



**OPERATIONS CLUSTER
AGENDA REVIEW MEETING**

DATE: May 17, 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 AS PERMITTED
UNDER THE BOARD OF SUPERVISORS' FEBRUARY 7, 2023 ORDER SUSPENDING
THE APPLICATION OF BOARD POLICY 3.055 UNTIL JUNE 30, 2023**

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 Letter:
REQUEST FOR TEMPORARY TRANSFERS FROM AVAILABLE FUNDS TO MEET FINANCIAL OBLIGATIONS
A-C - Connie Yee, Assistant Auditor-Controller
 - B) Board Memo:
NOTIFICATION OF INTENT TO ENTER INTO NEGOTIATIONS FOR SOLE SOURCE AGREEMENT WITH ORACLE AMERICA, INC. (ORACLE) FOR THE DEVELOPMENT OF ASSESSOR MODERNIZATION PROJECT (AMP) PHASE V
ASR - Steven Hernandez, Assistant Assessor and
Kevin Lechner, Assistant Chief Information Officer
 - C) Board Letter:
A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES RELATING TO THE ASSESSMENT APPEALS HEARING OFFICER PROGRAM
EO - Edward Yen, Assistant Executive Officer and
Jennifer Tran, Deputy Executive Officer, Assessment Appeals Board

CONTINUED ON PAGE 2

D) Board Letter:
EIGHT-YEAR LEASE
PROBATION DEPARTMENT
43423 DIVISION STREET, LANCASTER
CEO/RE - Alexandra Nguyen-Rivera, Section Chief, Lease Acquisitions

E) Board Letter:
NINE-YEAR AMENDMENT
DEPARTMENT OF MENTAL HEALTH
10515 BALBOA BOULEVARD, GRANADA HILLS
CEO/RE - Alexandra Nguyen-Rivera, Section Chief, Lease Acquisitions

3. **PRESENTATION/DISCUSSION ITEMS:**

None available.

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

5. **Adjournment**

FUTURE AGENDA TOPICS

CALENDAR LOOKAHEAD:

None available.

BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

CLUSTER AGENDA REVIEW DATE	5/17/2023		
BOARD MEETING DATE	6/6/2023		
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)	Auditor-Controller		
SUBJECT	Temporary Borrowing Letter		
PROGRAM			
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:		
DEADLINES/ TIME CONSTRAINTS	Approval needed by June 30, 2023		
COST & FUNDING	Total cost: \$ N/A	Funding source:	
	TERMS (if applicable):		
	Explanation:		
PURPOSE OF REQUEST	Temporary Borrowing from the County Treasury Pool – Annual Letter		
BACKGROUND (include internal/external issues that may exist including any related motions)	<p>This letter seeks Board authorization to permit temporary borrowing from the County Treasury Pool. This is an annual item that appears on the agenda and it is designed to assist special districts and other entities that may experience temporary cash shortages prior to their receipt of property taxes and other revenues. These provisions only apply to agencies that maintain money in the County Treasury.</p> <p>In recent years, very few agencies have needed to rely on this authority. However, the funds which rely heavily on Property and Voter Approved Taxes have previously experienced temporary cash deficit which have been alleviated by the Board's adoption of the Resolution.</p>		
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: Connie Yee, Assistant Auditor-Controller, 213-974-0681, cyyee@auditor.lacounty.gov		



COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

OSCAR VALDEZ
INTERIM AUDITOR-CONTROLLER

ASSISTANT AUDITOR-CONTROLLERS

MAJIDA ADNAN
ROBERT G. CAMPBELL
CONNIE YEE

June 6, 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:

REQUEST FOR TEMPORARY TRANSFERS FROM AVAILABLE FUNDS TO MEET FINANCIAL OBLIGATIONS ALL DISTRICTS (3-VOTES)

SUBJECT

This letter requests the Board of Supervisors to authorize temporary transfers of available funds to meet the financial obligations of special districts and other entities, which will occur between July 1, 2023 and April 29, 2024.

IT IS RECOMMENDED THAT THE BOARD:

Adopt the attached resolution authorizing temporary transfers from available funds to meet financial obligations which will occur between July 1, 2023 and April 29, 2024.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Various public entities maintain funds on deposit with the County Treasurer and Tax Collector (Treasurer) throughout the fiscal year. The attached annual resolution authorizes the Treasurer, as directed by the Auditor-Controller, to make temporary cash transfers to the various entities in the event of a cash deficiency. Such transfers shall not exceed 85% of the anticipated revenues accruing to each public entity and are only available, by law, from July 1, 2023 through the last Monday in April, which is April 29, 2024.

Both the California Constitution (the "Constitution") and the California Government Code, at Article XVI, Section 6, and Sections 23010 and 53850 *et seq.* (the "Code"), respectively, allow for the proposed actions. The attached resolution renews the authorization that was in effect

for Fiscal Year 2022-23 and provides a cash flow option for the eligible public entities that maintain funds on deposit with the Treasurer.

Implementation of Strategic Plan Goals

Approval of this action is consistent with the Strategic Plan Goal Strategy III.3 – Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability.

FISCAL IMPACT/FINANCING

Approval of the resolution will enable the various entities to meet their respective cash flow needs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The resolution is required to be renewed each year and has been approved as to form by County Counsel. The resolution authorizes transfers which are permitted under the Constitution and the Code for the period herein specified.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not applicable.

CONCLUSION

Please return two adopted copies of the Board letter to the Executive Office, Board of Supervisors. It is requested that the Executive Office, Board of Supervisors return one stamped copy of the approved Board letter to the Auditor-Controller's Executive Office.

Respectfully submitted,

OSCAR VALDEZ
Interim Auditor-Controller

OV:CY:RA:EW:JS:dy
H:\ACFR\Temporary Borrowing\FY 2023\Temporary Borrowing Letter 2023.docx

Attachment

c: Fesia A. Davenport, Chief Executive Officer
Dawyn R. Harrison, County Counsel
Keith Knox, Treasurer and Tax Collector
Celia Zavala, Executive Officer, Board of Supervisors
Audit Committee
Countywide Communications

**A RESOLUTION OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF LOS ANGELES PROVIDING
FOR THE TEMPORARY TRANSFER OF FUNDS TO
MEET FINANCIAL OBLIGATIONS OF SPECIAL
DISTRICTS AND OTHER ENTITIES**

WHEREAS, the 2023-24 anticipated revenues accruing to the General Fund of Los Angeles County, to the General Fund of the Los Angeles County Public Library, to the Special County Road Funds, to the General Funds of the various Special Districts under the control of the Board of Supervisors of Los Angeles County, to the General Fund of the Los Angeles County Flood Control District, and to the General Funds of school districts, other districts, and political subdivisions in the County (collectively, the “Public Entities”), will not become available until such revenues are collected; and

WHEREAS, the cash in the funds of these Public Entities, may be insufficient to meet their respective obligations that will be incurred between July 1, 2023 and the last Monday in April, which is April 29, 2024; and

WHEREAS, the Board of Supervisors of the County of Los Angeles (the “Board of Supervisors”) intends to respond to any such cash insufficiency in the County’s General Fund through intrafund transfers and the issuance and sale of Tax and Revenue Anticipation Notes, as authorized by Government Code Sections 23010 and 53850, *et seq.*; and

WHEREAS, the Board of Supervisors does not presently intend to make temporary transfers of funds to the County’s General Fund as authorized by Article

XVI, Section 6 of the California Constitution (the “Constitution”), but nonetheless desires to provide for such eventuality should it become necessary;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of Los Angeles as follows:

Section 1. The Board of Supervisors, hereby authorizes and directs the Treasurer and Tax Collector of the County of Los Angeles (the “Treasurer”), to make temporary transfers of funds between July 1, 2023 and the last Monday in April, which is April 29, 2024, from available funds in the Treasurer’s custody to the General Fund of the Public Entities, in such amounts appropriately directed by the Auditor-Controller of Los Angeles County, in accordance with the provisions contained in the Constitution.

Such temporary transfer of funds shall not exceed 85% of the anticipated revenues accruing to each such Public Entity and shall be replaced from revenues first accruing to each such Public Entity before any other obligations of said Public Entity are met from such revenues.

The foregoing resolution was on the ____ day of _____, 2023 adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

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

By _____
Deputy

APPROVED AS TO FORM:
DAWYN R. HARRISON
County Counsel

By _____
MICHAEL BUENNAGEL
Senior Deputy County Counsel

BOARD LETTER/MEMO CLUSTER FACT SHEET

☐ Board Letter

☒ Board Memo

☐ Other

CLUSTER AGENDA REVIEW DATE	5/17/2023	
BOARD MEETING DATE	N/A	
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)	Office of the Assessor (Assessor)	
SUBJECT	Notification of Intent to Enter Into Negotiations for Sole Source Agreement with Oracle America, Inc. (Oracle) for the Development of Assessor Modernization Project (AMP) Phase V	
PROGRAM	N/A	
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
SOLE SOURCE CONTRACT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please explain why: Each AMP phase is heavily dependent on data structures, business rules, and system components established and developed in the preceding phases. Maintaining the same vendor is critical for the project to remain on track. Introducing a new vendor to the ongoing AMP project would introduce new risk, significantly disrupt the project process, create major delays, and increase costs.	
DEADLINES/ TIME CONSTRAINTS	Phase IV concluding and scheduled to go-live in October 2023. Mainframe functionality will be decommissioned and AMP will generate the 2024 Roll.	
COST & FUNDING	Total cost: <i>TBD</i>	Funding source: Funding to be requested in FY 2023-24 Supplemental Changes Budget Request
	TERMS (if applicable):	
	Explanation: Phase V contract will provide operational support and development for the successful delivery of the 2024 Roll and replace the final major legacy systems of the Assessor.	
PURPOSE OF REQUEST	The Assessor needs to begin negotiations for Phase V of AMP, which will be the final phase of legacy system replacement efforts.	
BACKGROUND (include internal/external issues that may exist including any related motions)	AMP is a five phase agile development project. <ul style="list-style-type: none"> • Phase I – AMP Foundations • Phase II – Secured Assessment Processing • Phase III – Unsecured Processing, New Construction, Roll Support and Market Approach • Phase IV – Change in Ownership, Decline in Value, Exemptions, Assessment Appeals • Phase V – Ancillary System Replacement and Miscellaneous 	
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: <ul style="list-style-type: none"> • Steven Hernandez, Assistant Assessor, 213-974-3123, SHernandez@assessor.lacounty.gov • Kevin Lechner, Assistant CIO, 213-893-0905, KLechner@assessor.lacounty.gov 	



JEFFREY PRANG
ASSESSOR
COUNTY OF LOS ANGELES
500 WEST TEMPLE STREET, ROOM 320
LOS ANGELES, CALIFORNIA 90012-2770
assessor.lacounty.gov
(213) 974-3101



May 17, 2023

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

FROM: Jeffrey Prang
Assessor

NOTIFICATION OF INTENT TO ENTER INTO NEGOTIATIONS FOR SOLE SOURCE AGREEMENT WITH ORACLE AMERICA, INC. (ORACLE) FOR THE DEVELOPMENT OF ASSESSOR MODERNIZATION PROJECT (AMP) PHASE V

In accordance with Board Policy 5.100, Sole Source Contracts, this correspondence provides advance notification to your Board that the Office of the Assessor (Assessor) intends to begin sole source contract negotiations with Oracle America, Inc. (Oracle) for the development of Phase V of the Assessor Modernization Project (AMP). Phase V of AMP will commence upon the completion of Phase IV, which is scheduled to go live in October 2023.

BACKGROUND

Over the last several years, the Assessor has executed modernization efforts aimed at replacing its legacy system environment via the development of an integrated property assessment replacement system known as AMP. AMP is a five (5) phase agile software development project being co-developed with Oracle Consulting Services.

On June 16, 2015, your Board authorized the first Work Order for AMP under the Master Service Agreement with Oracle to develop Phase I, which produced the overall enterprise architecture and foundation for AMP. On November 9, 2016, your Board authorized Phase II of AMP, which built on the groundwork developed in Phase I and provided additional functional components. On May 29, 2018, your Board authorized Phase III of AMP, which continued the development of key processes designed to intake, manage and initiate data and documents to support new AMP business processes, and further laid the architectural and technical foundation for Phase IV. On October 29, 2019, your Board authorized Phase IV of AMP, which involved the development of new business functionalities and system processes to decommission the Assessor's mainframe known as the Property Database (PDB). On November 16, 2021, your Board authorized Amendment One to Phase IV, which extended the development for an additional eleven (11) months, increased scope, and included Time and Materials on an as-needed basis

to provide extended development support for AMP. On January 20, 2022, Amendment Two was executed to amend Exhibit I, County's Information Security Policy to Phase IV of AMP. On October 4, 2022, your Board authorized Amendment Three to Phase IV to extend the development and testing schedule for an additional thirteen (13) months and increase the scope to provide extended support for AMP.

With Phase IV concluding and scheduled to go-live in October 2023, the mainframe functionality will be decommissioned and AMP will generate the 2024 Roll. The Assessor needs to begin negotiations for Phase V of AMP, which will be the final phase for legacy system replacement efforts. The Phase V contract will provide operational support and development for the successful delivery of the 2024 Roll, and replace the final major legacy systems of the Assessor including the IBM AS/400 (AS400), Possessory Interest Database Management System (PIDBMS), and Property Transfer System (PTS)/Decline-In-Value System (DIV). The duration of Phase V is anticipated to be 16 months.

JUSTIFICATION

AMP is designed to replace the current outdated Assessor system. Each phase is heavily dependent on data structures, business rules, and system components established and developed in the preceding phases. As a result, Phase V will evaluate and assess the key components developed in the previous four (4) phases. Maintaining the same vendor is critical for the project to remain on track.

AMP is being developed with specialized software and professional services. Over the past years, Oracle architects and technical staff have been working hand-in-hand with Assessor staff developing complex data structures and business rules to support property taxation in the County. Throughout this period, the Assessor has been able to evaluate Oracle's performance on this critical project and make adjustments as necessary. Introducing a new vendor to the ongoing AMP project at this time would introduce new risk, significantly disrupt the project process, create major delays, and increase costs.

AMP is a time sensitive project with a significant learning curve. Throughout the phases of AMP, Oracle has gained invaluable institutional knowledge, understanding the Assessor's business and the County's network infrastructure, which has been a key component to a seamless development of AMP. AMP has resulted in successful working relationships between Oracle, the Assessor, and ISD. Maintaining and building on these relationships will allow for continued efficiency via on-site solutions and development efforts resulting in time and cost savings.

Whereas AMP Phases I and II relied heavily on training, guidance, and erudition from Oracle, for Phase III and IV, the Assessor used the acquired knowledge to gradually reduce its dependence on Oracle. Phase V will be jointly developed by Oracle and the Assessor, with the goal to be independent of Oracle by the end of Phase V. Retaining the same vendor will promote this methodology.

CONCLUSION

Oracle provides the most complete solution to address the business needs of the Assessor for the successful completion of AMP. Oracle has provided professional service, met project expectations, and is committed to the success of AMP. The Assessor's

continued partnership with Oracle will provide project continuity, cost savings and timely delivery of a fully integrated and modernized assessment system.

Unless otherwise directed by your Board, the Assessor will proceed with contract negotiations with Oracle for AMP Phase V within four (4) weeks from the date of this notification.

Should you have any questions or require additional information, please contact me directly or your staff may contact Steven Hernandez, Assistant Assessor, Administration, at (213) 974-3123.

JP:SMH:st

c: Chief Executive Office
Chief Information Office
Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Internal Services Department
Treasurer and Tax Collector
Registrar-Recorder/County Clerk

BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

☒ Board Letter

☐ Board Memo

☐ Other

OPS CLUSTER AGENDA REVIEW DATE	5/17/2023	
BOARD MEETING	6/6/2023	
DELEGATED AUTHORITY BOARD LETTER	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
SUPERVISORIAL DISTRICT AFFECTED	All Districts	
DEPARTMENT	Executive Office of the Los Angeles County Board of Supervisors	
SUBJECT	Adoption of Resolution increasing the limitation on the value of property that may be heard by an assessment hearing officer.	
PROGRAM	Assessment Appeals Hearing Officer Program	
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	If Yes, please explain why:	
DEADLINES/ TIME CONSTRAINTS	N/A	
COST & FUNDING	Total cost: \$ N/A	Funding source:
	TERMS (if applicable):	
	Explanation:	
PURPOSE OF REQUEST	California Revenue and Taxation Code allows a local board of supervisors to set, by resolution, limitations on the value of property that may be heard by an assessment hearing officer, which is currently set at \$3 million. AAB is seeking to increase the limit to \$5 million.	
BACKGROUND (include internal/external issues that may exist)	California Revenue and Taxation Code Section 1637(b) allows a local board of supervisors to set, by resolution, limitations on the value of property that may be heard by an assessment hearing officer (except single-family dwelling, condominium or cooperative, or a multi-family dwelling of four units or less). In 1984, the Board of Supervisors set the limit on the value of property that may be heard by an assessment hearing officer at \$1,000,000. In 1993, that limit was changed to \$3,000,000. Property values have risen significantly since 1993 due to inflation; however, the limit has not been changed in the last 30 years. On average, it takes 4-6 months to schedule new applications for Hearing Officer hearing while Assessment Appeal Board applications take longer to schedule for a hearing due to the Board's full calendar. To better facilitate the timely resolution of property assessment appeals, AAB is seeking to increase the property value limitation.	
DEPARTMENTAL AND OTHER CONTACTS	<ul style="list-style-type: none"> • Edward Yen, Assistant Executive Officer, EYen@bos.lacounty.gov • Jennifer Tran, Deputy Executive Officer (AAB), JETran@bos.lacounty.gov 	

EXECUTIVE OFFICE



BOARD OF SUPERVISORS

CELIA ZAVALA
EXECUTIVE OFFICER

COUNTY OF LOS ANGELES
EXECUTIVE OFFICE
BOARD OF SUPERVISORS

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 383
LOS ANGELES, CALIFORNIA 90012
(213) 974-1411 • www.bos.lacounty.gov

MEMBERS OF THE BOARD

HILDA L. SOLIS
HOLLY J. MITCHELL
LINDSEY HORVATH
JANICE HAHN
KATHRYN BARGER

June 6, 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:

**A RESOLUTION OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF LOS ANGELES RELATING TO THE ASSESSMENT APPEALS
HEARING OFFICER PROGRAM**

**ALL DISTRICTS
(3-VOTES)**

SUBJECT

ADOPTION OF RESOLUTION INCREASING THE LIMITATION ON THE VALUE OF
PROPERTY THAT MAY BE HEARD BY AN ASSESSMENT HEARING OFFICER.

IT IS RECOMMENDED THAT THE BOARD:

Adopt the attached resolution increasing the value of property involved in an assessment
appeal that may be heard by an assessment hearing officer not to exceed \$5,000,000,
other than an assessment of a single-family dwelling, condominium or cooperative, or a
multiple-family dwelling of four units or less regardless of value.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Under the authority of the Article 13 of the Constitution of the State of California, the
Board of Supervisors established the Assessment Appeals Board to sit as the Board of
Equalization of the Los Angeles County. Acting in a quasi-judicial capacity, the
Assessment Appeals Board make fair and impartial decisions to settle the valuation

disputes between the taxpayers and the Assessor's Office and to equalize the County's property tax roll.

In accordance with California Revenue and Taxation Code Section 1636, the Board of Supervisors created the Hearing Officer Program and appointed hearing officers to hear and make recommendations on an application for equalization. Revenue and Taxation Code Section 1638 permits applications scheduled before a hearing officer to be conducted in an informal matter and allows the AAB to expeditiously schedule and hear the appeals at a faster rate than an application scheduled before an Assessment Appeals Board.

California Revenue and Taxation Code Section 1637(b) allows a local board of supervisors to set, by resolution, limitations on the value of property that may be heard by an assessment hearing officer (except single-family dwelling, condominium or cooperative, or a multi-family dwelling of four units or less). In 1984, the Board of Supervisors set the limit on the value of property that may be heard by an assessment hearing officer at \$1,000,000. In 1993, that limit was changed to \$3,000,000. Property values have risen significantly since 1993 due to inflation; however, the limit has not been changed in the last 30 years.

Furthermore, as provided in sections 1640.1 and 1641.1 of the Revenue and Taxation Code, at the conclusion of a hearing by an assessment hearing officer, a recommendation report is prepared for the assessment appeals board to either accept or reject the recommendation. Applicants or the Assessor can disagree with the recommendation, therefore, either party may request for a new hearing before the Assessment Appeals Board, which could nullify the hearing officer's recommendation. A 4-year average shows that 94.5% of the scheduled hearing officer cases did not proceed forward for a new hearing before the assessment appeals board. This success rate has successfully reduced the amount of opened cases to be scheduled. Similarly, once at the Assessment Appeals Board reviews the application, only 3% of the assessment hearing officers' recommendations were rejected by the Assessment Appeals Board.

In the last four years, approximately 8,400 applications have been scheduled before an assessment hearing officer each year, and 7,000 (83%) of those applications have been resolved and closed through the Hearing Officer Program. Currently, 3,400 of the 22,500 (15%) total open applications are appeals requested before an assessment hearing officer. If the limitation on the value of property is raised to \$5,000,000, approximately 1,200 additional applications could potentially be scheduled before an assessment hearing officer; therefore, increasing the applications qualified for the Hearing Officer Program up to 21%. On average, it takes 4-6 months to schedule new applications for Hearing Officer hearing while Assessment Appeal Board applications take longer to schedule for a hearing due to the Board's full calendar. To better facilitate the timely resolution of property assessment appeals, AAB is seeking to

The Honorable Board of Supervisors
June 6, 2023
Page 3

increase the property value limitation that may be heard by an assessment hearing officer to \$5,000,000.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of the attached resolution broadly supports the County Strategic Goal of Operational Effectiveness/Fiscal Responsibility and Accountability.

FISCAL IMPACT/FINANCING

The increase in the value of property heard before an assessment hearing officer allows the AAB to expeditiously schedule and close appeals at a faster rate. There is no impact on Net County Cost.

FACTS AND PROVISION/LEGAL REQUIREMENTS

California Revenue and Taxation Code Section 1636 and 1637(b) permits counties to appoint a hearing officer to hear an application for equalization and allows a local board of supervisors to set, by resolution, limitations on the value of property that may be heard by an assessment hearing officer, except when the property in consideration is a single-family dwelling, condominium or cooperative, or a multi-family dwelling of four units or less.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Increasing the value of property that can be heard before an assessment hearing officer will allow us to resolve property assessment appeals in a timely and efficient manner.

Respectfully submitted,

Celia Zavala
Executive Officer, Board of Supervisors

CZ:ak

Attachment

c: Chief Executive Officer

The Honorable Board of Supervisors
June 6, 2023
Page 4

County Counsel
Assessor

**A RESOLUTION OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF LOS ANGELES
RELATING TO THE ASSESSMENT APPEALS HEARING OFFICER PROGRAM**

WHEREAS, the County of Los Angeles established by county ordinance an Assessment Appeals Board to hear property tax appeals of taxpayers in 1963 and the Assessment Appeals Board has since heard property tax appeals of taxpayers pursuant to Revenue and Taxation Code section 1601 and following; and

WHEREAS, section 1637(b) (formerly Section 1637(d)) of the Revenue and Taxation Code permits an application for equalization to be heard before an assessment hearing officer; and

WHEREAS, section 1637(b) of the Revenue and Taxation Code allows a local board of supervisors to set, by resolution, limitations on the value of property that may be heard by an assessment hearing officer, except owner occupied residential property; and

WHEREAS, the Board of Supervisors pursuant to then section 1637(d) of the Revenue and Taxation Code set the limitation on the value of property that may be heard by an assessment hearing officer, except owner occupied residential property, at \$1,000,000 in 1984; and

WHEREAS, the current limitation, set by the Board of Supervisors on June 29, 1993 pursuant to then Section 1637(d) of the Revenue and Taxation Code, now section 1637(b), is \$3,000,000; and

WHEREAS, that monetary limitation has not changed since 1993 while inflation has continued over time and property values have generally risen significantly since 1993; and

WHEREAS, it is in the interests of taxpayers and the County, alike, to increase that monetary limitation in order to better facilitate the timely resolution of property assessment appeals as required by existing state law:

NOW THEREFORE BE IT RESOLVED by the Board of Supervisors of the County of Los Angeles that pursuant to subdivision (b) of section 1637 of the Revenue and Taxation Code, for hearings held on or after the date this Resolution is adopted, appeals of property, other than an assessment of a single family dwelling, condominium, cooperative, or multiple family dwelling of four units or less, having a total value on the current local roll not in excess of \$5,000,000 may be heard before an assessment hearing officer. Properties valued in excess of \$5,000,000 shall be heard before an assessment hearing officer only with the assent of the County Assessor.

By order of the Board of Supervisors of the County of Los Angeles, adopted this _____ day of _____, 2023.

CELIA ZAVALA
Executive Officer
Board of Supervisors
County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON
Interim County Counsel

By _____
THOMAS PARKER
Senior Deputy County Counsel

FACT SHEET: AAB HEARING OFFICER PROGRAM VALUE INCREASE

- **Right to Formal Appeal:** Property owners who disagree with the Assessor's assessment valuation of a property may file an appeal with the Assessment Appeals Board (AAB). The regular assessment filing period is from July 2nd to November 30th of each year. All other appeals can be filed within 6 months from the supplemental notice or tax bill date or postmark date.
- **Right to Informal Appeal:** To contest a property's annual tax bill, taxpayers may request an informal review within the Assessor's Office called a "Decline-in-Value" review. To contest a supplemental bill for a change of ownership or new construction, the Assessor recommends contacting their regional office for a review and explanation of the assessed value change. The filing of an assessment appeal is separate from the informal review of the Assessor.
- **Final determination required within two years:** Pursuant to Revenue and Taxation Code §1604(c), AAB must make a final determination on an application within two years from when the appeal is received (unless a waiver is signed by the applicant). Open applications that are received one year or later from the current application year are referred to as "backlog applications".
- **Backlog applications delay applicant resolution:** High volume of appeals result in delays in processing, validating, and scheduling the applications, resulting in higher property taxes while the taxpayer waits for their application to be resolved and finalized. If the applicant's appeal is heard and ruled in their favor (i.e., value reduction), the applicant accumulates 3% annual interest on overpaid taxes per year, in addition to the refund.
- **Two appeals methods: Assessment Appeals Board and Hearing Officer Program**
 - **Assessment Appeals Board Hearing:** At a Board hearing, the appeal is heard before a three-member Board panel in a formal courtroom setting. The Board's decision is final.
 - **Hearing Officer Program:** Qualifying properties (i.e., single family residence and multi-family dwelling of 4 units or less regardless of value, or any property within the assessment value limitation) may be heard under the Hearing Officer Program.
 - In 1984, the limit on the value of qualified properties was set on \$1 million, which was later increased to \$3 million in 1993.
 - The assessment Hearing Officer provides a recommendation on the appeal that is reviewed by the Board panel. The applicant and Assessor have 14 days to accept or reject the recommendation and request for a new Board hearing.
- **Expedient scheduling and closure of appeals:** On average, new Hearing Officer applications are scheduled within 4-6 months from the received date. Board hearing dates take longer to schedule due to the current Board's workload. In addition, 83% of the applications heard before the Hearing Officer have been resolved and closed at the hearing.
- **Inflation on commercial properties:** Based on a sample study of 2013 assessment appeal applications, the average commercial real estate rose by 58% in the last 10 years. In 2013, approximately 5,200 commercial property appeals qualified for the Hearing Officer Program; today, 23% of those commercial properties would not qualify for the Hearing Officer Program due to inflation rates and the impact on the property values rising above the \$3,000,000 property value limit.
- **Impact of increasing the Hearing Officer value limitation:** If the limitation on the property value is raised to \$5 million, approximately 1,200 additional applications could potentially be scheduled before a Hearing Officer, increasing the applications qualified for Hearing Officer hearing to up to 21%.

BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

CLUSTER AGENDA REVIEW DATE	5/17/2023		
BOARD MEETING DATE	6/6/2023		
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)	Probation		
SUBJECT	A proposed new eight-year lease to renew 13,800 square feet of office space and 52 on-site parking spaces at 43423 Division Street, Lancaster for Probation		
PROGRAM	AB-109		
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	Lease has been on month-to-month holdover since March 14, 2022 with no fee.		
COST & FUNDING	Total cost: \$3,838,000		Funding source: AB-109 State Funding
	TERMS (if applicable): The proposed lease will have a first-year lease cost of \$298,080. The County will be responsible for janitorial and utilities.		
	Explanation: Probation has sufficient funding in its FY 2022-23 and FY 2023-24 Operating Budget to cover the proposed lease costs for the first year. Beginning in FY 2024-25, 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 actions will authorize and provide continued use of office space for Probation.		
BACKGROUND (include internal/external issues that may exist including any related motions)	The proposed renewal is 1 of 12 on the list of leases for AB109 that was previously approved. Once this proposed lease is approved there will be 2 remaining sites as shown in the attached.		
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	Alexandra Nguyen-Rivera Section Chief, Leasing CEO Real Estate Division 213-974-4189 arivera@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"

June 6, 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:

**EIGHT-YEAR LEASE
PROBATION DEPARTMENT
43423 DIVISION STREET, LANCASTER
(FIFTH DISTRICT) (3 VOTES)**

SUBJECT

Approval of a proposed eight-year lease to renew an existing lease to provide the Probation Department (Probation) continued use of 13,800 square feet of office space and 52 on-site parking spaces for the Post-Release Supervised Persons (PSP) Assembly Bill (AB) 109 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 Rami Darghalli, Trustee of the Rami Darghalli Revocable Living Trust, dated January 13, 2005 (Landlord) for approximately 13,800 square feet of office space and 52 on-site parking spaces located at 43423 Division Street, Lancaster (Premises) to be occupied by Probation. The estimated maximum first year base rental cost is \$298,080. The estimated total lease cost, including utilities and janitorial costs, is \$3,838,000 over the eight-year term. The rental costs will be funded 100 percent by a block grant from the State of California AB 109 program and there will be no impact on net County costs. Probation will not be requesting additional net County cost for this action

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

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since March 2014, Probation has occupied the Premises to provide services in the area. Probation uses this space for the PSP AB 109 program, a Special Enforcement Operations unit, and 678 Alternative Treatment Program unit. The clients require Probation oversight after release by the State of California. Supervision of clients occurs in the office and in the field.

There are approximately 45 staff at the Premises and approximately 100 visitors per day. The current lease expired on March 14, 2022 and is in holdover with no additional holdover fee charged by the Landlord. Probation would like to remain at the Premises due to the high costs of relocating, and lack of available alternative space in the service area.

Teleworking is always being evaluated by Probation but due to in-person meetings with clients which requires staff to be located on-site, teleworking is not feasible. The sensitive nature of the direct services provided by Probation limits the ability to be in co-working space.

This program works in conjunction with the County Departments of Mental Health, Public Social Services, and Public Health, in providing direct services to individuals. The facility serves a high concentration of clients residing in the Antelope Valley area and is accessible by public transportation routes.

Approval of the recommended actions will find that the proposed lease is exempt from CEQA and will allow Probation 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 Strategic Asset Management Goal 2- Strengthen connection between service priorities and asset decisions and Key Objective No.1 - Maintain Asset Inventory.

The proposed lease supports these goals and objective by allowing Probation to continue operating in a location directly in the community which provides easy access to information and responsive services.

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

FISCAL IMPACT/FINANCING

The estimated maximum first year rental cost is \$298,080. The estimated aggregate cost associated with the proposed lease over the entire term, including utilities and janitorial costs, is \$3,838,000 as shown in Enclosure B-1. The rental costs will be fully funded under a block grant from the State of California that funds the AB 109 program.

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 Probation. Probation has sufficient funding in its FY 2022-23 and FY 2023-24 Operating Budgets to cover the proposed rent for the first year. Beginning in FY 2024-25, ongoing funding for costs associated with the proposed lease will be part of the budget for Probation.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

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

- Upon commencement of the proposed lease, the annual rental rate will increase from \$21 per square foot, per year to \$21.60 per square foot per year. The base rental rate includes parking and is subject to annual Consumer Price Index (CPI) increase not to be less than 2 percent nor greater than 3 percent per annum.
- The Landlord will provide a tenant improvement allowance of \$69,000 (\$5 per square foot) for any improvements to the existing space. Any unused tenant improvement allowance shall be credited to rent if not used within 24 months following the commencement date.
- The Landlord is responsible for the operating and maintenance costs for the Premises. The County is responsible for utilities and janitorial expenses.
- There are 52 on-site reserved parking spaces included at no additional cost.
- 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, on or after the 72nd month, with 180 days' prior written notice.

- Holdover at the proposed lease expiration is permitted on the same terms and conditions of the proposed lease. 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 the first day of the first calendar month following approval of the lease by the Board, and full execution of the proposed lease.

The Chief Executive Office 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 \$18.60 and \$29.76 per square foot, per year. The base annual rental rate of \$21.60 per square foot, per year for the proposed lease represents a rate that is within the market range for the area. Further, relocation to a new building would require costly new tenant improvements and disrupt services as well as take significant time. We recommend the proposed facility as the most suitable to meet the County's space requirements.

Co-working office space was not considered as an alternative considering these Probation programs requires secured office areas and is not compatible with shared office users.

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

The Department of Public Works has inspected this facility and found it suitable for the County's occupancy. The required notification letter to the City of Lancaster 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 a suitable location for Probation's programs, which is consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012, as outlined in Enclosure D.

ENVIRONMENTAL DOCUMENTATION

This proposed lease 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. Probation concurs with the proposed lease and recommendations.

Respectfully submitted,

FESIA A. DAVENPORT
Chief Executive Officer

FAD:JMN:JTC
JLC:HD:ANR:OM:gb

Enclosures

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

**Probation
43423 Division Street, Lancaster**

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 Approximately 306 sq ft per person based on 45 employees with conference room, break room, and (2) storage rooms			X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ² (3.7/1,000)			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? ²			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?				
	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? ² County pays for utilities and janitorial services			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

43423 Division Street, Lancaster

Probation Department

Basic Lease Assumptions

Leased Area (sq.ft.)	13,800	
	Monthly	Annual
Rent (per sq. ft.) ⁽¹⁾	\$1.80	\$21.60
Rent Amount (\$)	\$24,840.00	
Term (Month/Years)	8 years	
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	8 th Year	Total 8 Year Rental Costs
Annual Base Rent Costs ⁽¹⁾	\$298,080	\$307,022	\$316,233	\$325,720	\$335,492	\$345,556	\$355,923	\$366,601	\$2,651,000
Total Cost Paid to Landlord	\$298,080	\$307,022	\$316,233	\$325,720	\$335,492	\$345,556	\$355,923	\$366,601	\$2,651,000
Utilities Costs	\$52,583	\$52,583	\$52,583	\$52,583	\$52,583	\$52,583	\$52,583	\$52,583	\$421,000
Janitorial Costs	\$95,760	\$95,760	\$95,760	\$95,760	\$95,760	\$95,760	\$95,760	\$95,760	\$767,000
Total Annual Lease Costs	\$446,423	\$455,365	\$464,576	\$474,063	\$483,835	\$493,899	\$504,266	\$514,944	\$3,838,000

Footnotes

⁽¹⁾ The Base Rent is subject to CPI increases with a minimum of 2% and max of 3%. Calculation is considering max increase of 3%.

⁽²⁾ Tenant shall be responsible for electricity. The costs shown above are an estimation based on the prevailing billing period (Jan 2022-Jan 2023)

⁽³⁾ Tenant shall be responsible for janitorial. The costs shown above are an estimation based on the prevailing billing period (Jan 2022-Jan 2023)

***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: 43423 Division St, Lancaster, CA	Proposed Lease 43423 Division Lancaster, CA	Change
Area (Square Feet)	13,800 sq.ft.	13,800 sq.ft.	N/A
Term (years)	7 Years	8 Years	+1
Annual Base Rent ⁽¹⁾ (Base rent includes <u>52</u> parking spaces)	\$289,800.00 (\$21.00 per sq. ft. annually)	\$298,080.00 (\$21.60 per sq. ft. annually)	+\$9,080.00 annually
Utility Costs	\$52,583	\$52,583	None
Janitorial Costs	\$95,760	\$95,760	None
Rental rate adjustment	Annual CPI adjustments capped at 3 percent with no minimum.	Annual CPI adjustments capped at 3 percent with 2 percent minimum.	Annual CPI adjustments capped at 3 percent with 2 percent minimum.

Probation
SPACE SEARCH – 3 MILE RADIUS FROM 43423 DIVISION ST, LANCASTER

LACO	Name	Address	Ownership	Proprietor	Gross SqFt	SQ FT Available
4683	Probation - (AB - 109)Antelope Valley Reg Off	43423 N Division St. Lancaster 93535	Leased	Probation	13,800	None
A255	Child Support Services - Div VI Reg Office	42281 10th St. W Lancaster 93534	Leased	Child Support Services	14,600	None
10209	Antelope Valley Juvenile Program	43917 Division St. Lancaster 93535	Leased	Probation	15,500	None
A079	Assessor - Lancaster Regional Offices	251 E Ave K-6 Lancaster 93535	Owned	Assessor	15,338	None
4586	Lancaster Courthouse - Services Building	1110 W Ave J Lancaster 93534	Owned	Chief Executive Office (CEO)	18,488	None
X495	PW - Waterworks North Maintenance HQ Building	260 E Ave K-8 Lancaster 93535	Owned	Public Works	13,200	None
A459	DCFS - Administrative Lancaster	300 E Ave K-6 Lancaster 93535	Leased	Children and Family Services	11,000	None
X542	PW - Waterworks North Maint Area Office	260 E Ave K-8 and K-10 Lancaster 93535	Owned	Public Works	12,883	None

FACILITY LOCATION POLICY ANALYSIS

Proposed lease: Eight-year lease for the Probation Department – 43423 Division Street, Lancaster, CA 93535 – 5th District.

A. Establish Service Function Category –: Post-Release Supervised Persons (PSP) AB 109 program for the Antelope Valley.

B. Determination of the Service Area – The proposed lease will allow Probation to continue providing comprehensive services for the community within their service area.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: Probation programs are effective when located in geographic areas as their clients and stakeholders. They have had a presence in this location since 2014.
- Need for proximity to existing County facilities: Probation has a strong desire to collaborate with other County Department partners such as the Department of Public Social Services and Department of Mental Health. The subject property is located within close proximity of the above-mentioned County departments.
- 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.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no existing County buildings available to meet the Department's service needs.
- Compatibility with local land use plans: The Department of Public Works inspected the facility and found it suitable for County occupancy. Notification letters have been sent pursuant to Government Code Section 25351.

- Estimated acquisition/construction and ongoing operational costs: The aggregate cost associated with the proposed lease over the entire term is \$3,838,000.

D. Analyze results and identify location alternatives

The Chief Executive Office 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 \$18.60 and \$29.76 per square foot, per year. The base annual rental rate of \$21.60 per square foot, per year for the proposed lease represents a rate that is within the market range for the area. Further, relocation to a new building would require costly new tenant improvements and disrupt services as well as take significant time. We recommend the proposed facility as the most suitable to meet the County's space requirements.

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

The proposed lease will provide adequate and efficient office space for Probation, employees, and clients 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 Probation's requirements.

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE**

LEASE AGREEMENT

COUNTY OF LOS ANGELES - Tenant

**RAMI DARGHALLI, TRUSTEE OF THE RAMI DARGHALLI REVOCABLE LIVING TRUST
DATES JANUARY 13, 2005 – Landlord**

**43423 DIVISION STREET
LANCASTER, CALIFORNIA**

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EXHIBITS

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

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

This LEASE AGREEMENT ("Lease") is entered into as of the _____ day of _____, 2023 between Rami Darghalli, Trustee of the Rami Darghalli Revocable Living Trust dated January 13, 2005 ("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:	Mr. Rami Darghalli Executive Vice President RD Properties 42913 Capital Drive, Suite 111 Lancaster, CA 93535 Email: Rami@ramcomgmt.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 13,800 rentable square feet, designated in the Courtyard Business Park, in the Building (defined below), as shown on <u>Exhibit A</u> attached hereto.

(d) Building:	The Building located at 43423 Division Street, Lancaster, California, which is currently assessed by the County Assessor as 3126-008-015 (collectively, the "Property");
(e) Term:	Eight (8) 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 this 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 together with any additional Extension Term for which an option has been validly exercised.
(f) Estimated Commencement Date:	July 1, 2023
(g) Irrevocable Offer Expiration Date: (see Section 33)	July 1, 2023
(h) Base Rent:	\$1.80 per rentable square foot per month (i.e., \$24,840.00 per month or \$298,080.00 per year)
(i) Early Termination (see Section 4.4)	One hundred eighty (180) days' notice on or after the 72 nd month following the Commencement Date.
(j) Rentable Square Feet in the Premises:	13,800 rentable square feet
(k) Initial Departmental Use:	Department of Probation, subject to Section 6.
(l) Parking Spaces:	52 exclusive reserved spaces
(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 <u>April 13</u> , 20 <u>23</u> prepared by the Landlord.

(o) Seismic Report	A report dated April 30, 2013 prepared by The Department of Public Works.
(p) Disabled Access Survey	A report dated <u>March 28</u> , 20 <u>23</u> prepared by the Landlord.

1.2 Defined Terms Relating to TI

(a) Landlord's TI Allowance:	\$69,000.00 (\$5.00 per rental square foot) Tenant can utilize these funds for any necessary improvements to the existing leased space. In the event Tenant does not utilize the entire Tenant Improvement Allowance within twenty-four (24) months following the Commencement Date, the unused portion shall be credited to the Rent next due under the Lease.
(b) Tenant's TI Contribution:	NONE_
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

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. 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.

4. COMMENCEMENT AND EXPIRATION DATES

4.1 Term

The term of this Lease shall be for a period of eight (8) years, commencing upon the first day of the month following thirty (30) days following approval of this Lease by the Board of Supervisors and full execution of the Lease by both parties, and ending ninety-six (96) months thereafter.

4.2 Intentionally Omitted

4.3 Intentionally Omitted

4.4 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.

4.5 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.

5.2 Base Rent Adjustment

Base Rent shall be subject to the following Rent Adjustment:

- (a) Rent Adjustment. At the beginning of the 13th month of the Extension Term (the "Adjustment Date") and on every anniversary of the Adjustment date thereafter, the Base Rent shall be adjusted by applying the CPI Formula set forth below. The "Basic Index" shall be the Index published for the month the Extension Term commences.
- (b) CPI Formula. The Index means the Consumer Price Index for all Urban Consumer for the Los Angeles-Long Beach-Anaheim, CA area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Base Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Basic 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:

$$\frac{\text{New Index}}{[\text{Basic Index}]} \times \$24,840.00 \text{ (Base Rent)} + \text{New Monthly Base Rent}$$
- (d) Limitations on CPI Adjustment. In no event shall the monthly Base Rent adjustment based upon the CPI Formula result in an annual increase not to be less than two percent (2.0%) nor greater than three percent (3.0%) per year of the Base Rent of the previous year per annual 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. Notwithstanding, Tenant shall not be permitted to use the Premises for any medical uses including but not limited to counseling or meeting with patients in the Premises, administering, distributing, or storing prescription medication in the Premises. Landlord, at Landlord's sole cost and expense shall remove County's exterior signage on the Building. Tenant will be permitted to replace the initial tenant department with any County of Los Angeles Department or Division or associated agency at its sole discretion.

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 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 one hundred eighty (180) days, then Landlord shall promptly, at Landlord's expense, repair such damage, and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made unusable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within ten (10) days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises leasable again using standard working methods. The failure to do so shall be a material default hereunder. Base Rent shall abate to the extent that the Premises are unusable by Tenant.

9.2 Tenant Termination Right

If any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable, and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days for any reason, then Tenant may terminate this Lease by giving Landlord written notice within ten days after Tenant's receipt of written notice from Landlord or its agents specifying such time period of repair; and this Lease shall terminate and the Base Rent shall be abated from the date the Premises became unusable. If Tenant does not elect to terminate this Lease, then Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided that insurance proceeds are available to repair the damages.

9.3 Damage In Last Year

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

- (a) Landlord shall have no obligation to restore the Premises;
- (b) Landlord may retain all insurance proceeds relating to such destruction, and
- (c) This Lease shall terminate as of the date which is thirty (30) days after such written notice of termination.

9.4 Default By Landlord

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

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

10. REPAIRS AND MAINTENANCE

10.1 Landlord Representations

- (a) Landlord represents to Tenant that, as of the date hereof and on the Commencement Date:
 - i. The Premises, the Building, and all Common Areas (including electrical, heating, ventilating, and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the

Building and similar building service systems) comply with all current laws, codes, and ordinances, 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) Landlord shall provide Tenant, in a form acceptable to Tenant, an Americans with Disabilities Act ("ADA") report for the Building. Further, Landlord, at its cost, shall resolve any noncompliant conditions described within such report.
- (d) 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.

- (e) 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.
- (f) Tenant will not finalize the Lease without Tenant's review and approval of those reports referenced herein.

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 foundations, roof, concealed plumbing, stairways, concealed electrical systems and intra-building telephone network cables; ceiling tiles replacement due to roof leaks are Landlord responsibility;
 - ii. mechanical (including HVAC), exterior electrical, and 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, replacements of, or installation of:
 - iv. exterior doors, door frames and hardware;
 - v. emergency exit signage and battery replacement;
 - vi. HVAC equipment dedicated to the mechanical rooms housing Tenant's computer servers and related equipment; and
 - vii. gutter in back of the Building;
 - viii. fence where GOV cars are parked;
 - ix. cover and lock on the Building's water valve installed;
 - x. front door and back door replacement; and
 - xi. window blinds for Director and Deputy Director offices installed.
- (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) Landlord shall be responsible for paying, at its sole cost and expense, all operating expenses and real estate taxes, including but not limited to all utilities, supplemental taxes, assessments, and insurance. Notwithstanding the above, the Lease is modified gross and Tenant shall pay for utilities, janitorial and security.
- (e) Landlord shall institute a quarterly cleaning of the HVAC vents and replacement of air filters.

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.

(d) Utilities

Tenant is responsible for utilities due to Lease being modified gross.

(e) Janitorial

Tenant is responsible for janitorial due to Lease being modified gross.

10.4 Tenant's Right to Repair

- (a) If Tenant provides written notice (or oral notice in the event of an emergency, such as damage or destruction to or of any portion of the Building structure and/or the Building systems, and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and if Landlord fails to provide such action within a reasonable period of time given the circumstances after the giving of such notice, but in any event not later than five (5) days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. If not reimbursed by Landlord within ten (10) days after written notice, then Tenant shall be entitled to deduct from Base Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 15.
- (b) Notwithstanding any provisions of this Lease to the contrary, Tenant, acting through the County's Chief Executive Office, may request that the Landlord perform, supply and administer any repairs, maintenance, building services and/or alterations that are the responsibility of the Tenant, not to exceed \$5,000, as part of a separate purchase order issued by the County on Tenant's behalf. Any improvements by Landlord shall be subject to 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.

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 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

Tenant expense given that this Lease is modified gross, with the exception of what is 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) Exterior 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. TAXES

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

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

13. LANDLORD ACCESS

Tenant shall permit Landlord and its agents to enter the Premises during Tenant's Hours of Operations upon prior written notice only for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or the Premises, Base Rent shall be prorated based upon the percentage of the Premises or the Building rendered unusable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency and notify Tenant immediately thereafter.

14. TENANT DEFAULT

14.1 Default

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

- (a) the failure by Tenant to make any payment of Base Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder) as and when due, and the failure continues for a period of ten (10) days after written notice to Tenant;
- (b) the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of thirty (30) days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than thirty (30) days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure, within said thirty (30)-day period and thereafter diligently prosecutes such cure to completion.

14.2 Termination

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

14.3 No Effect on Indemnity

Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

15. LANDLORD DEFAULT

15.1 Remedies

In addition to the provisions for Landlord's default provided by Sections 9.4, 10.4, 19, 21.2 and 32.3, Landlord shall be in default ("Landlord Default") in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within five (5) 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 five day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein:

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

15.2 Waiver

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

15.3 Emergency

Notwithstanding the foregoing cure period, Tenant may cure any default where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition, or materially and adversely affect the operation of Tenant's business in the Premises. In such cases, Tenant may perform the necessary work through its Internal Services Department and deduct the cost of said work from the Base Rent next due.

16. ASSIGNMENT AND SUBLETTING

16.1 Assignment and Subletting

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

16.2 Sale

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

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

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

16.3 Right of First Offer

Tenant shall have right of first offer for any available space in the Building.
Tenant may assign this right as part of this Lease.

17. ALTERATIONS AND ADDITIONS

17.1 Landlord Consent

Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. If Landlord fails to respond in writing within thirty (30) days after Tenant's request, then Landlord shall be deemed to have approved the requested Alterations. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria:

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

17.2 End of Term

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

18. CONDEMNATION

18.1 Controlling Terms

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

18.2 Total Taking

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

18.3 Partial Taking

If any portion, but not all, of the Premises or the Common Areas is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within thirty (30) days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than thirty (30) days nor later than ninety (90) days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the termination date designated by Tenant. If Tenant does not so notify Landlord within thirty (30) days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated in proportion to the degree to which Tenant's use of the Premises and the Common Areas is impaired by such Condemnation.

18.4 Restoration

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

18.5 Award

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

18.6 Waiver of Statute

Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the Superior Court to terminate this Lease in the event of a partial taking of the Premises.

19. INDEMNIFICATION

19.1 Landlord's Indemnity

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

19.2 Tenant's Indemnity

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

20. INSURANCE

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

20.1 Waiver

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

20.2 General Insurance Provisions – Landlord Requirements

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

(a) Evidence of Coverage and Notice to Tenant

- i. Certificate(s) of insurance coverage ("Certificate") satisfactory to Tenant, and a copy of an Additional Insured endorsement confirming that Tenant and its Agents (defined below) has been given insured status under the Landlord's General Liability policy, shall be delivered to Tenant at the address shown below and provided prior to the start day of this Lease.
- ii. Renewal Certificates shall be provided to Tenant not less than 10 days prior to Landlord's policy expiration dates. The Tenant

reserves the right to obtain complete, certified copies of any required Landlord insurance policies at any time.

- iii. Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Lease by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Landlord identified in this Lease. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding twenty-five thousand (\$25,000.00) dollars, and list any Tenant-required endorsement forms.
- iv. Neither the Tenant's failure to obtain, nor the Tenant's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Landlord, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.
- v. Certificates and copies of any required endorsements, and/or notices of cancellation shall be delivered to:

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

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

(b) Additional Insured Status and Scope of Coverage

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

(c) Cancellation of or Changes in Insurance

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

(d) Failure to Maintain Insurance

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

(e) Insurer Financial Ratings

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

(f) Landlord's Insurance Shall Be Primary

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

(g) Waiver of Subrogation

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

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

Landlord's policies shall not obligate the Tenant to pay any portion of any Landlord deductible or SIR. The Tenant retains the right to require Landlord to reduce or eliminate policy deductibles and SIRs as respects the Tenant, or to provide a bond guaranteeing Landlord's payment of all deductibles and SIRs, including all related claims investigation,

administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

(i) Claims Made Coverage

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

(j) Application of Excess Liability Coverage

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

(k) Separation of Insureds

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

(l) Tenant Review and Approval of Insurance Requirements

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

20.3 Insurance Coverage Types And Limits

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

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

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

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

20.4 Landlord Requirements

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

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

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

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

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

21. PARKING

21.1 Tenant's Rights

Tenant shall have the right to the number of exclusive reserved parking spaces and unreserved parking spaces set forth in Section 1.1, without charge, for the Term of this Lease. No tandem parking shall be required or allowed, and Tenant shall be entitled to full in/out privileges at all times. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all unreserved parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building. 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 times the number 1.5, but such deduction from Base Rent shall be not less than ten percent (10%) nor more than one hundred percent (100%) of the Base Rent.

22. ENVIRONMENTAL MATTERS

22.1 Hazardous Materials

Tenant shall not cause nor permit, nor allow any of Tenant's employees agents, customers, visitors, invitees, licensee, contractor, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

22.2 Landlord Indemnity

Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fines, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of, or in connection with, the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than those caused by Tenant. This indemnity shall

include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

23. ESTOPPEL CERTIFICATES

Tenant shall, 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

Landlord will provide a non-reimbursable tenant improvement allowance of \$69,000 (i.e., \$5.00 per rentable square foot). Tenant can utilize these funds for any necessary improvements to the existing leased space. In the event Tenant does not utilize the entire Tenant Improvement Allowance within twenty-four (24) months following the Commencement Date, the unused portion shall be credited to the Rent next due under the Lease.

25. LIENS

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

26. SUBORDINATION AND MORTGAGES

26.1 Subordination and Non-Disturbance

Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Exhibit E attached hereto and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase, or right of first offer to purchase the Property included herein.

26.2 Existing Deeds of Trust

The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Exhibit E attached hereto, within 30 days after the execution of this Lease.

26.3 Notice of Default

If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail and requests copies of any notice of default that Tenant serves upon Landlord, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee or beneficiary a copy of any notice of default that Tenant serves upon Landlord which could permit Tenant to terminate this Lease, along with an additional ten days within which to cure such default.

27. SURRENDER OF POSSESSION

Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant may (but shall not be required to) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

28. SIGNAGE

Tenant 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.

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 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. Notwithstanding, the above, Landlord warrants that it has dealt with only the following real estate broker(s), agent(s), and/or finder(s) in connection with this Lease: Thomas G. McDonald, Executive Vice President, Jones Lang LaSalle Brokerage, Inc. Tenant warrants that it has not dealt with any other real estate broker(s), agent(s), and/or finder(s) in connection with this letter or the transaction contemplated by this letter.

30.4 Entire Agreement

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

30.5 Severability

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

30.6 Notices

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

30.7 Governing Law and Venue

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

30.8 Waivers

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

30.9 Time of Essence

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

30.10 Consent

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

30.11 Community Business Enterprises

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

30.12 Memorandum of Lease

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

30.13 Counterparts; Electronic Signatures

This Lease and any other 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.

EXHIBIT A
FLOOR PLAN OF PREMISES

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

LANDLORD:

RAMI DARGHALLI, TRUSTEE OF THE
RAMI DARGHALLI REVOCABLE LIVING
TRUST, DATED JANUARY 13, 2005

a _____

By: 

Name: Rami Darghalli

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
Interim County Counsel

By: _____

Senior Deputy

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:

- 4) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("Possession Date");
- 5) Tenant has accepted possession of the Premises and now occupies the same;
- 6) The Lease commenced on _____ ("Commencement Date");
- 7) The Premises contain _____ rentable square feet of space; and
- 8) Landlord has paid a commission in the amount of \$_____ to Tenant pursuant to Section 30.3 of the Lease.

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

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

20 23. IN WITNESS WHEREOF, this memorandum is executed this 18 day of APRIL.

Tenant:

COUNTY OF LOS ANGELES,
a body corporate and politic

Landlord: RAMI DARGHALLI, TRUSTEE
OF THE RAMI DARGHALLI REVOCABLE
LIVING TRUST, DATED JANUARY 13, 2005

By: _____

Name _____

Its _____

a _____

By: _____

Name RAMI DARGHALLI

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. Emergency exit signage and egress battery replacement (if applicable)
2. Graffiti expunged as needed within two working days after notice by Tenant.

B. MONTHLY

3. HVAC chiller water checked for bacteria; water conditioned as necessary.

D. QUARTERLY

HVAC units serviced for preventative maintenance purposes, vents cleaned and all filters changed.

E. SEMI-ANNUALLY

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

F. ANNUALLY

5. 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.
6. Touch-up paint all interior painted surfaces in a color and finish to match existing.

G. AS NEEDED

7. 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.
8. 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.
9. Interior and exterior pest control inspections and remediation frequency is to be determined by a licensed exterminator.
10. 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.

11. 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.

12. 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: N/A

To Borrower: RAMI DARGITHALLI
42913 CAPITAL DR. SUITE 111
LANCASTER, CA. 93535

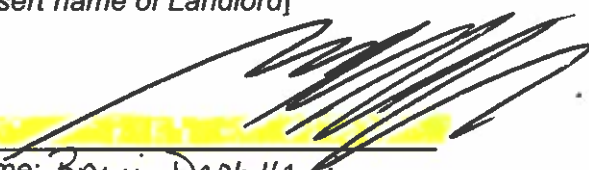
To Tenant: County of Los Angeles
Chief Executive Office
Real Estate Division
320 W. Temple Street, 7th Floor
Los Angeles, California 90012
Attention: Director of Real Estate

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: Roni Dabshin
Title: LANDLORD

LENDER: *[Insert name of Lender],*

By: N/A
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)
COUNTY OF Los Angeles) SS.

On 4/18/2023, before me, GBCox Notary Public
Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")
personally appeared Rami Dorghalli
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.

GBCox

Signature (Seal)

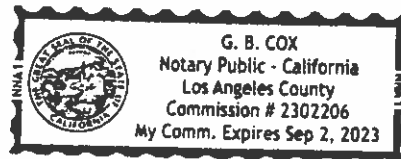


EXHIBIT F

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:	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:

3. Provide the percentage of	All Empls	Wome
Black/African		
Hispanic/Latin		
Asian American		
Portuguese American		
American		
All Others		

III. MINORITY/WOMEN-OWNED FIRM CERTIFICATION

Is your firm currently certified as a minority owned business firm by the: State of California? ☐

Yes ☐ No ☐

Section D. OPTION TO PROVIDE REQUESTED INFORMATION

☒ We do not wish to provide the information required in this form.

Firm Name: DARGHAWI Family Living Trust
Signature/Title: [Signature]

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: PHANI DARSHALLI
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
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

COUNTY OF

Los Angeles

)
) SS.
)

On

4/18/2023

, before me,

G.B. Cox, Notary Public

Date

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

personally appeared

Rami Dorghalli

Name of Signer(s)

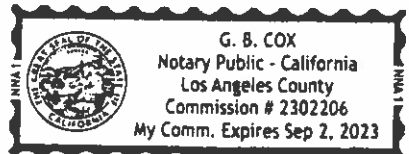
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), 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.

G.B. Cox

Signature (Seal)



BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

CLUSTER AGENDA REVIEW DATE	5/17/2023	
BOARD MEETING DATE	6/6/2023	
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 nine-year lease amendment for the continued use of 3,702 square feet of existing office space and 17 on-site parking spaces at 10515 Balboa Boulevard, Granada Hills.	
PROGRAM	Admin support office for Service Area (SA) 2 and Field Capable Clinical 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: N/A	
DEADLINES/ TIME CONSTRAINTS	Lease has been on month-to-month holdover without fee since October 21, 2021.	
COST & FUNDING	Total cost: \$1,174,000.00	Funding source: The lease costs are fully funded by State and Federal funds without additional net County cost impact.
	TERMS (if applicable): The proposed lease amendment provides for annual rental increases based on the CPI with a 3% cap.	
	Explanation: DMH has sufficient funding is included in the DMH's Final Adopted budget for FY 2022-23 for this action. Funding for future fiscal years will be requested through DMH's annual budget process. There is no net County cost impact associated with the recommended action.	
PURPOSE OF REQUEST	Approval of the recommended actions will authorize and provide continued use of office space for DMH.	
BACKGROUND (include internal/external issues that may exist including any related motions)	The County has leased the subject location since 2008. The facility adequately meets the office space needs of DMH.	
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	Alexandra Nguyen-Rivera Section Chief, Leasing CEO Real Estate Division 213-974-4189 arivera@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"

June 6, 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:

**NINE-YEAR AMENDMENT
DEPARTMENT OF MENTAL HEALTH
10515 BALBOA BOULEVARD, GRANADA HILLS
(THIRD DISTRICT) (3 VOTES)**

SUBJECT

Approval of a proposed nine-year lease amendment to renew an existing lease to provide the Department of Mental Health (DMH) continued use of 3,702 square feet of office space and 17 on-site parking spaces.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease amendment is exempt from the California Environmental Quality Act (CEQA) for the reasons stated in this Board letter and in the record of the project.
2. Authorize the Chief Executive Officer, or her designee, to execute the proposed lease amendment with DMP Real Estate Investors, LLC, a Delaware limited liability company (Landlord), for approximately 3,702 square feet of office space and 17 on-site parking spaces located at 10515 Balboa Boulevard, Suite 150, Granada Hills (Premises) to be occupied by DMH. The proposed lease amendment is for a term of nine years. The estimated maximum first year base rental cost is \$115,502. The estimated total lease amendment cost is \$1,174,000 over the nine-year term. The lease costs will be fully funded by State and Federal funds. DMH will not be requesting net County cost (NCC) for this action.

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

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed lease amendment herein will continue to provide DMH with an office for the Service Area (SA) 2 (includes the San Fernando and Santa Clarita Valleys) Administration team and for the San Fernando Field Capable Clinic Services (FCCS) program. This location is central to several SA 2 programs, which support FCCS. SA 2 Administration houses the District Chief over SA 2 as well as related administrative staff.

The Premises houses approximately 18 employees. The current lease term expired on October 20, 2021 and is in holdover with no additional fees charged by the Landlord.

Parking is provided on the Premises with sufficient appurtenant parking available nearby. The Premises is in proximity to local public transportation routes.

The proposed lease amendment at the existing Premises will enable DMH to avoid relocation costs, interruption of services, and potentially higher rental rates. Due to the interviews and group therapy activities at these Premises, 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 amendment 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 amendment is also consistent with the Strategic Asset Management Goal – Strengthen connection between service priorities and asset decisions – and Key Objective No. 5. – Fund Highest Priority Needs. The proposed lease amendment supports the above goals and objective by 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 amendment conforms with the Asset Management Principles outlined in Enclosure A.

FISCAL IMPACT/FINANCING

The estimated maximum first year rental cost, including parking, is \$115,502. The aggregate cost associated with the proposed lease amendment over the entire term is \$1,174,000 as shown in Enclosure B-1. The proposed lease costs will be fully funded by State and Federal funds. DMH will not be requesting NCC for this action.

Sufficient funding is included in DMH's Final Adopted budget for Fiscal Year 2022-23 for this action. Funding for future fiscal years will be requested through DMH's annual budget process. There is no NCC impact associated with the recommended action.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

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

- Upon commencement of the proposed lease amendment, the annual rental rate will increase from \$29.04 per square foot, per year to \$31.20 per square foot, per year. The base rent includes 17 on-site parking spaces and is subject to annual increases based on the Consumer Price Index (CPI) capped at 3 percent annually.
- The Landlord is responsible for all operating and maintenance costs of the Premises as well as utilities and janitorial expenses.
- The Landlord will repaint and replace carpet throughout the Premises.
- A comparison of the existing lease and the proposed lease amendment is shown in Enclosure B-2.
- The County shall have an ongoing right to terminate the proposed lease amendment at any time after the end of the fifth year of the extension term with not less than 180 days' prior written notice.
- Holdover in the proposed lease amendment would be subject to the same terms and conditions of the existing lease. Monthly base rent during holdover will be at the same rent at the time of the proposed lease amendment expiration.
- The proposed lease amendment will be effective upon approval by the Board and full execution of the proposed lease amendment.

The Chief Executive Office 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 \$31.20 and \$36.72 per square foot, per year. The base annual rental rate of \$31.20 per square foot,

per year for the proposed lease amendment represents a rate that is on the low end of 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.

Co-working office space is not conducive to the DMH programmatic standards for this type of interpersonal program.

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

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

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

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

ENVIRONMENTAL DOCUMENTATION

This project is exempt from CEQA, as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and section 15301 of the State CEQA Guidelines (Existing Facilities). The proposed lease amendment, which involves the leasing of existing office space with minor tenant improvements within an existing building, with no expansion of the existing building, is within a class of projects that have been determined not to have a significant effect on the environment and meets the criteria set forth in section 15301 of the State CEQA Guidelines (Guidelines), and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, based on the proposed project records, it will comply with all applicable regulations, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled, pursuant to Government Code Section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.

The Honorable Board of Supervisors
June 6, 2023
Page 5

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

IMPACT ON CURRENT SERVICES (OR PROJECTS)

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

Respectfully submitted,

FESIA A. DAVENPORT
Chief Executive Officer

FAD:JMN:JTC
JLC:HD:ANR:NH:gb

Enclosures

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

**DEPARTMENT OF MENTAL HEALTH
10515 BALBOA BLVD., GRANADA HILLS
Asset Management Principles Compliance Form¹**

1.	<u>Occupancy</u>		Yes	No	N/A	
	A	Does lease consolidate administrative functions?			X	
	B	Does lease co-locate with other functions to better serve clients? Satellite office to San Fernando Mental Health Center.		X		
	C	Does this lease centralize business support functions?			X	
	D	Does this lease meet the guideline of 200 sq. ft. of space per person? Based on 18 employees, 205 sq. ft per person.		X		
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? 17 spaces corelates to approx. 4.6/1000 RSF parking ratio.		X		
	F	Does public parking and mass-transit exist to facilitate employee, client, and visitor access to the proposed lease location?	X			
2.	<u>Capital</u>					
	A	Is it a substantial net County cost (NCC) program?		X		
	B	Is this a long-term County program?	X			
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X		
	D	If no, are there any suitable County-owned facilities available?		X		
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X	
	F	Is Building Description Report attached as Enclosure C?	X			
	G	Was build-to-suit or capital project considered? The proposed building is offered at a competitive market rate and County already occupies the facility.		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?				X
		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.				
		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	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

10515 Balboa Boulevard, Granada Hills
Department of Mental Health

Basic Lease Assumptions

Leased Area (sq.ft.)	3,702	
	Monthly	Annual
Rent (per sq. ft.) ⁽¹⁾	\$2.60	\$31.20
Rent Amount (\$)	\$9,625.20	\$115,502.40
Term (Month/Years)	108 mos.	9 yrs.
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	8 th Year	9 th Year	Total 10 Year Rental Costs
Annual Base Rent Costs ⁽¹⁾	\$115,502	\$118,967	\$122,536	\$126,213	\$129,999	\$133,899	\$137,916	\$142,053	\$146,315	\$1,174,000
Total Annual Lease Costs	\$115,502	\$118,967	\$122,536	\$126,213	\$129,999	\$133,899	\$137,916	\$142,053	\$146,315	\$1,174,000

Footnotes

⁽¹⁾ The Base Rent is subject to annual Consumer Price Index adjustments with a maximum cap of three percent (3%) per annum. The Base Rent includes 17 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: 10515 Balboa Blvd.	Proposed Amendment: 10515 Balboa Blvd.	Change
Area (Square Feet)*	3,588 sq.ft.	3,702 sq.ft.*	+114 sq.ft.
Term (years)	7 years	9 years	+2 years
Annual Base Rent (Base rent includes 17 parking spaces)	\$104,190 (\$29.04 per sq. ft. annually)	\$115,502 (\$31.20 per sq. ft. annually)	+\$11,312 annually
County's TI Cost	None	None	None
Annual Parking Cost	Included	Included	None
Janitorial/Utility/Maintenance Costs	Included	Included	None
Total Annual Lease Costs payable to Landlord	\$104,190	\$115,502	+\$11,312 annually
Rental rate adjustment	Annual CPI adjustments capped at 3 percent with no minimum.	Annual CPI adjustments capped at 3 percent with no minimum.	None

*Increase in square footage due to BOMA re-measurement.

ENCLOSURE C

**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
A549	San Fernando MHC	10605 BALBOA BLVD., GRANADA HILLS 91344	25,996	23,396	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: Proposed lease amendment for the Department of Mental Health (DMH) – 10515 Balboa Blvd., Suite 150, Granada Hills within the Third Supervisorial District.

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

B. Determination of the Service Area – The proposed lease amendment will provide a nine-year term extension for a DMH satellite 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 to several other County departments including the Departments of Public Social Services, Children and Family Services, and Fire.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is easily accessible to the 405 and 118 freeways and adequately served by local bus transit services in the Granada Hills vicinity.
- 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 facility.
- 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 amendment over the entire term is \$1,174,000.

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 \$31.20-\$36.72 per square foot, per year. The base annual rental rate of \$31.20 per square foot, per year for the proposed lease amendment represents a rate that is on the low end of the market range for the area.

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

The proposed lease amendment will provide adequate and efficient office space for 18 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 the Department's requirements.

**AMENDMENT NO. 2 TO LEASE NO. 76617
DEPARTMENT OF MENTAL HEALTH
10515 BALBOA BOULEVARD, GRANADA HILLS**

This AMENDMENT NO. 2 to LEASE NO. 76617 ("Second Amendment" or "Amendment No. 2") is made, entered and dated as of this _____ of _____, 2023, by and between DMP Real Estate Investors, LLC, a Delaware limited liability company ("Landlord") and the COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant").

RECITALS:

WHEREAS, Lease No. 76617 (the "Lease") was executed by and between Landlord and Tenant on June 17th, 2008, , as amended by Amendment No. 1 dated October 21, 2014 (the "Amendment No. 1"), wherein collectively the Lease, Amendment No. 1 and Amendment No. 2 shall be referred to as the lease ("Lease"), whereby the Landlord leased to Tenant those certain premises containing approximately 3,588 rentable square feet of office space in a building located at 10515 Balboa Boulevard, Granada Hills, ("Premises"), for a term of five (5) years, which was extended for an additional seven (7) years, and;

WHEREAS, Landlord and Tenant further desire to extend the Lease Term and amend the Lease under this Amendment No. 2, and;

WHEREAS, the terms of this Amendment No. 2 shall not become effective until such time that said Amendment is executed by all the parties herein.

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements herein contained, Landlord and Tenant hereby covenant and agree to amend the Lease as follows:

1. **RENTABLE SQUARE FEET IN THE PREMISES.** Section 1.1(k) is hereby revised to approximately reflect 3,702 rentable square feet. See space plan attached hereto as Exhibit "A".
2. **EXTENSION OF THE LEASE TERM.** Landlord and Tenant acknowledge that Tenant's lease of the Premises entered into a month-to-month tenancy as of October 21, 2021, pursuant to the Holdover provision of Paragraph 7 of the Lease. Notwithstanding anything to the contrary in the Lease, Paragraph 1.1(e) of the Lease is hereby amended to extend the Lease term for an additional nine (9) years commencing upon the full execution of this Amendment No. 2 ("Extension Commencement Date"). The period of time commencing on the Extension Commencement Date and terminating on the last day of the ninth year following the Commencement Date shall be referred to herein as the "Extension Term".
3. **ACCESS.** The following sentence is added to the end of Paragraph 11(f):

HVAC use shall be limited to established building hours. Tenant shall be charged Thirty-five Dollars (\$35.00) per hour for HVAC use outside of established building hours.

4. **CANCELLATION.** Effective on the Extension Commencement Date, and for the remainder of the Extension Term, Paragraph 1.1(j), **CANCELLATION**, of the Lease is hereby deleted in its entirety and the following is substituted therefor:

Tenant shall have a continuous right to cancel this Lease with regard to the entire Premises or a portion thereof, as commercially reasonable at or any time after the fifth (5th) year of the Extension Term by providing Landlord not less than one hundred eighty (180) days prior written notice by Chief Executive Office letter. Should the Lease be terminated with regard to a portion of the Premises, Basic Rent shall be adjusted proportionately.

5. **RENT.** Effective upon the Extension Commencement Date and for remainder of the Extension Term but not retroactively, Paragraph 5, **RENT**, of the Lease is hereby deleted in its entirety and the following substituted therefor:

Tenant hereby agrees to pay as rent for the Premises during the Extension Term the sum of Nine Thousand Six Hundred Twenty-five and 20/100 dollars (\$9,625.20) per month, i.e., Two Dollars Sixty Cents (\$2.60) per rentable square foot per month, for 3,702 square feet of office space and seventeen (17) parking spaces payable in advance by Auditor's General Warrant. Rental payments shall be payable within fifteen (15) days after the first day of each and every month of the Extended Term, provided Landlord has caused a claim therefor for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month.

Beyond the first year of the Extended Term, the rental rate shall be adjusted as follows:

- (a) **CPI.** Commencing on the 13th month of the Extension Term (the "Adjustment Date") and occurring on each anniversary of the Adjustment Date thereafter and continuing throughout the entire Extension Term, the Basic Rent shall be adjusted annually by applying the CPI Formula set forth below to the total amount of the monthly Basic Rent for the prior year during the Extension Term. The "Basic Index" shall be the Index published for the month prior to commencement of the Extension Term. After the first anniversary of the Commencement, the Basic Index shall be changed to the index for the prior year.
- (b) **CPI Formula.** The "Index" means the Consumer Price Index ("CPI") for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Basic Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Basic Index. If the Index is changed so that the Index differs from that used as of the Extension Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Extension Term, such other governmental index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

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

$$\begin{aligned} &\text{New Index X \$9,625.20 (Basic Rent)} \\ &\text{Basic Index} \\ &= \text{Monthly Basic Rent} \end{aligned}$$

(d) Limitations on CPI Adjustment. In no event shall the monthly Basic Rent adjustment based upon the CPI Formula result in an annual increase greater than three percent (3%) per year of the Basic Rent.

In no event shall the monthly rent be adjusted by the CPI Formula to result in a lower monthly Basic Rent than was payable during the previous year of the Lease.

6. **NOTICES.** Effective upon execution of this Amendment No. 2 by the parties hereto, Paragraph 1.1(a), NOTICES, is hereby amended to replace the existing Landlord copy notification address as follows:

DMP Real Estate Investors, LLC
455 N. Whisman Road, #400
Mountain View, CA 94043

7. **DEFERRED MAINTENANCE.** The following deferred maintenance work shall be added to the Lease and shall be at Landlord's sole cost and expense to include the following pursuant to the Lease:

- (a) Replace fluorescent light bulbs and light diffusers as needed.
- (b) Replace stained or damaged ceiling tiles as needed.
- (c) Repair ceiling leaks where required.
- (d) Replace or clean A/C supply and return grills throughout.
- (e) Replace existing window coverings.
- (f) Provide service and rebalancing of the HVAC system.
- (g) Clean interior and exterior windows.

8. **TENANT IMPROVEMENTS.** The following Tenant Improvements shall be added to the Lease and shall be at Landlord's sole cost and expense at its cost shall:

- (a) Replace carpet throughout Premises with a selection of Tenant's choice, pursuant to existing County Standards and specifications.
- (b) Repaint throughout the Premises (without necessarily the moving of attached furniture) with a Building Standard selection of Tenant's choice.

9. **REPORTS.** Landlord has agreed to provide Tenant with the following Required Reports ("Reports"), which are outlined below, for the Premises only, at Landlord's sole cost and expense. Tenant will not finalize the Lease without Tenant's review and approval of these Reports. Landlord, at its cost, will pay for any deficiencies identified within such Reports.

(a) Hazardous Materials Asbestos Containing Materials. Landlord shall provide Tenant an asbestos report for the Building. Further, Landlord shall represent, to the best of its actual knowledge, that there are no hazardous or asbestos containing materials ("ACM") located within the entire structure and provide all necessary certificates to indicate same.

(b) Americans with Disabilities Act. Landlord shall provide Tenant an Americans with Disabilities Act ("ADA") report for the Building. Further, Landlord, at its cost, shall resolve any noncompliant conditions described within such report..

10. **SIGNAGE**. The following sentence is added to the end of Paragraph 27:

Landlord shall provide Tenant with its pro-rata share of listings on the directory located in the Building's lobby. If Landlord installs monument signs anywhere or any signage of the exterior of the Building, Tenant will have equivalent signage rights, adjusted for relative occupancy.

11. **BROKERS**. The following is added to Section 29(c): Provided however, Tenant warrants that it has not dealt with any real estate broker(s), agent(s), and/or finder(s) in connection with this transaction other than Tenant Advocates, Inc., a California corporation, dba Cresa ("Cresa"). Upon receipt and acceptance of a separate written agreement from Cresa, Landlord will pay a full industry standard brokerage commission to Cresa in connection with the proposed lease extension pursuant to a separate written agreement.
12. **SMOKING PROHIBITION**. Landlord shall require that the Building comply with the Los Angeles County Smoking Ordinance found in the Los Angeles County, California Code of Ordinances, Title 2 – Administration, Chapter 2.126.
13. **AUTHORITY**. Landlord represents and warrants that the signatories for Landlord have the power and authority to execute this Amendment No. 2 upon the terms and conditions stated herein, and each agrees to indemnify and hold harmless Tenant from all damages, costs, and expenses, which result from a breach of this representation.
14. **MODIFICATION OF LEASE TERMS & DEFAULT**. Notwithstanding anything to the contrary herein, except as specifically amended or modified herein, each and every term, covenant, and condition of the Lease, as amended, hereby is ratified and shall remain in full force and effect. Landlord represents and warrants that as of the date hereof that (a) no defenses or offsets exist to the enforcement of the Lease by Landlord, (b) neither Tenant nor Landlord is in default in the performance of the Lease or any provisions contained therein, (c) neither Tenant nor Landlord has committed any breach of the Lease, nor has any default occurred which, with the passage of time or the giving of notice or both, would constitute a default or a breach by Tenant or Landlord under the Lease. In the event of a conflict between the Lease and this Amendment No. 2, the terms of this Amendment No. 2 shall control.
15. **MISCELLANEOUS**. This Amendment No. 2 and any other document necessary for the consummation of the transaction contemplated by this Amendment No. 2 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 Amendment No. 2 and electronic signatures, facsimile signatures or signatures

transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Amendment No. 2 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 Amendment No. 2 is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intended to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv) hereby waive any defenses to the enforcement of the terms of this Amendment No. 2 based on the foregoing forms of signature. If this Amendment No. 2 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

IN WITNESS WHEREOF, Landlord has executed this Amendment No. 2, or caused it to be duly executed, and the County of Los Angeles by the order of the Board of Supervisors, has caused Amendment No. 2 to be executed on its behalf by the Chair of said Board and attested by the Clerk thereof on the day, month, and year first above written.

LANDLORD:

DMP Real Estate Investors, LLC

By: John Putzig

Name: John Putzig

Title: Manager

TENANT:

COUNTY OF LOS ANGELES,
a body politic and corporate

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
John T. Cooke
Assistant Chief Executive Officer

ATTEST:

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

By: _____
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By: Roberto Saldaña
Senior Deputy

[illegible]