similar transfers of the Additional Premises.

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

LANDLORD:

KVL PARTNERS I, LLC,
a Delaware limited liability company

By: 

Name: Kenneth Leon

Its: Authorized Signatory

KVL PARTNERS II, LLC,
a Delaware limited liability company

By: 

Name: Kenneth Leon

Its: Authorized Signatory

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
Interim County Counsel

By: 

Senior Deputy

EXHIBIT A

FLOOR PLAN OF PREMISES

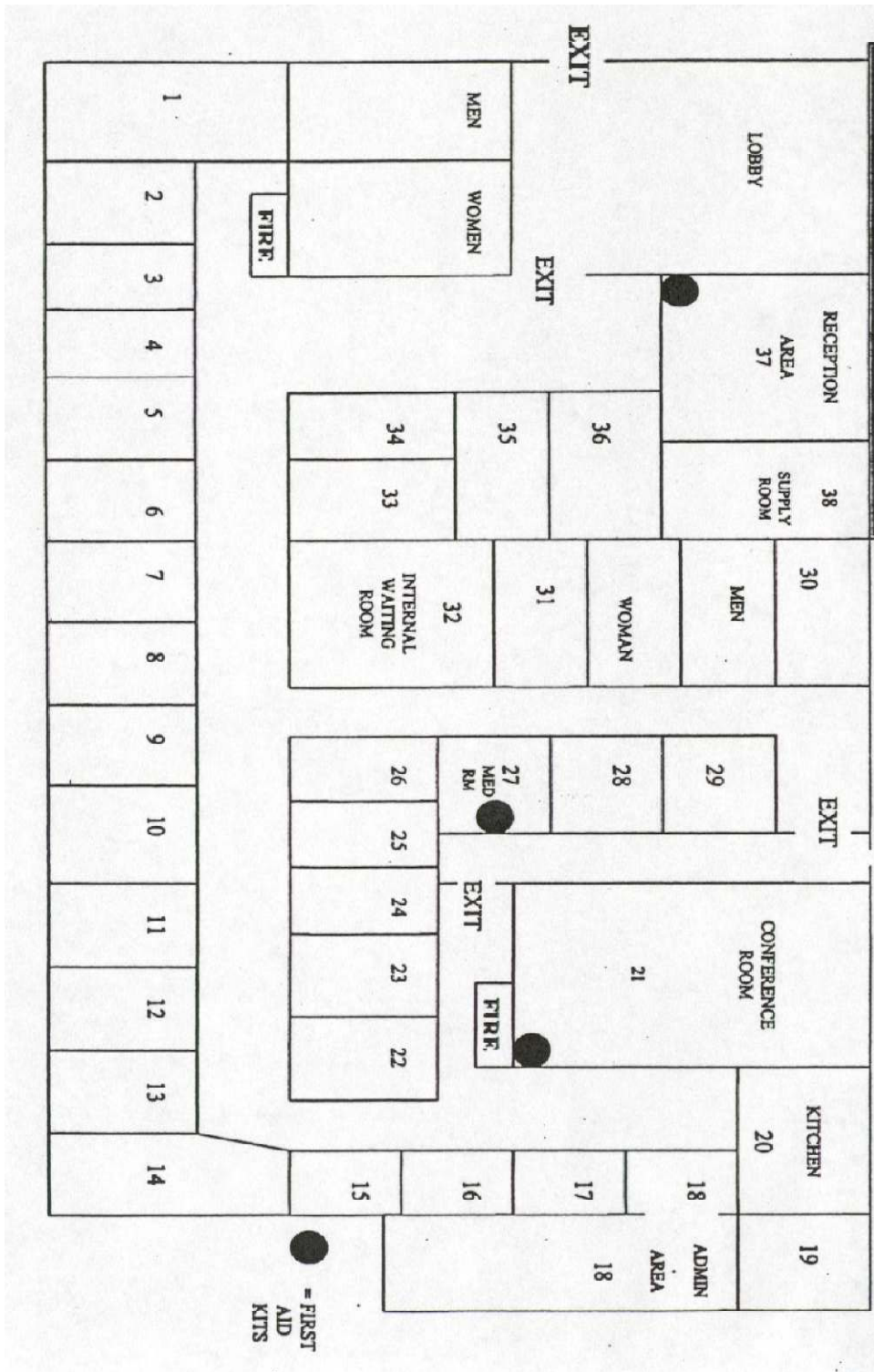


EXHIBIT B

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 _____, 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 pursuant to Section 30.3 of the Lease.

[INCLUDE ONLY IF SECTION 5.2 PROVIDES FOR BASE RENT ADJUSTMENTS:]

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:

KVL Partners I, LLC, a Delaware limited liability company and KVL Partners II, LLC, a Delaware limited liability company

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.

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 and sanitized
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

Windows washed as required inside and outside but not less frequently than twice annually.

All painted wall and door surfaces washed and stains removed.

All walls treated with vinyl covering washed and stains removed.

F. ANNUALLY

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.

27. 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.

Touch-up paint all interior painted surfaces in a color and finish to match existing.

G. AS NEEDED

28. 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.
29. 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.
30. Interior and exterior pest control inspections and remediation frequency is to be determined by a licensed exterminator.
31. 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 6.C. of this Exhibit E. 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

**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: _____

To Borrower: _____

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: _____

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	Owners, Partners and		Managers		Staff	
	All O.P. &	Women	All	Women	All Staff	Women
Black/African American						
Hispanic/Latin American						
Asian American						
Portuguese American						
American Indian/Alaskan						
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: _____			III. MINORITY/WOMEN-OWNED FIRM CERTIFICATION			
3. Provide the percentage of	All Empl	Wome	Is your firm currently certified as a minority owned business firm by the: State of California? <input type="checkbox"/>			
Black/African			Yes <input type="checkbox"/> No <input type="checkbox"/>			
Hispanic/Latin			City of Los Angeles <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>			
Asian American			Section D. OPTION TO PROVIDE REQUESTED INFORMATION			
Portuguese American			<input type="checkbox"/> We do not wish to provide the information required in this form.			
American			Firm Name: _____			
All Others			Signature/Title: _____			
			Date: _____			

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 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

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 I

LANDLORD'S WORK LETTER

BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

CLUSTER AGENDA REVIEW DATE	2/8/2023								
BOARD MEETING DATE	2/28/2023								
SUPERVISORIAL DISTRICT AFFECTED	<input type="checkbox"/> All <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input checked="" type="checkbox"/> 5 th								
DEPARTMENT(S)	Children and Family Services								
SUBJECT	A proposed new ten-year lease for 82,723 square feet of office space and 331 on-site parking spaces at 611 N. Brand Boulevard, Glendale, CA 91203								
PROGRAM	DCFS Regional Office								
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No								
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why: N/A								
DEADLINES/ TIME CONSTRAINTS	The new lease will replace the existing DCFS lease with a Landlord of Concern at 532 E. Colorado Blvd., Pasadena which is on month-to-month holdover with no penalty.								
COST & FUNDING	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Total cost: \$52,087,000</td> <td style="width: 50%;">Funding source: 45 percent with State and Federal funds, and 55 percent with existing DCFS resources.</td> </tr> <tr> <td colspan="2">TERMS (if applicable): The proposed lease will have a first-year lease cost of \$3,176,563 plus parking and Low-Voltage costs. The landlord will be responsible for operating expenses, and repair and maintenance of the building. The Landlord will contribute \$8,272,300 towards the Tenant Improvement build-out, and the County will borrow up to \$6,204,225 for Additional TIs. Request authorization of Notes through the Commercial Note Program will allow DCFS to pay TIs lump sum to the landlord and finance at a lesser rate through the program.</td> </tr> <tr> <td colspan="2">Explanation: DCFS 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 the Department.</td> </tr> </table>			Total cost: \$52,087,000	Funding source: 45 percent with State and Federal funds, and 55 percent with existing DCFS resources.	TERMS (if applicable): The proposed lease will have a first-year lease cost of \$3,176,563 plus parking and Low-Voltage costs. The landlord will be responsible for operating expenses, and repair and maintenance of the building. The Landlord will contribute \$8,272,300 towards the Tenant Improvement build-out, and the County will borrow up to \$6,204,225 for Additional TIs. Request authorization of Notes through the Commercial Note Program will allow DCFS to pay TIs lump sum to the landlord and finance at a lesser rate through the program.		Explanation: DCFS 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 the Department.	
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Explanation: DCFS 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 the Department.									
PURPOSE OF REQUEST	Approval of the recommended action will authorize and provide the necessary and office space needs with adjacent parking for DCFS.								
BACKGROUND (include internal/external issues that may exist including any related motions)	The proposed DCFS lease will provide a suitable alternative location from its existing location at 532 E. Colorado Blvd., Pasadena, within the current Service Area.								
EQUITY INDEX OR LENS WAS UTILIZED	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:								
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please state which one(s) and explain how:								
DEPARTMENTAL CONTACTS	Michael Navarro CEO Real Estate Division 213-974-4364 mnavarro@ceo.lacounty.gov								



Chief Executive Office.

COUNTY OF LOS ANGELES

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, CA 90012
(213) 974-1101 ceo.lacounty.gov

CHIEF EXECUTIVE OFFICER

Fesia A. Davenport

"To Enrich Lives Through Effective and Caring Service"

February 28, 2023

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 CHILDREN AND FAMILY SERVICES
611 NORTH BRAND BOULEVARD, GLENDALE
(FIFTH DISTRICT) (3 VOTES)**

SUBJECT

Approval of a proposed new ten-year lease for 82,723 square feet of office space, and 331 on-site parking spaces for the Department of Children and Family Services (DCFS), and authorization of the issuance of taxable commercial paper notes (Notes) through the Los Angeles 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 Onni Brand, L.P. (Landlord), for approximately 82,723 square feet of office space, and 331 on-site parking spaces located at 611 North Brand Boulevard, Glendale (Premises) to be occupied by DCFS. The estimated maximum first year base rental cost is \$3,176,563. The estimated total lease cost,

including parking, County's TI contribution and low voltage costs, is \$52,087,000 over the ten-year term. The rental costs will be funded 45 percent by State and Federal funds and 55 percent by net County cost (NCC) that is already included in the DCFS existing budget. DCFS will not be requesting additional NCC for this action.

4. Authorize the Chief Executive Officer, or her designee, to reimburse the Landlord up to \$6,204,225 for the County's TI contribution, if paid in lump sum or \$7,372,000 if amortized over five years at 7 percent interest per annum.
5. To finance the County's TI contribution, establish TI Project No. 58930 for the lease at 611 North Brand Boulevard, Glendale.
6. Authorize the issuance of Notes through the Note Program in the amount not to exceed \$6,205,000 for the TI costs. Also, approve an amount not to exceed \$200,000 to be funded by the benefiting department, for interest due to the landlord until County payment is received.
7. Authorize the Director of DCFS 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 \$3,535,635 if paid in a lump sum or \$4,233,000 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, exercising early termination rights and the right of first offer to lease additional space.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed lease at 611 North Brand Boulevard is intended to house and support the growing needs of DCFS and its departmental programs in the greater Tri-City region that includes Pasadena, Glendale, and Burbank. There will be approximately 434 staff located in the proposed Premises.

DCFS provides services to families in crisis. The primary goal of DCFS is to maintain the family unit. However, when this is not possible, the secondary goal is to reunify the family as quickly as possible. To this end, DCFS operates 21 regional offices to provide support to children and their families. The new Glendale office will be one of the regional offices that provides a comprehensive, full service, direct child protection system dedicated to

the safety of children in the County's care. Positive child welfare outcomes are achieved largely through the work of the DCFS Emergency Response Team, Continuing Services (Family Maintenance and Reunification), and Permanent Placement Children's Social Workers, in collaboration with the support staff and personnel from other County departments that are co-located in the area. This is intended to be a replacement location for the existing Pasadena Regional Office of which 15 percent of intended staff will be teleworking. The lease at this Pasadena location will be terminated due to concerns with the existing owners, as well as ongoing deferred maintenance issues.

The proposed lease will provide DCFS with sufficient and conveniently located office space, where children in the foster care system can visit with their parents and siblings in a safe and supervised setting. Moreover, the proposed lease will accommodate an anticipated increase in staffing allocation, which is necessary to comply with a DCFS goal of reducing caseloads. The facility is easily accessible to primary public transportation routes.

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 \$175,000 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 addresses these goals and objective by improving the delivery of services within the Service Area.

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 including parking is \$52,087,000 as shown on Enclosure B. The rental costs will be funded 45 percent by State and Federal funds and 55 percent by NCC that is already included in DCFS existing budget. DCFS will not be requesting additional NCC for this action.

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 the department 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, tenant department takes occupancy of the leased space, and reconciliation of project expenditures. After the landlord is reimbursed for the TIs, DCFS 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 the tenant department 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 15th of each year in order for redemption of the outstanding Notes to be completed by June 30th 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 DCFS.

Subject to the lease terms, there may be interest due to the Landlord until the County payment is received. 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 the tenant department.

DCFS has sufficient funding in its FY 22-23 operating budget to cover the proposed rent, County TI costs, and Low-Voltage Items for the first year. Beginning in FY 23-24, ongoing funding for costs associated with the proposed lease will be part of the budget for DCFS. The costs for Low-Voltage Items will be paid by DCFS 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 does not include parking and is subject to 3 percent fixed annual increases.

- Total TI costs are expected to be \$14,476,525. The Landlord will provide \$8,272,300 (\$100.00 per square foot) base TI allowance included in the proposed lease.
- The County will reimburse the Landlord up to \$6,204,225 (\$75.00 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 7 percent for a fully amortized amount not to exceed \$7,372,000.
- The County will pay up to \$3,535,635 for the lump sum cost of the Low-Voltage Items. If DCFS 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 \$4,233,000.
- The Landlord is responsible for all operating and maintenance costs of the building and all utilities and janitorial costs. The County has no responsibility for any operating and maintenance costs.
- A ten-year initial term with two options to extend the proposed lease for an additional five years each with no earlier than 12 months' and no later than nine months' notice at fair market rent. If all options are exercised, the total term of the proposed lease would be twenty years.
- The County has the right to terminate the proposed lease at the conclusion of the 60th month and a second right to terminate at the conclusion of the 84th month, with nine months prior notice and subject to reimbursement of the unamortized portion of the tenant improvement allowance.
- Holdover at the proposed lease expiration is permitted at the same terms and conditions without a holdover fee, except the monthly base rent during the holdover period will be at 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 completion of the tenant improvements by the Landlord and acceptance of the premises by the County.
- The County has a right of first offer to lease additional square footage of contiguous space upon availability. CEO will exercise this right so long as the following conditions are met: DCFS has justified the need for additional space, rent will not exceed the fair market value and there is an approved Space Request Evaluation with CEO budget confirming there are available funds for the expansion space.

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. This property was marketed on real estate websites and also submitted to the County as a potential location in response to the flyer solicitation. The CEO conducted a market search of available office space for lease but was unable to identify any sites that could accommodate this office space and corresponding parking 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 \$40.20 and \$65.40 per square foot, per year. The base annual rental rate of \$38.40 per square foot, per year for the first year of 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.

The CEO has communicated with co-working office space companies regarding office space for the applicable programs. In a quote received, the first-year rental costs were approximately 120 percent higher than the proposed renewal and did not include moving costs. Additionally, the standard high-density space configuration does not meet DCFS' program requirements. Co-working office space is not financially viable in this case by comparison to the lower overall rental costs of the proposed lease.

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 Glendale has been sent in accordance with Government Code section 25351.

County Counsel has reviewed the attached proposed lease and has approved it as to form. The proposed 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 DCFS' program(s), which is consistent with the County's Facility Location Policy, adopted by the Board 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 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 office space, and parking spaces for this County requirement. DCFS concurs with the proposed lease and recommendations.

The Honorable Board of Supervisors

February 28, 2023

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CONCLUSION

It is requested that the Executive Office of the Board 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:NH:gb

Enclosures

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

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
611 N. BRAND BOULEVARD, GLENDALE**

Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²	X		
	B	Does lease co-locate with other functions to better serve clients? ²	X		
	C	Does this lease centralize business support functions? ²	X		
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ² Based on 434 staff there is 191 RSF per person.		X	
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ²	X		
	F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ²	X		
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program?		X	
	B	Is this a long-term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report enclosed as Enclosure C?	X		
	G	Was build-to-suit or capital project considered?		X	
3.	<u>Portfolio Management</u>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?			X
	D	Why was this program not co-located?			X
		1. ____ The program clientele requires a "stand alone" facility.			
		2. X 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?	X		
	F	Has growth projection been considered in space request?	X		
	G	¹ Has the Dept. of Public Works completed seismic review/approval?	X		
¹ As approved by the Board of Supervisors 11/17/98					

OVERVIEW OF THE PROPOSED BUDGETED LEASE COSTS

611 North Brand Boulevard, Glendale
Department of Children and Family Services

Basic Lease Assumptions

Leased Area (sq.ft.)	82,723	
	Monthly	Annual
Rent (per sq. ft.) ⁽¹⁾	\$3.20	\$38.40
Rent Amount (\$)	\$264,713.60	\$3,176,563.00
Term (Month/Years)	108	10
Adjustment	3%	

Parking Costs (per parking space for 290 spaces) ⁽²⁾

\$105.00	\$1,260.00
----------	------------

Additional Parking Costs (per parking space for 41 spaces) ⁽²⁾

\$84.00	\$1,008.00
---------	------------

Utility Costs**Tenant Improvement Costs ⁽³⁾**

Lump Sum	Amortized
\$6,204,225.00	\$7,371,065.46

Low Voltage Costs ⁽⁴⁾**(TESMA Labor & Materials)**

ISD Labor Costs	TESMA Costs	TESMA Costs Amortized
\$319,520.00	\$3,216,115.00	\$3,912,673

	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	6 th Year	7 th Year	8 th Year	9 th Year	10 th Year	Total 10 Year Rental Costs
Annual Rent Costs ⁽¹⁾	\$3,176,563	\$3,271,860	\$3,370,016	\$3,471,116	\$3,575,250	\$3,682,507	\$3,792,983	\$3,906,772	\$4,023,975	\$4,144,694	\$36,416,000
Parking Costs ⁽²⁾	\$406,728	\$406,728	\$406,728	\$406,728	\$406,728	\$406,728	\$406,728	\$406,728	\$406,728	\$406,728	\$4,068,000
Tenant Improvement Costs ⁽³⁾	\$1,474,213	\$1,474,213	\$1,474,213	\$1,474,213	\$1,474,213						\$7,372,000
Total Cost Paid to Landlord	\$5,057,504	\$5,152,801	\$5,250,957	\$5,352,057	\$5,456,191	\$4,089,235	\$4,199,711	\$4,313,500	\$4,430,703	\$4,551,422	\$47,855,000
Low Voltage Costs ⁽⁴⁾	\$1,102,055	\$782,535	\$782,535	\$782,535	\$782,535						\$4,233,000
Total Annual Lease Costs	\$6,159,559	\$5,935,336	\$6,033,492	\$6,134,592	\$6,238,726	\$4,089,235	\$4,199,711	\$4,313,500	\$4,430,703	\$4,551,422	\$52,087,000

Footnotes⁽¹⁾ The Rent is subject to fixed three percent (3%) increases per annum.⁽²⁾ Parking costs include 290 parking spaces at a cost of \$105 a month per parking space and 41 parking spaces at a reduced cost (20%) of \$84 a month per parking space.⁽³⁾ Tenant Improvement costs can be paid via a lump sum payment or amortized over 5 years at 7% interest.⁽⁴⁾ Low Voltage TESMA costs can be paid via a lump sum payment or amortized over 5 years at 8% interest. ISD labor costs must be paid via a lump sum payment.***Calculation note: All numbers are rounded up to ensure sufficient funds available to pay the specified expense.**

ENCLOSURE C

DEPARTMENT OF CHILDREN & FAMILY SERVICES
SPACE SEARCH – EAST SAN FERNANDO VALLEY AND WEST SAN GABRIEL VALLEY

Laco	Name	Address	Gross SF	Net SF	Ownership	VACANT SQFT
A477	ASSESSOR-NORTH DISTRICT OFFICE	13800 BALBOA BLVD, SYLMAR 91342	37,000	33,300	LEASED	NONE
0427	OLIVE VIEW-FINANCE BUILDING	14445 OLIVE VIEW DR, SYLMAR 91342	12,925	11,633	OWNED	NONE
2147	OLIVE VIEW-COTTAGE #1	14445 OLIVE VIEW DR, SYLMAR 91342	6,510	3,825	OWNED	NONE
2148	OLIVE VIEW-COTTAGE #3	14445 OLIVE VIEW DR, SYLMAR 91342	6,000	3,626	OWNED	NONE
2261	OLIVE VIEW-DOCTORS' OFFICE BUILDING	14445 OLIVE VIEW DR, SYLMAR 91342	5,165	2,782	OWNED	NONE
4226	OLIVE VIEW-MECHANICAL OFFICE	14445 OLIVE VIEW DR, SYLMAR 91342	4,607	3,084	OWNED	NONE
T528	OLIVE VIEW-HOSPITAL TRAILER #1	14445 OLIVE VIEW DR, SYLMAR 91342	7,920	6,650	OWNED	NONE
T535	OLIVE VIEW-HOSPITAL TRAILER #2	14445 OLIVE VIEW DR, SYLMAR 91342	12,000	9,650	OWNED	NONE
X254	OLIVE VIEW-NORTH ANNEX BUILDING	14445 OLIVE VIEW DR, SYLMAR 91342	7,920	7,128	OWNED	NONE
Y297	SYLMAR JUV CRTHSE/B J NIDORF ADMIN BLDG-1	16350 FILBERT ST, SYLMAR 91342	36,692	32,008	OWNED	NONE
Y651	BARRY J NIDORF JUV HALL-N AREA SCHOOL OFFIC-4	16350 FILBERT ST, SYLMAR 91342	5,158	4,402	OWNED	NONE
0246	DHS-SAN FERNANDO HEALTH CENTER	1212 PICO ST, SAN FERNANDO 91340	22,144	8,493	OWNED	NONE
A523	PUBLIC LIBRARY-SAN FERNANDO LIBRARY	217 N MACLAY AVE, SAN FERNANDO 91340	8,601	6,881	LEASED	NONE
A386	ALT PUBLIC DEFENDER-SAN FERNANDO OFFICE	303 N MACLAY AVE, SAN FERNANDO 91340	3,040	3,040	LEASED	NONE
Y481	SAN FERNANDO COURTHOUSE	900 3RD ST, SAN FERNANDO 91340	203,225	132,127	FINANCED	NONE
5858	PH-PACOIMA PUBLIC HEALTH CENTER	13300 VAN NUYS BLVD, PACOIMA 91331	5,404	3,098	OWNED	NONE
A239	PROBATION(AB-109)SAN FERNANDO REG OFFICE	13557 VAN NUYS BLVD, PACOIMA 91331	12,189	11,580	LEASED	NONE
X368	PH-SUN VALLEY HEALTH CENTER	7223 N FAIR AVE, SUN VALLEY 91352	10,659	10,245	JPA	NONE
A641	DPSS - GROW OFFICE	9188 GLENOAKS BLVD, SUN VALLEY 91352	24,780	23,541	LEASED	NONE
B356	PH-ENVIRONMENTAL HLTH OFFICE	14500 ROSCOE BLVD, PANORAMA CITY 91402	11,668	11,085	LEASED	NONE
E111	CSS AND PROBATION-JUVENILE DAY REPORTING CTR	6640 VAN NUYS BLVD, VAN NUYS 91405	5,812	5,522	LEASED	NONE
5273	VAN NUYS COUNTY ADMINISTRATIVE CENTER BLDG	14340 W SYLVAN ST, VAN NUYS 91401	9,849	6,087	OWNED	NONE
4400	VAN NUYS COURTHOUSE - WEST	14400 ERWIN ST MALL, VAN NUYS 91401	320,391	172,053	FINANCED	NONE
Y476	VAN NUYS COURTHOUSE-BUILDING E	6280 SYLMAR AVE MALL, VAN NUYS 91401	3,373	1,987	OWNED	NONE
X368	PH-SUN VALLEY HEALTH CENTER	7223 N FAIR AVE, SUN VALLEY 91352	10,659	10,245	JPA	NONE
A641	DPSS - GROW OFFICE	9188 GLENOAKS BLVD, SUN VALLEY 91352	24,780	23,541	LEASED	NONE
X014	PH-BURBANK PUBLIC HEALTH CENTER	1101 W MAGNOLIA BLVD, BURBANK 91502	5,864	3,640	OWNED	NONE
A501	DCSS-BURBANK ADULT PROTECTIVE SERVICES REG I	2501 W BURBANK BLVD, BURBANK 91502	5,702	5,132	LEASED	NONE
3599	BURBANK COURTHOUSE	300 E OLIVE AVE, BURBANK 91502	66,697	48,924	FINANCED	NONE
A481	DPSS-GLENDALÉ FAMILY SERVICE CENTER	4680 SAN FERNANDO RD, GLENDALE 91204	80,000	70,420	LEASED	NONE
4295	PH-GLENDALÉ PUBLIC HEALTH CENTER	501 N GLENDALE AVE, GLENDALE 91206	15,217	8,043	OWNED	NONE
A215	ALT PUBLIC DEFENDER-PASADENA OFFICE	221 E WALNUT ST, PASADENA 91101	3,200	2,960	LEASED	NONE
5397	PASADENA COURTHOUSE	300 E WALNUT ST, PASADENA 91101	228,638	126,899	OWNED	NONE
A426	DCFS-PASADENA (SPA 3)	532 E COLORADO BLVD, PASADENA 91101	75,235	70,721	LEASED	NONE
F359	PW FLOOD-EATON YARD OFFICE	2986 E NEW YORK DR, PASADENA 91104	4,130	3,717	OWNED	NONE
D465	DPSS-PASADENA AP DISTRICT OFFICE	955 N LAKE AVE, PASADENA 91104	36,224	25,372	OWNED	NONE
0229	AG COMM/MTS & MEAS HQ/ PROBATION SPECIAL SVCS	12300 LOWER AZUSA RD, ARCADIA 91006	35,878	32,290	OWNED	NONE
A585	DMH-ARCADIA WELLNESS CENTER	301 E FOOTHILL BLVD, ARCADIA 91006	5,793	5,503	LEASED	NONE
A060	PUBLIC LIBRARY-LIVE OAK LIBRARY	4153 E LIVE OAK AVE, ARCADIA 91006	2,891	2,170	LEASED	NONE
4095	REGIONAL FACILITIES CONSTRUCTION DIVISION	1703 S MOUNTAIN AVE, MONROVIA 91016	2,183	1,666	OWNED	NONE
A645	MENTAL HEALTH-ADULT SYSTEMS OF CARE	2620 S CALIFORNIA AVE, MONROVIA 91016	4,500	4,275	LEASED	NONE
3240	MONROVIA COURTHOUSE	300 W MAPLE AVE, MONROVIA 91016	13,802	9,680	STATE	NONE
3562	PH-MONROVIA PUBLIC HEALTH CENTER	330 W MAPLE AVE, MONROVIA 91016	7,786	4,970	OWNED	NONE
A539	MENTAL HEALTH-COURT PROGRAM OFFICES	1499 HUNTINGTON DR, S. PASADENA 91030	4,210	4,000	LEASED	NONE
A469	THE ALHAMBRA COMPLEX - WEST TOWER	1000 S FREMONT AVE, ALHAMBRA 91803	17,107	15,206	LEASED	NONE
A471	THE ALHAMBRA COMPLEX - EAST TOWER	1000 S FREMONT AVE, ALHAMBRA 91803	31,458	27,211	LEASED	NONE
A471	THE ALHAMBRA COMPLEX - EAST TOWER	1000 S FREMONT AVE, ALHAMBRA 91803	15,481	12,201	LEASED	NONE
A471	THE ALHAMBRA COMPLEX - EAST TOWER	1000 S FREMONT AVE, ALHAMBRA 91803	31,299	27,073	LEASED	NONE
A471	THE ALHAMBRA COMPLEX - EAST TOWER	1000 S FREMONT AVE, ALHAMBRA 91803	31,299	27,073	LEASED	NONE
A471	THE ALHAMBRA COMPLEX - EAST TOWER	1000 S FREMONT AVE, ALHAMBRA 91803	31,304	27,078	LEASED	NONE
A471	THE ALHAMBRA COMPLEX - EAST TOWER	1000 S FREMONT AVE, ALHAMBRA 91803	22,002	18,288	LEASED	NONE
A471	THE ALHAMBRA COMPLEX - EAST TOWER	1000 S FREMONT AVE, ALHAMBRA 91803	31,299	27,073	LEASED	NONE
A473	ALHAMBRA COMPLEX	1000 S FREMONT AVE, ALHAMBRA 91803	3,774	3,265	LEASED	NONE
0901	(FORMER) DHS-ALHAMBRA HEALTH CENTER	612 W SHORB ST, ALHAMBRA 91803	25,344	14,292	FINANCED	NONE
0122	THOMAS A TIDEMANSON BUILDING-ANNEX BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	43,500	36,975	FINANCED	NONE
X900	THOMAS A TIDEMANSON PUBLIC WORKS BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	536,168	363,876	FINANCED	NONE
5883	ALHAMBRA COURTHOUSE	150 W COMMONWEALTH AVE, ALHAMBRA	111,727	65,494	FINANCED	NONE
A450	APD - ALHAMBRA OFFICE	1611 S GARFIELD AVE, ALHAMBRA 91801	3,000	2,850	LEASED	NONE
X327	PROBATION-CENTRAL TRANSCRIBING OFFICE	200 W WOODWARD AVE, ALHAMBRA 91801	11,273	7,360	OWNED	NONE
5460	PUBLIC LIBRARY-SAN GABRIEL LIBRARY	500 S DEL MAR AVE, SAN GABRIEL 91776	13,718	11,190	OWNED	NONE
5329	PUBLIC LIBRARY-ROSEMEAD LIBRARY	8800 VALLEY BLVD, ROSEMEAD 91770	29,860	23,394	OWNED	NONE

FACILITY LOCATION POLICY ANALYSIS

Proposed lease: Ten-year Lease agreement for the Department of Children and Family Services – 611 N. Brand Boulevard, Glendale – Fifth Supervisorial District.

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

B. Determination of the Service Area – The proposed lease will provide a ten-year lease for multiple programs of DCFS within Service Area 2.

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 SA 2 region for DCFS programs.
- Need for proximity to existing County facilities: Close to several other County departments including DPSS, Sheriff, Fire, and Mental Health.
- 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
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative existing County buildings available to meet the Department's needs.
- Compatibility with local land use plans: The City of Glendale 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 \$3,176,563 i.e., \$38.40 per square foot per month, not including parking, plus the maximum lump sum cost of the County's tenant improvements contribution of \$6,204,225, total approximately \$9,380,788 over the first year of the lease.

D. Analyze results and identify location alternatives

Based upon a review of available industry data, it has been established that the annual rental range for a comparable office lease in the area is between \$40.20 and \$65.40 per square foot, per year. The base annual rental rate of \$38.40 per square foot per year for the first year for the proposed office 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 office space accommodations for approximately 434 DCFS 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

ONNI BRAND, L.P. – Landlord

611 N. BRAND BOULEVARD

GLENDALE, CALIFORNIA 91203

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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
- Exhibit J - Building Parking Facility

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

This LEASE AGREEMENT ("Lease") is entered into as of the _____ day of _____, 20__ between ONNI BRAND, L.P., ("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:	<p>ONNI BRAND, L.P. a Delaware limited partnership</p> <p>ONNI Brand Limited Partnership 1010 Seymour Street, Suite 200 Vancouver BC, Canada V6B 3M6 Attn: Legal Email: legal@onni.com</p> <p>and</p> <p>ONNI Brand Limited Partnership 1031 S. Broadway, Suite 400 Los Angeles, CA USA 90015 Attn: Legal Dept. Email: legal@onni.com</p> <p>and</p> <p>Allen Matkins Leck Gamble Mallory & Natsis LLP 865 South Figueroa Street, Suite 2800 Los Angeles, CA 90017-2543 Attn: David B. Stone, Esq.</p>
(b) Tenant's Address for Notices:	<p>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</p> <p>With a copy to:</p>

	<p>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</p>
(c) Premises:	<p>Approximately 82,723 rentable square feet, consisting of suite 210 (measuring approximately 6,457 RSF) on the second (2nd) floor and the entire third (3rd), fourth (4th) and fifth (5th) floors in the Building (defined below), as shown on <u>Exhibit A</u> attached hereto.</p>
(d) Building:	<p>The Building located at 611 N. Brand Blvd., Glendale, California, 91203 which is currently assessed by the County Assessor as APN 5643-002-049 (collectively, the "Property");</p>
(e) Term:	<p>Ten (10) 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 eleventh 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.</p>
(f) Estimated Commencement Date:	<p>January 1, 2024</p>
(g) Irrevocable Offer Expiration Date: (see Section 33)	<p>January 1, 2024</p>
(h) Base Rent:	<p>\$3.20 per rentable square foot per month (i.e., \$ 264,713.60 per month / \$3,176,563.20 per year) With 3% annual increases compounded annually as follows:</p>

	<table><tr><th>Months</th><th>Rate</th><th>Monthly Rent</th></tr><tr><td>1-12</td><td>\$3.20</td><td>\$264,713.60</td></tr><tr><td>13-24</td><td>\$3.30</td><td>\$272,655.01</td></tr><tr><td>25-36</td><td>\$3.39</td><td>\$280,834.66</td></tr><tr><td>37-48</td><td>\$3.50</td><td>\$289,259.70</td></tr><tr><td>49-60</td><td>\$3.60</td><td>\$297,937.49</td></tr><tr><td>61-72</td><td>\$3.71</td><td>\$306,875.61</td></tr><tr><td>73-84</td><td>\$3.82</td><td>\$316,081.88</td></tr><tr><td>85-96</td><td>\$3.94</td><td>\$325,564.34</td></tr><tr><td>97-108</td><td>\$4.05</td><td>\$335,331.27</td></tr><tr><td>109-120</td><td>\$4.18</td><td>\$345,391.21</td></tr></table>	Months	Rate	Monthly Rent	1-12	\$3.20	\$264,713.60	13-24	\$3.30	\$272,655.01	25-36	\$3.39	\$280,834.66	37-48	\$3.50	\$289,259.70	49-60	\$3.60	\$297,937.49	61-72	\$3.71	\$306,875.61	73-84	\$3.82	\$316,081.88	85-96	\$3.94	\$325,564.34	97-108	\$4.05	\$335,331.27	109-120	\$4.18	\$345,391.21
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(i) Early Termination (see Section 4.4)	Tenant will have a one-time right to terminate all or a full-floor portion of the lease at the conclusion of the 60 th month and a second one-time right to terminate all or a full-floor portion of the lease at the 84 th month of the lease term, with a minimum of nine (9) months' prior written notice to Landlord, and reimbursement of the unamortized portion of the tenant improvement allowance.																																	
(j) Rentable Square Feet in the Premises:	82,723 rentable square feet (RSF) on Floors 3 (25,424 RSF), 4 (25,424 RSF) and 5 (25,418 RSF) of the building and Suite 210, measuring approximately 6,457 RSF.																																	
(k) Initial Departmental Use:	<u>Department of Children and Family Services</u> subject to Section 6.																																	
(l) Parking Spaces: (See Section 21)	<u>331</u> unreserved spaces (based on 4/1000 RSF parking ratio; currently \$105/mo./space). <ul style="list-style-type: none">• 0.5/1,000 RSF shall be "must take"• 3.5/1,000 RSF Tenant shall have the right but not the obligation to rent																																	
(m) Building Hours of Operation:	7 a.m. to 6 p.m. Monday through Friday, and 9 a.m. to 12 p.m. on Saturdays																																	
(n) Asbestos Report:	A report dated August 2, 2019 prepared by National Econ Corp., a licensed California Asbestos contractor.																																	
(o) Seismic Report	A report dated January 2, 2022 prepared by the Department of Public Works.																																	

(p) Disabled Access Survey	A report dated August 28, 2019 prepared by MBH Contractors.
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1.2 Defined Terms Relating to Landlord's Work Letter

(a) Landlord's TI Allowance:	\$8,272,300 (\$100 per square foot)
(b) Tenant's TI Contribution:	\$6,204,225 (\$75 per square foot)
(c) Tenant's TI Contribution Amortization Rate:	Seven percent (7%)
(d) Estimated Monthly Payments Attributable to Total TI Costs in Excess of Landlord's TI Allowance	Up to \$122,851.09 over the initial five years of lease.
(e) Tenant's Work Letter Representative:	An assigned staff person of the Chief Executive Office, Real Estate Division.
(f) Landlord's Work Letter Representative:	An assigned person on behalf of Onni Brand L.P.
(g) Landlord's Address for Work Letter Notices:	ONNI Brand Limited Partnership 1031 S. Broadway, Suite 400 Los Angeles, CA USA 90015 Attn: Stephen Abel. Email: sabel@onni.com
(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

<p>1.3 <u>Exhibits to Lease</u></p>	<p>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 Exhibit J - Building Parking Facility</p>
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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 prior to 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 Z65.1-2017, as promulgated by the Building Owners and Management Association ("BOMA") International. 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

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. Landlord reserves the right from time to time to use any of the Common Areas, and the roof, risers and conduits of the Building for telecommunications and/or any other purposes, and to do any of the following: (i) make any changes, alterations, improvements, additions, repairs and/or replacements in or to

the Project or any portion or elements thereof, including, without limitation, (A) changes in the location, size, shape and number of driveways, entrances, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways, public and private streets, plazas, courtyards, transportation facilitation areas and Common Areas, and (B) expanding or decreasing the size of the Project and any Common Areas and other elements thereof, including adding, deleting, demolishing, redeveloping and/or excluding buildings thereon and therefrom; (ii) close temporarily any of the Common Areas while engaged in making repairs, improvements or alterations to, or otherwise redeveloping, the Project; (iii) retain and/or form a Common Area association or associations under covenants, conditions and restrictions to own, manage, operate, maintain, repair and/or replace all or any portion of the landscaping, driveways, walkways, public and private streets, plazas, courtyards, transportation facilitation areas and/or other common areas located outside of the Building and, subject to Article 4 below, include the common area assessments, fees and taxes charged by the association(s) and the cost of maintaining, managing, administering and operating the association(s), in Operating Expenses or Tax Expenses; and (iv) perform such other acts and make such other changes with respect to the Project as Landlord may, in the exercise of good faith business judgment, deem to be appropriate. Notwithstanding anything contrary to the above, any such changes, alterations, improvements, additions, repairs and/or replacements shall not prohibit or limit Tenant's, its employees' and its visitors' access and use of the Premises and the number of parking spaces as set forth in Section 1.1(l) of this Lease.

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), including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises;
- (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;

- (d) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease; and
- (e) If Landlord is responsible for the installation of telecommunications systems, then such systems shall be completely operational.

4.2 Termination Right

If the Commencement Date has not occurred within one hundred eighty (180) 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.

4.3 Early Entry

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

If (a) a Tenant Default does not then exist beyond any applicable notice or cure period and (b) Tenant right of possession shall have not been terminated, in respect to the Premises, Tenant shall have two (2) one time rights to terminate the entire Premises or any full floor of the Premises (the "Termination Options") effective upon the last day of the sixtieth (60th) month from the Commencement Date (the "First Termination Date") and in the event Tenant does not elect to exercise the First Termination Option, Tenant shall have a second one time right to terminate this Lease with respect to the entire Premises or any full floor of the Premises effective upon the last day of the eighty-fourth (84th) month from the Commencement Date (the "Second Termination Date") by giving Landlord not less than two hundred seventy (270) days prior written notice from the First Termination Date or Second Termination Date as the case maybe with the Termination Fee (as defined below) to be paid on the effective date of such Early Termination, executed by Tenant's Chief Executive Officer or his/her designee.

The "Termination Fee" means:

- (a) The unamortized cost of Landlord's Work and/or Tenant Improvement Allowance spent by Landlord (calculated as of the Termination Date and amortizing such amount on a straight-line basis over the period commencing on the Commencement Date and ending on the Expiration Date).

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) 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.

6. USES

Permitted Use. 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 or for any other administrative office for governmental purposes, or other lawful purposes that do not materially adversely interfere with other uses in the Building reasonably approved by Landlord, during Tenant's Hours of Operation, after Tenant's Hours of Operation, and on weekends and holidays.

7. HOLDOVER

If the Lease expires, Tenant can remain in the Premises on a holdover basis subject to the existing terms and conditions of the Lease, including continuing Annual escalations. Tenant shall provide Landlord with sixty (60) days prior written notice of Tenant's intent to 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 prior written notice from Landlord or thirty (30) days prior written notice from Tenant's Chief Executive Officer or his/her designee at the last monthly Base Rent payable under this Lease, plus any other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW

Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including 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 210 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. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

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 210 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 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, except as otherwise provided in Section 1.1(n) (as hereinafter defined); 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 asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate or encapsulate, 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.
- (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.

- (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 and intra-building telephone network cables;
 - (ii) mechanical (including HVAC), electrical, plumbing and fire/life systems serving the Building;
 - (iii) the Common Areas;
 - (iv) exterior windows of the Building; and
 - (v) elevators serving 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);
 - (ii) interior partitions;
 - (iii) interior doors;
 - (iv) the interior side of demising walls (which shall be repainted as needed);
 - (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) Landlord shall, to the best of its ability, provide all reports, maintenance records, or other documentation as may be requested from time to time.
- (d) Items 10.2(b)(i) and 10.2(b)(iv) above shall be limited to not more than one time in a five (5) year period (the "Occurrence"). 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.

10.3 Tenant Obligations

Without limiting Landlord's repair and maintenance obligations, and subject to Section 20.5 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, using best commercial efforts, but in any event not later than seven (7) 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. 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 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 Building 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. 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 and shall invoice Tenant for the direct cost of such service which Tenant shall pay within thirty (30) days upon receipt.

(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) Elevators

Landlord shall furnish freight and passenger elevator services to the Premises during Building Hours of Operations. During all other hours, Landlord shall furnish passenger elevator cab service in the elevator bank serving the Premises on an as needed basis, and, by prior arrangement with Landlord's building manager, freight elevator service.

(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.

(e) Janitorial

Landlord, at its sole cost and expense, shall provide janitorial service five (5) nights per week, 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.

(f) Access

Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building. If required, Landlord shall provide access cards or fobs to all Tenant employees for Building entry, elevators, and/or floor access, at Landlord's sole cost and expense.

(g) 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 prorated 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 Building'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 Premises, Base Rent shall be prorated based upon the percentage of the Premises 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 ten (10) 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 ten (10) 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) 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, after delivering written notice to Landlord, 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 by first obtaining Landlord's prior consent, which consent shall not be unreasonably withheld or delayed; 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, 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 one hundred eighty (180) 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

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 5 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 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 and Tenant understand and agree 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 unreserved parking spaces set forth in Section 1.1, for the Term of this Lease, in the parking structure outlined in Exhibit "J" of the Lease. For greater clarity, Tenant shall take on a "Must-Take" basis,

0.5/1,000 RSF or 38 parking stalls. Tenant shall receive a twenty percent (20%) discount on the prevailing market rate of the Must-Take stalls, which is currently \$105.00/month for unreserved stalls. Tenant shall have the right but not the obligation to 3.5/1,000 RSF or 267 parking stalls at the then prevailing market rate, which is currently \$105.00/month for unreserved stalls. 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. Tenant's use of the parking structure and adjacent parking lot ("Parking Facility") shall be at Tenant's sole risk and Tenant acknowledges and agrees that Landlord shall have no liability whatsoever, except for Landlord's negligence and willful misconduct, for damage to the vehicles of Tenant, its employees and/or visitors, or for other personal injury or property damage or theft relating to or connected with the parking rights granted herein or any of Tenant's, its employees' and/or visitors' use of the Parking Facility. Without limiting Tenant's, its employees' and/or visitors' use of the Parking Facility, Landlord specifically reserves the right to change the size, configuration, design, layout and all other aspects of the Parking Facility at any time and Tenant acknowledges and agrees that Landlord may, from time to time, close-off or restrict access to certain areas of the Parking Facility, renovate the Parking Facility or demolish or otherwise eliminate portions of the Parking Facility (but not the parking structure) for purposes of permitting or facilitating any such construction, alteration or improvements. Landlord may delegate its responsibilities hereunder to a parking operator in which case such parking operator shall have all the rights of control attributed hereby to the Landlord. The parking passes rented by Tenant pursuant to this Article 21 are provided to Tenant solely for use by Tenant's own personnel and such passes may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord's prior approval. 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 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.

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 and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fines, taxes, costs, liabilities, losses and reasonable 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 in violation of applicable laws. 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.

22.3 Tenant Indemnity

Tenant agrees to indemnify, defend and hold harmless Landlord and the Landlord parties from and against all liability, reasonable expenses (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 of Hazardous Materials on the Premises caused by Tenant or Tenant's contractors, employees and agents.

The indemnity provided each party by this provision shall survive the termination of this Lease.

23. ESTOPPEL CERTIFICATES

Tenant shall, within 30 business 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 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

Landlord shall include Tenant's name and suite number within the Building's lobby directory at the Landlord's sole cost and expense. Landlord shall further provide the initial standard Tenant signage at the entry to the Premises at the Landlord's sole cost and expense. Any changes to such initial signage shall be at Tenant's expense. Tenant shall be permitted to install reasonably appropriate signs within the Premises that conform with any and all applicable laws and ordinances.

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

Landlord and Tenant each represent and warrant to each other that it has only engaged Kidder Mathews of California, Inc. ("Landlord's Broker") and Tenant's Advocates, Inc. DBA Cresa ("Tenant's Broker") as brokers with respect to this Lease, and that there is no other 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 and each party 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. Tenant's Broker shall receive from Landlord or Landlord's Broker the commissions set forth in the commission agreement dated October 6, 2021 by and between Landlord and Tenant'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 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 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 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.)

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. REDEVELOPMENT

It is specifically understood and agreed that Landlord has no obligation and has made no promises to alter, remodel, improve, renovate, repair, redevelop or decorate the Premises, Building, or any part thereof and that no representations respecting the condition of the Premises, the Building or the Project have been made by Landlord to Tenant except as specifically set forth herein or in the Tenant Work Letter. However, Tenant hereby acknowledges that Landlord is currently renovating or may at any time, and from time to time, from and after the date of mutual execution and delivery of this Lease, renovate, redevelop, demolish, improve, alter, or modify all or any portion of the Project and/or the Building, except for the Premises (and, in connection with the same, Landlord may exercise those rights described in clauses (i)-(ii) of Section 1.1.3 above) (collectively, the "Redevelopment"). The scope and extent of such Redevelopment shall be determined by Landlord in its sole discretion. In connection with such Redevelopment, Landlord may, among other things, erect scaffolding or other necessary structures in the Building, limit or eliminate access to portions of the Project, including portions of the common areas, or perform work in the Building, and/or the Project, which work may create noise, dust or leave debris in the Building, and/or the Project. Tenant hereby agrees that such Redevelopment shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. In no event shall such Redevelopment prohibit or limit Tenant's, its employees' or its visitors' access or use of the Premises and the number of parking spaces set forth in Section 1.1(l) of this Lease.

35. RIGHT OF FIRST OFFER

(a) Provided that no material Default has occurred and is continuing under the Lease, if at any time after the Commencement Date but prior to the last twelve (12) months of the Term, where Landlord intends to offer leasable space located contiguous to the Premises (the "Additional Premises"), for lease to third parties or to accept an offer of a third party to lease the Additional Premises, meaning any space that becomes available on the 2nd or sixth (6th) Floor of the Building. For greater clarity, Landlord shall not be bound by the terms of this Right of First Offer for any space that is actively vacant as of the Commencement Date. The Right of First Offer is only for space that is recaptured by Landlord during the timeline specified above with respect to Additional Premises. Landlord shall first give written notice to Tenant of the rental rate and other material terms upon which Landlord is willing to lease the Additional Premises ("Landlord's Lease Notice"). Landlord's Lease Notice shall constitute an offer to lease the Additional Premises to Tenant at the rental rate and upon the terms and conditions contained in Landlord's Lease Notice and shall state the anticipated date of availability of the Additional

Premises. Tenant shall have thirty (30) days after receipt of Landlord's Lease Notice to accept such offer. Tenant shall accept such offer, if at all, only by delivery to Landlord of Tenant's irrevocable written commitment to lease the Additional Premises at the rental rate and upon the terms and conditions contained in Landlord's Lease Notice (the "Expansion Commitment").

(b) If Tenant delivers to Landlord the Expansion Commitment within such thirty (30) day period, all (but not part) of the Additional Premises shall be leased to Tenant commencing on the earlier of (a) the date Tenant first uses the Additional Premises for the Permitted Use; or (b) thirty (30) days after Landlord provides Tenant with possession of the Additional Premises and continuing for a period of time coterminous with the remaining Term, including any options to extend the Term. Tenant shall lease the Additional Premises upon the same terms, conditions and covenants as are contained in the Lease except that (i) the Base Rent for the Additional Premises shall be at the rate set forth in Landlord's Lease Notice, and (ii) any terms and conditions set forth in Landlord's Lease Notice that are inconsistent with the terms and conditions of the Lease shall control.

(c) Except as otherwise set forth in Landlord's Lease Notice, possession of the Additional Premises shall be delivered to Tenant on an "as-is" basis. Landlord shall prepare and Landlord and Tenant shall execute and deliver a written agreement modifying and supplementing the Lease and specifying that the Additional Premises are part of the Premises and, except as otherwise specified in Landlord's Lease Notice, subject to all of the terms and conditions of the Lease.

(d) Time is of the essence with respect to the exercise by Tenant of its rights granted hereunder. In the event Tenant fails to deliver to Landlord Tenant's Expansion Commitment within the thirty (30) day period prescribed above, all rights of Tenant to lease the Additional Premises shall terminate and Landlord shall have no further obligation to notify Tenant of any proposed leasing of the Additional Premises, and Landlord shall thereafter have the unconditional right to lease the Additional Premises to third parties or to accept offers from third parties to lease the Additional Premises without further obligation to Tenant. The rights granted to Tenant under this Section 34 shall not apply to any sales or similar transfers of the Additional Premises.

36. OPTIONS TO EXTEND

(a) Tenant shall have the option to extend the Term two (2) periods of five (5) years each.

(b) Exercise of Options. Tenant must exercise its options to extend this Lease by:

(i) giving Landlord written notice of its intention to do so (its "Notice of Intent") no later than two hundred seventy (270) 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

(ii) 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, Tenant shall be entitled to holdover as provided in this Lease. If Tenant fails to give such written notice to Landlord, Landlord will promptly provide written notice to Tenant that the Term shall not be extended unless Tenant responds within ten (10) business days in writing electing to exercise its respective renewal option, and Tenant shall be granted an additional period of ten (10) business days after receipt of such written notice from Landlord, in which to give Landlord its written notice of its election to exercise such renewal option or election not to exercise such renewal option. Failure by Landlord to provide ten (10) business day written notice to Tenant that the Term shall not be extended unless Tenant responds within ten (10) business days in writing electing to exercise its respective renewal option or Tenant's failure to notify Landlord of its election to exercise such renewal option, after receipt of the ten (10) business day notice, and without any further notice, act, or agreement, this Lease will terminate as of the then-applicable expiration date, and neither Landlord nor Tenant will have any further obligation or liability under this Lease arising or continuing from and after such expiration date, subject, however, to the provisions that expressly survive termination of this Lease.

(c) 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 one hundred percent (100%) of 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.

(d) 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.

(e) Market Rental Value. The term "Market Rental Value" shall be the rental rate that comparable Premises in the market in which the Premises is located would command for the same term as the Extension Term on the open market at the time Tenant provides its Notice of Intent, 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 in the Building. In determining the Market Rental Value, appropriate consideration shall be given to Tenant's creditworthiness, the annual amount per rentable square foot that Landlord has accepted in current transactions between non-affiliated parties from new, non-expansion, non-renewal and non-equity tenants of comparable creditworthiness for comparable premises for a comparable use for a comparable period of time, the annual rental rates per square foot, the standard of measurement by which the rentable square footage is measured, the ratio of rentable square feet to usable square feet, 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), the extent of Tenant's liability under the Lease, parking rights and obligations, signage rights, abatement provisions reflecting free rent and/or no rent 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.

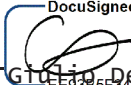
(f) Opinions. Landlord shall submit its opinion of Market Rental Value to Tenant within fifteen (15) days after Landlord's receipt of the Notice of Intent, and Tenant shall respond thereto within ten (10) days thereafter by either (a) accepting Landlord's opinion of Market Rental Value (in which case, 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.

(g) Amendment of Lease. Immediately after the Board of Supervisors approves the exercise of any option granted pursuant to this Section 36, 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:

ONNI BRAND, L.P.,
a Delaware limited partnership

DocuSigned by:
By: 
Name: Giulio De Cotitis
Its: director

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
Interim County Counsel

By:  _____
Senior Deputy

Roberto Saldana
2022.12.19
09:41:10 -08'00'

EXHIBIT B

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

Reference is made to that certain Lease Agreement ("Lease") dated _____, 2022, between County of Los Angeles, a body corporate and politic ("Tenant"), and Onni Brand L.P., a Delaware limited partnership ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 611 N. Brand Blvd., Glendale, CA 91203 ("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 82,723 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.
- 6) The Base Rent is pursuant to Section 1.1 (h) 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:

ONNI BRAND, L.P.,
a Delaware limited partnership

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 Building'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 quarterly [four (4) 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 pursuant to Section 10.2(b)(d) of the Lease.

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**

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Space above for Recorder's Use

**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: _____

To Borrower: _____

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.	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	Is your firm currently certified as a minority owned business firm by the:	
Black/African American			State of California? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Hispanic/Latin American			City of Los Angeles? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Asian American			Federal Government? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Portuguese American			Section D. OPTION TO PROVIDE REQUESTED INFORMATION	
American Indian/Alaskan Native			<input type="checkbox"/> We do not wish to provide the information required in this form.	
All Others			Firm Name: _____	
			Signature/Title: _____	
			Date: _____	

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 Chief Executive Officer
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
Interim 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)
) 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.

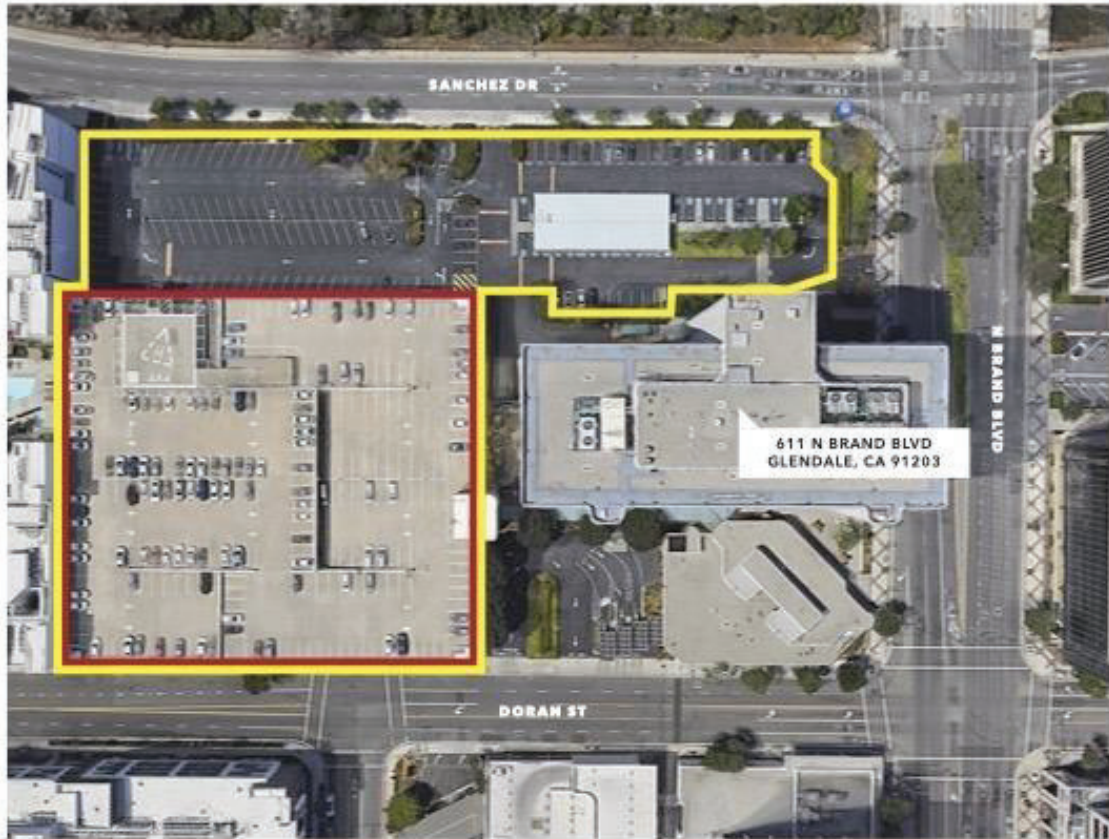
Signature (Seal)

EXHIBIT I

LANDLORD'S WORK LETTER

EXHIBIT J

BUILDING PARKING FACILITY



 PARKING STRUCTURE

 PARKING FACILITY

LANDLORD'S WORK LETTER

For

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

COUNTY OF LOS ANGELES, as Tenant

ONNI BRAND, L.P., a Delaware limited partnership, as Landlord

Property Address: 611 NORTH BRAND BOULEVARD, GLENDALE, CA 91203

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease Agreement (the "Lease") dated _____, 2022, executed concurrently herewith, by and between ONNI BRAND, L.P., a Delaware limited partnership 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> | \$ 14,476,525 (i.e., \$175 per rentable square foot of the Premises) |
| (a) <u>Landlord's TI Allowance</u> | \$8,272,300 (i.e., \$100 per rentable square foot of the Premises) |
| (b) <u>Tenant's TI Contribution</u> | \$6,204,225 (i.e., \$75 per rentable square foot of the Premises) |
| (c) <u>TI Amortization Rate and Change Authorization Amortization Rate:</u> | Fixed Seven percent (7%) per annum |
| (d) <u>Tenant's Work Letter Representative</u> | Edgar Pejoro or an assigned staff person of the Chief Executive Office-Real Estate Division |
| (e) <u>Landlord's Work Letter Representative</u> | An assigned staff person of the Landlord |
| (f) <u>Landlord's Address for Work Letter Notices</u> | _____

Email: _____ |
| (g) <u>Tenant's Address for Work Letter Notices</u> | 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 |
| (h) <u>Addenda</u> | Addendum A: Base Building Improvements
Addendum B: Tenant Improvements
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 not be considered Tenant Improvements (as defined below) unless such changes or additions are 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 and/or encapsulation or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) initial fire sprinkler system installation, however, any modification or upgrade which is required to accommodate the Tenant Improvements shall be included as part of the Total TI Costs, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease, nor (vi) supervision or overhead costs of Landlord.

(c) Landlord shall be solely responsible for all costs and expenses necessary to maintain structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses.

2.3 Base Building Plans. Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2015 (or later version) and Adobe PDF electronic format. 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).

3. Selection of Architect and Engineer. 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 and engineers 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 and engineer, 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 and the selected engineer 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 an engineer (the "Engineer"), 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 contractors, selected by Landlord and accepted by Tenant, 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 such contract form as Landlord shall designate) 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 selected contractor (the "Contractor") to construct the Tenant Improvements, consistent with the terms of the accepted bid.

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 are free from errors or omissions on the part of the Architect.

5.3 **Preparation and Review of Engineering Drawings.** Landlord shall cause the Architect to coordinate 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. 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 twenty-one (21) calendar 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. Tenant's acceptance of the Working Drawings, Engineering Drawings and/or the Final Plans shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Tenant Improvements.

5.6 Schedule. Within twenty-one (21) calendar days of the Plan Submission Date, Landlord shall submit to Tenant a detailed 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, construction completion, the Estimated Commencement Date and other relevant dates. 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, Product Data Sheets / Samples or similar submittals required by the Final Plans in coordination with the construction schedule and with reasonable promptness, 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 Tenant.

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

6.1 Cost Summary. Within twenty-one (21) 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. 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 an email or 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 Tenant's rejection. Construction of the Tenant Improvements shall not begin until Tenant accepts the Final TI Cost Summary in writing and any delay of providing its approval of the Final TI Cost Summary shall be a Tenant Delay. 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, as part of the TI Costs, to comply with the Preliminary TI Cost Summary, and any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not 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.

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 costs of any Change Authorizations (as defined below) that are approved in writing by both parties. Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements except for delays or costs arising from Tenant Delays, Force Majeure or Change Authorizations as defined below. 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 in an amount not exceeding Tenant's TI Contribution. 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 within thirty (30) calendar days following when: (i) the Tenant Improvements are Substantially Complete (as defined in the Lease); (ii) Landlord has provided Tenant with all documentation substantiating all Tenant Improvements' expenses, including without limitation, receipts, invoices, proof of payment, unconditional lien releases and approved changed orders; (iii) the Total TI costs are fully reconciled; and (iv) Tenant approves the TI reconciliation and corresponding documents, which approval shall not be unreasonably withheld, conditioned or delayed. At Tenant's election,

such payment may be made (a) in a lump sum,, or (b) in equal monthly payments, amortized over the initial five years of the Lease at the TI Amortization Rate. Tenant may, at any time during the Term, prepay all of the remaining Total TI Costs in excess of the Landlord's TI Allowance.

6.4 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 the amount of any unused portion of the Landlord's TI Allowance shall be applied as a credit against the next installment(s) of Base Rent due under the Lease.

7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum B hereto, such work shall be considered a Base Building Improvement and shall be performed by Landlord at its own cost and expense and not included in the cost of Tenant Improvements.

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 by Landlord and Tenant only after 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 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. As part of the Total TI Costs, 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. Landlord shall obtain plan check approval prior to soliciting bids from contractors pursuant to Section 4 hereof.

7.4 Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within thirty (30) after issuance of all necessary permits and governmental approvals. 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 Force Majeure Delays (as defined below) and/or Tenant Delays.

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. As part of the Total TI Costs, 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 in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Warranties. Landlord shall cause the Contractor to issue to Tenant a warranty 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 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 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. As part of the Total TI Costs, 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 reasonable 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 Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including but not limited to all provisions of the California Labor Code. 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. 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, Tenant shall be entitled to enter the Premises at least thirty (30) calendar days prior to the Commencement Date, upon prior notice to Landlord and receipt of Landlord's consent, which shall not be unreasonably withheld, conditioned or delayed, for the sole purpose of installing Tenant's furniture, fixtures and equipment in the Premises. 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 the Tenant Improvements have been completed in accordance with the Final Plans and Section 4.1 of the Lease, 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, as part of the Total TI Costs, 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. 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.

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.

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. At the time of a Request for Change, Landlord shall inform Tenant of the number of days of delay caused by the Change Authorization. The one hundred eighty (180) day period for Landlord to complete the work described in Section 4.2 of the Lease shall be extended on a day for day basis for each day of delay due to the Change Authorization and the Estimated Commencement Date shall be extended on a day to day basis for each day of delay due to the Change Authorization. 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 Total TI Cost, payable by Landlord and/or Tenant 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 ten (10) business 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 during the first three hundred sixty-five (365) days 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. As part of the Total TI Costs, 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.

12.1 Tenant Delays, Force Majeure Delays and Change Authorizations. Except as set forth in this Landlord's Work Letter or in the Lease to the contrary, 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 Section 4.2 of 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)"); or (b) Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage, delay in the issuance of building permits or other required approvals by governmental authorities (provided the party responsible for obtaining such permits or approvals is diligently pursuing the issuance thereof), or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)") or (c) Landlord's performance of the work described herein is delayed due to a Change Authorization.

12.2 Limitations.

(a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless, within forty eight (48) hours of the event giving rise to such claim, Landlord provide 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, Force Majeure Delays and Change Authorizations shall delay the Estimated Commencement Date only if Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, efforts which Landlord shall be obligated to make (provided that the additional cost incurred by Landlord due to such efforts does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to the excess).

(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. If Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration, or if the Tenant Improvements have not been completed within one hundred eighty (180) days after the Estimated Commencement Date, then Tenant may, at its option: Business decision.

13.1 Cancel the Lease upon the terms and conditions set forth in Section 4.2 of the Lease; or

13.2 Upon sixty (60) 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 ("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 beyond applicable notice and cure periods 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. Elevator Usage During Move-In. In the event that the use of the freight elevators and/or hoists is not sufficient to meet Tenant's requirements during the early entry period set forth in Section 4.3 of the Lease, (a) Landlord shall cause to be made operational a temporary construction elevator and hoist, or (b) Tenant shall have priority usage of two (2) passenger elevators in the elevator bank that services the Premises in order to assist Tenant in the installation of Tenant's fixtures, furniture and equipment. Any elevator usage provided under this Section 15 shall be at no cost to Tenant.

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 the date of the next construction meeting.

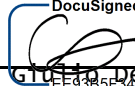
17. Delivery. Delivery of all plans and drawings referred to in this Work Letter shall be either by commercial messenger service, personal hand delivery or Landlord can set up a web-based download, unless otherwise agreed by Landlord and Tenant.

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:

ONNI BRAND, L.P., a Delaware limited partnership

DocuSigned by:

By: _____
Name: Gustavo de Cortis
Title: director
Date Signed: November 15, 2022

TENANT:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
CHIEF EXECUTIVE OFFICER

By: _____
Name: _____
Title: _____
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 frames and mullions in good condition.
- (b) The core area, including mechanical, electrical, sprinkler, plumbing, Fire life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord;
- (c) toilet rooms per code, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;
- (d) Drywall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows. Also included:
- (e) public stairways;
- (f) passenger and freight elevators;
- (g) parking facilities;
- (h) ground floor lobby;
- (i) finished elevator lobbies (with carpet, lights, finished walls and ceiling);
- (j) exterior plazas and landscaping;
- (k) loading dock and/or area;
- (l) electrical/telephone closet with not less than seven (7) watts per square foot of rentable area of normal power in the floor electrical closet;
- (m) conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets on floors _____, in which case Landlord, at no cost to Tenant and without deduction from Landlord's TI Allowance, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);
- (n) two (2) 208/120 and one (1) 480/277 Volt (VAC) panels connected to the Building power system;
- (o) mechanical equipment room with ducted mechanical exhaust system;

- (p) concrete floors with troweled finish ready for tenants floor finish, level to industry standard 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;
- (q) standard window coverings;
- (r) primary HVAC duct for cooling and primary HVAC duct for heating (heating is for perimeter zone only) to loop from the mechanical equipment room around the building core;
- (s) hot and cold air loops located within the Premises;
- (t) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises;
- (u) primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution;
- (v) access at panels in the service core 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
- (w) Drywall on the service core walls, columns and sills in the Premises.
- (x) 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 B To Landlord's Work Letter

TENANT IMPROVEMENTS

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;, including telephones, computers and cabling therefor;
- (g) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water provided by insta hot;
- (h) Any and all signs for Tenant and the power therefor;
- (i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (j) Additional and/or above standard electrical capacity; and
- (k) Fiber optic access.
- (l) Drinking fountain or water bottle filling station at the core.

ADDENDUM C To Landlord's Work Letter

PRELIMINARY AND FINAL TI COST SUMMARY

Preliminary TI Cost Summary

Final TI Cost Summary

Lease No. _____

Address _____

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